

Project Fiche 3**Support to the South East Europe Investment Committee –
implementation by the Regional Cooperation Council (RCC) Secretariat****1. Basic information**

- 1.1 CRIS Number: 2010/022-507
- 1.2 Title: Support to the South East Europe Investment Committee – implementation by the RCC Secretariat
- 1.3 ELARG Statistical code: 02.01 – Free movement of goods
- 1.4 Location/Beneficiaries: Western Balkans¹

Implementing arrangements:

- 1.5 Contracting Authority (EU): European Union represented by the European Commission on behalf of the Beneficiaries.
- 1.6 Implementing Agency: Not applicable
- 1.7 Beneficiary : RCC Secretariat

Financing:

- 1.8 Overall cost (VAT excluded)²: EUR 800 000
- 1.9 EU contribution: EUR 800 000
- 1.10 Final date for contracting: 30 November 2011
- 1.11 Final date for execution of contracts: 30 November 2014
- 1.12 Final date for disbursements: 30 November 2015

¹ Beneficiaries listed in Annex I and Annex II of the IPA regulation (Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing and Instrument for Pre-Accession Assistance (IPA), as last amended. (OJ L 210, 31.7.2006, p. 82).

² The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To support regional cooperation in investment policy reform in South East Europe and promote an environment conducive to business and investment.

2.2 Project purpose:

This project is designed to provide the necessary resources to the RCC Secretariat for it to be able to resume management and coordination of the work of the South East Europe Investment Committee, in accordance with the mandate received from the RCC Board.

2.3 Link with AP/NPAA / EP/ SAA:

The Enlargement Strategy and Main Challenges 2009-2010 states: "The RCC has been functioning for more than a year as the regionally-owned successor of the Stability Pact operating under the political umbrella of the South-East European Cooperation Process (SEECF). The RCC now needs to enhance its efforts to deliver concrete results. The RCC has a strategic role in developing regional cooperation and in identifying and addressing needs in regional activities and structures. It also has a role to play in the programming of Community assistance related to regional cooperation".

Furthermore, it goes on indicating that: "The response to the crisis needs to take into account the need for sustainable development and the challenge posed by climate change and give priority to measures leading to a safe and sustainable low-carbon economy. EU related reforms contribute to enhanced competitiveness and openness and to a legal framework conducive to trade and investment".

2.4 Link with MIPD

The IPA Multi-Beneficiary Multi-annual Indicative Planning Document (MIPD) 2009-2011³ states that regional cooperation and good neighbourly relations remain essential to European integration. It goes on indicating that "In line with the Enlargement Strategy and Main Challenges 2008-2009, the EU will continue to support local ownership of initiatives in regional cooperation"

Furthermore, and with respect to investment facilitation, the Multi-Beneficiary MIPD 2009-2011 states that: technical assistance will be made available to the CEFTA parties including advice and guidance on the development of regional norms and procedures, strengthening the links between efforts on regional trade and investment generation policies, regional seminars and training programmes as well as development of regional networks.

2.5 Link with National Development Plan

Not applicable.

2.6 Link with national/ sectoral investment plans

The South East Europe Investment Committee (SEE IC) is the institutional structure supported and managed by the OECD Investment Compact for South East Europe. Launched in 2007 to enhance regional leadership for common strategies, this high-level co-ordination body supports the implementation of policies promoting foreign and domestic investment. The OECD Investment Compact has ensured high levels of involvement and ownership by the SEE countries and has developed a good working relationship with the

³ C(2009)4518, 16.06.2009.

RCC. In order to allow the South East European economies themselves take direct ownership of regional dialogue and coordination of initiatives on investment and business climate reforms, the Fifth Meeting of the SEE IC held on 16 November 2009 in Paris endorsed the proposal to transfer coordination of the SEE IC from the OECD to the RCC.

3. Description of project

3.1 Background and justification:

EU assistance to regional cooperation in South East Europe has been provided mainly through support to the Stability Pact for South Eastern Europe and its Special Coordinator, who was tasked to complement the EU Stabilisation and Association Process (SAP) with the Western Balkans. Encouraged by the international community, the IPA beneficiaries and members of the South East Europe Cooperation Process (SEECPP) agreed in May 2006 to take over the ownership of certain regional cooperation activities. This led to the decision a year later to establish the RCC, a regionally owned cooperation structure located in Sarajevo and co-financed by the IPA beneficiaries, the EU and other donors.

Launched in 2000, the OECD Investment Compact for South East Europe (SEE) is a regional programme designed to improve the investment climate and to encourage private sector development in South East Europe through the implementation of reforms enhancing domestic and foreign investment. The Investment Compact supports SEE countries with practical tools to increase investment, growth and employment, as well as their EU integration process. Its work is based on 4 pillars:

- monitor and evaluate the investment climate and progress in investment reform
- support the implementation of reforms
- institutional high-level political support for the reform process
- foster private sector support for the reform process

The programme is currently based within the OECD and has its own institutional structure, including the South East Europe Investment Committee and an annual Ministerial conference.

The OECD Investment Compact has ensured high levels of involvement and ownership by the SEE countries and has developed a good working relationship with the RCC Secretariat. However, overall management and operational responsibility has largely remained with the OECD team. While such international management was suitable, if not vital, during the earlier years of the establishment and development of the Investment Compact, political and economic development in the region and the functioning of new regional structures mean that a transfer to regional leadership is both desirable and timely.

Following the adoption of the Regional Framework for Investment in June 2006, a decision was made by participating OECD members and countries from SEE to create a SEE IC. The rationale for the SEE IC is to ensure effective design, follow up and implementation of government policies to improve the investment climate. The institutional framework for the SEE IC provides a forum for exchange of experience and peer review on the basis of regional ownership. Under the SEE IC, senior officials from SEE countries meet on a semi-annual basis to review policies and programmes to promote and protect both domestic and inward foreign investment. The SEE IC provides an important forum where SEE countries can coordinate their domestic investment policies with a view to creating a more transparent, stable, and predictable regional business climate. To date the SEE IC has overseen the production of several regional benchmarking exercises including the Investment Reform Indexes for 2006 and 2010 and SME Policy Indexes for 2007 and 2009. In addition, the SEE

IC has created several working groups to allow for regional learning and transfer of international best practices related to investment promotion, human capital, regulatory reform, tax policy, anti-corruption and access to finance.

The RCC will develop its competence to take on the management of the SEE IC by closely cooperating with the OECD Investment Compact for South East Europe (OECD IC). Staff from the OECD IC will train and coach RCC experts in the management and operation of the SEE IC. In addition, OECD IC staff will stand ready to provide support to RCC staff in the use of OECD analytic tools such as the Policy Framework for Investment and other OECD investment-related policy monitoring instruments. Regular meetings between OECD and RCC staff are envisaged during the hand-over period of the SEE IC to the RCC.

The project will thus serve to further strengthen the regional ownership of the investment reform process. To ensure a seamless transfer of SEE IC responsibility from OECD to the RCC Secretariat, a transition period is envisioned to take place in the 18 months between mid-2010 and the start of this project.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

It is envisaged that work priorities for the SEE IC will be determined by: (i) the need to capitalise on findings of regional comparative policy studies, developing region-wide policy guidelines and affording support in their implementation; (ii) existing project commitments; (iii) institutional strengthening of the SEE IC and the RCC. The pace of transformation of SEE countries into market economies has been remarkable, but the impetus for reform needs to be maintained and strengthened over the next period. The fiscal constraints faced by most SEE governments are drastically reducing the room for manoeuvre leaving only a narrow toolset to address the development challenges. One of the most important instruments for further development, however, is still at the governments' disposal, and this is the business environment and investment climate reform. The strong growth experienced in the past years masked the need for continued reform, especially in the areas of streamlining and harmonizing business regulation, provision of adequate skills in the labour market, reforming social safety nets, and strengthening the technological and R&D capacities in the SEE economies. The sense of urgency created by the ongoing downturn could also be utilized as a catalyst to create a wide-ranging consensus to implement changes necessary for the region to enter a new phase of economic development. The work of the SEE IC will be instrumental to the national administrations in the region through directing their attention to the most pressing needs for policy reform, formulating a regional policy agenda and providing guidance and support in its implementation.

Due to the nature of the project strong efforts will be taken in order to find complementarities with other related projects in the geographical area and to avoid replication.

The future work is presented below under the following three broad headings:

- A. Regional policy monitoring and analysis;
- B. Support for policy implementation and capacity building;
- C. Regional Ownership: Institutional strengthening of the SEE IC and the RCC.

A. Regional Policy Monitoring and Analysis

Two main activities are included under this heading:

- **Aid-for-Trade: Reducing Non-Tariff Barriers to Trade in the Western Balkans.** This project actually combines elements of regional policy analysis with elements of support for implementation and capacity building. Funding for this ongoing project is provided by the government of Hungary, with the project set to be completed at the end of 2010.
- **Monitoring implementation of the Small Business Act.** A successor to the SME Policy Index, this EU-funded work will commence in mid-2010, with final publication set for spring 2011.

B. Support for Policy Implementation and Capacity Building

The Investment Compact is currently implementing a set of projects that extend into 2010 (and in some cases beyond). These include:

- Preparation of a national strategy on SME development for Moldova (funding confirmed from the government of the Netherlands). This project will last to the end of 2012.
- The project *Sector-specific sources of competitiveness: Phase II*. Subject to agreement with the donor (EU) on extension of the project, this work will conclude at the end of June 2010.
- Support for the CEFTA Secretariat in monitoring the investment-related clauses of CEFTA 2006. This EU-funded work will conclude in early 2010.

Publication of the Investment Reform Index 2010, in early 2010, is being followed by launch events in all SEE countries as well as detailed regional and country-by-country discussion on the policy implications of the findings. But the need for further region-wide policy development is evident in such areas as the following, *inter alia*:

- **Access to finance:** the design and operation of credit guarantee schemes; policy and programme requirements for the emergence of a market for business angel investment; increasing capacities and using survey tools to assist policy development.
- **Investment policy and promotion:** strengthening the system of IPR enforcement; renegotiation of Bilateral Investment Treaties; the design and impact of existing investment incentives and compatibility with the *acquis*.
- **Tax policy analysis:** developing micro-simulation modelling capacities for tax policy analysis; examining how tax policy affects the incentives for innovation.
- **Trade policy and facilitation:** assistance in improving capacities to identify and document NTBs.
- **SME policy:** strengthening the readiness of Western Balkan economies to absorb EU sub-national development funding that has an SME; improving the availability of information necessary for formulation of SME policy, and in particular reviewing the operation of business-related registers (company, moveable goods, property), examining for instance the options for grouping information collection and exploiting economies of scope in data collection.

C. Regional Ownership: Institutional strengthening of the SEE IC and the RCC

SEE IC is a high-level coordination body that supports the implementation of policies promoting foreign and domestic investment. It aims to develop guidelines for implementation of policy reforms along the priority areas identified in the Investment Reform Index (IRI) and monitor implementation of the OECD Regional Framework for Investment. Members of SEEIC include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, and Serbia. SEE IC was launched in 2007 after the signature of a ministerial statement on the regional framework for investment in SEE, in Vienna, on 27 June 2006.

SEE IC will act as the investment policy arm of the RCC. By April 2011, the SEE Investment Committee, supported by the Regional Cooperation Council Secretariat, will be fully responsible for management and coordination of regional activities to improve the investment climate.

Transfer and management of the SEE IC: The RCC will implement the transfer of the SEE IC from the OECD to the region, as agreed. The transfer will take place during the next year and a half and will be supported by the OECD and European Commission. The RCC will complete the handover and ensure the SEEIC is fully operational. Inputs to the regional investment policy debate from other regional structures will be streamlined into the SEE IC agenda. For the coming three-year period, the RCC will have an operational role in managing and coordinating day-to-day activities of the SEE IC.

The SEE IC should play a key role in creating a single investment space in the region which would provide for much needed economies of scale, while preparing regional economies for the prospect of an EU investment market. The RCC will play a central role in this process by taking over from the OECD the management of the SEEIC and the operations of its working groups.

3.3 Results and measurable indicators:

The RCC is operationally capable of increasing its efficiency, by focusing on result-oriented activities, identifying areas where its efforts provide added value and assuming a more strategic role in promoting regional cooperation in South East Europe.

Measurable indicators of success on the part of the RCC in managing and co-ordinating the work of the SEE IC to contribute to the improvement of business and investment climate for the period would include in particular:

- The holding of 2 plenary meetings a year of the SEE IC, attended by senior government officials from each Beneficiary (at the level of State Secretary, Deputy Minister or Agency head).
- The availability for these plenary meetings of agendas and high-quality background materials. Evidence of relatively continuous communication with governments aimed at agreeing agendas and establishing priority areas of work for the Committee.
- The participation at these meetings of high-level speakers and experts – both from the region and from the broader pool of international experts – to address key policy and institutional issues relevant to investment policy.
- The availability of summary records of the plenary meetings.

- The holding of a number of working group (WG) meetings each year aimed at servicing the SEE IC. For instance, WGs currently operate on the issues of tax policy analysis, human capital and investment promotion (a new WG is set to be created on the subject of innovation).
- Evidence of continuous communication with providers of technical and analytic support services – such as the OECD and/or other bodies - aimed at meeting needs for policy guidance expressed by the SEE IC.
- Evidence of policy measures undertaken in the countries participating in the SEE IC stemming from the analysis/advice provided through the SEE IC.
- Specific analytic products – such as regional comparative studies or thematic policy reviews relevant to the region as a whole – commissioned by the SEE IC.
- Improved business and investment climate could be verified by periodic assessments (i.e. bi-annually) using the Investment Reform Index (IRI). The IRI is a comprehensive analytic tool developed by the OECD IC which uses over 150 quantitative and qualitative indicators to measure the policy environment for investment. Examples of the indicators used in the IRI include measurement of restrictions to national treatment, the levels of customs duties on capital goods, and fixed line and mobile phone penetration rates etc.

3.4 Activities:

The activities of the project in relation to the SEE IC coordination will include:

- The preparation of draft agendas for SEE IC meetings.
- Maintenance of communication with all delegates to the SEE IC with a view to establishing meeting agendas and priorities and ensuring participation in the work of the SEE IC.
- Consultation with independent sources of technical advice – such as the OECD, World Bank, academic bodies – when establishing work programmes for the SEE IC.
- Drafting of SEE Investment Committee meeting summary records.
- Convening and organisation of working group (WG) meetings aimed at servicing the SEE IC.
- Identification and invitation of experts to attend SEE IC plenary meetings and WG meetings.
- Identification of providers of technical and analytic support services – such as the OECD and/or other bodies - aimed at meeting needs for policy guidance expressed by the SEE IC and by the RCC Secretariat itself.
- Maintaining regular communication with – and when necessary soliciting support from - donor organisations interested in providing financial resources for projects/programmes identified by the SEE IC as requiring external support.

A grant contract will be signed with the RCC for the implementation for these activities.

3.5 Conditionality and sequencing:

The RCC and OECD are working closely with the European Commission to ensure sufficient resources are provided to ensure a smooth handover of responsibilities from the OECD IC to the RCC. One option which is currently (June 2010) being explored is the temporary reallocation of a small portion of funds from the Western Balkans Regional Competitiveness Initiative (RCI) project to allow the RCC to recruit one economic expert and one administrative support person to take over the management of the SEE IC. The OECD IC would provide written material on how to organise meetings of the SEE IC as well as arranging face to face meetings to transfer knowledge of OECD best practices and tools to support the business environment.

As mentioned an important precondition for the successful implementation of this project will be the seamless transfer of SEE Investment Committee responsibility from OECD to the RCC Secretariat. This transition period, envisioned to take place in the 18 months between mid-2010 and the start of this project, would entail a number of activities that would prepare the RCC Secretariat and the SEE Investment Committee for the implementation of this project. During the transition period, the RCC Secretariat will hire additional staff members to be dedicated to the SEE Investment Committee management and coordination. Staff members at the RCC Secretariat must become completely familiar with the key investment-related technical and policy issues requiring regional co-ordination. This requires a period of close interaction with staff at the OECD. OECD staff will also prepare detailed documentation to facilitate handover of co-ordination functions to the RCC (for instance on all relevant regional and extra-regional organisations and experts that can facilitate RCC's co-ordination role). RCC Secretariat staff will likewise need to develop a working relationship with the members of the SEE Investment Committee and to simultaneously participate in and support its plenary meetings and the meetings of its Working Groups. Given that the activities described above will require additional resources to be committed by the RCC Secretariat, the European Commission is expected to contribute funding for the foreseen activities.

Moreover, strong and permanent support of the national administrations to the SEE Investment Committee will need to be maintained throughout the course of the project. In order to transform policy analysis and advice into tangible measures to be adopted by the national administrations, RCC Secretariat will need to secure participation of representatives of relevant institutions from the region, their active contribution to the process, as well as regular follow-up on policy measures taken.

During the transition period preceding this project, the following actions will be taken by OECD and RCC to prepare for the full handover of SEEIC to the RCC:

- Documented guidance for the RCC on: all relevant institutional counterparts in the region, and external to the region, with which the Investment Compact interacts.
- Increased capacities of SEE Investment Committee delegates to address regional investment policy challenges.
- Augmented the staffing and enhance the capacity of the RCC's economic and social development unit.
- Two meetings of the SEE Investment Committee plus one meeting at Ministerial level carried out.

3.6 Linked activities

Given its unique role in the region, the SEE Investment Committee is well positioned to collect and disseminate policy analysis and advice generated by other providers of technical and analytic support services. A number of regional initiatives, structures and task forces (such as

the Business Advisory Council for South East Europe, Regional Network of Investment Promotion Agencies, SEE PPP Network and others) are generating specific policy recommendations that could be effectively channelled through the SEE Investment Committee. Through these and other linkages, the SEE Investment Committee will be positioned as a preeminent regional focal point for the advancement of investment climate and economic reform through coordination and streamlining of main regional efforts in these areas. Also the multiple ongoing national projects regarding the improvement of the investment climate in the countries in the region are considered in order to look for complementarities.

A strong link is also envisaged between the SEE Investment Committee and the Regional Competitiveness Initiative, an EU-funded project to be implemented by the OECD as well as other OECD's analytical work in the region that will continue to inform the activities of the SEE Investment Committee.

3.7 Lessons learned

From a regional perspective, SEE countries and the RCC have indicated that they would welcome assuming a greater leadership and co-ordination role. A regional body such as the RCC, appointed by the SEE countries with a specific mandate to ensure regional co-operation, is well placed to garner the political support required for co-ordination and collaboration in the investment-related policy sphere.

4. Indicative Budget (amounts in million EUR)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA EU CONTRIBUTION		NATIONAL CONTRIBUTION			PRIVATE CONTRIBUTION			
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1 – Grant contract	x		0.8	0.8	100							
TOTAL IB			0.8	0.8	100							
TOTAL INV												
TOTAL PROJECT			0.8	0.8	100							

Amounts net of VAT

- (1) In the Activity row use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Grant contract	N.A.	Q4 2011	Q4 2013

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

The principles and practice of equal opportunity will be guaranteed so as to ensure equitable gender participation in the project. The principle of equal opportunity shall apply also in relation to the participants of the different national administrations.

6.2 Environment

Not applicable.

6.3 Minorities

Not applicable.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of the project
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
- 5- Details per EU funded contract

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number: 2010/022-507 Multi-Beneficiary programme 2 2010	
Support to the South East Europe Investment Committee – implementation by the RCC Secretariat		Contracting period) expires 30 November 2011	Disbursement period expires 30 November 2015
		Total budget : EUR 0.8 million	IPA budget: EUR 0.8 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
Regional cooperation in investment policy reform in South East Europe	Increased levels of investment and economic activity in the region	National statistics offices	
Project purpose Support RCC Secretariat in resuming management and coordination of the SEE Investment Committee	Objectively verifiable indicators SEEIC operational and providing policy support	Sources of Verification RCC's annual report Activity reports	Assumptions Transition period from OECD to RCC successfully completed
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Regional cooperation strengthened Policy reforms implemented SEEIC positioned as the preeminent regional focal point for investment reform	Improved business and investment environment The holding of 2 plenary meetings a year of the SEE IC, attended by senior government officials from each Beneficiary (at the level of State Secretary, Deputy Minister or Agency head). -The availability for these plenary meetings of agendas and high-quality background materials. -The participation of high-level speakers and experts – both from the region and from the broader pool of international experts – to address key policy	RCC's annual report Activity reports Surveys of investment policy environment performed by independent providers IRI – Investment Reform Index	Full support and commitment of SEEIC participants Political support maintained

	<p>and institutional issues relevant to investment policy.</p> <p>-The availability of summary records of the plenary meetings.</p> <p>-The holding of a number of working group (WG) meetings each year aimed at servicing the SEE IC.</p> <p>-Evidence of continuous communication with providers of technical and analytic support services – such as the OECD and/or other bodies - aimed at meeting needs for policy guidance expressed by the SEE IC.</p> <p>-Evidence of policy measures undertaken in the countries participating in the SEE IC stemming from the analysis/advice provided through the SEE IC.</p> <p>-Specific analytic products – such as regional comparative studies or thematic policy reviews relevant to the region as a whole – commissioned by the SEE IC.</p> <p>-Improved business and investment climate could be verified by periodic assessments (i.e. bi-annually) using the Investment Reform Index (IRI). The IRI is a comprehensive analytic tool developed by the OECD IC which uses over 150 quantitative and qualitative indicators to measure the policy environment for investment. Examples of the indicators used in the IRI include measurement of restrictions to national treatment, the levels of customs duties on capital goods, and fixed line and mobile phone penetration rates etc.</p>		
Activities	Means	Costs	Assumptions
Preparation and holding of SEEIC meetings	Allocation of resources	EUR 0.8 million	Close working relationship with SEEIC members and providers of technical

<p>Maintenance of communication with SEEIC delegates</p> <p>Consulting with and soliciting support from technical advice providers</p> <p>Drafting SEEIC summary records</p> <p>Convening and organizing working group meetings</p> <p>Identifying and inviting specific experts to plenary and working group meetings</p> <p>Identifying regional initiatives that can contribute to the work of SEEIC and ensuring their involvement</p> <p>Donor coordination</p>	<p>Leveraging resources of other regional initiatives and structures</p>		<p>advice established</p>
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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Grant contract					0.8												
Cumulated					0.8												
Disbursed																	
Grant contract						0.6				0.2							
Cumulated						0.6				0.8							

ANNEX 3. Description of Institutional Framework

The RCC was established in 2008 to provide a regionally-owned cooperation framework to take over the role of the Stability Pact, and provide the South East European Cooperation Process (SEEC) with operational capabilities⁴. In particular, according to its Statute, the RCC "*will function as a focal point for regional cooperation in SEE and will provide political guidance to and receive substantive input from relevant regional task forces and initiatives active in specific thematic areas of regional cooperation*".

The RCC has 45 members of which 29 also sit in the RCC Board (*see list below*). The Board holds annual (ministerial-level) and quarterly meetings. Decisions are taken by *consensus*, although the *active* positive reaction of members is not necessary. The RCC *Secretariat* is based in Sarajevo (total staff of 31), and there is a *Liaison Office* in Brussels (staff of 6). The Secretary-General (presently the Croatian diplomat Hido Bišćević) is appointed by the SEEC⁵ summit, which also endorses the annual work programmes. Mr Biscovic was elected for three years (2008-2011) and will be reappointed for a further term in office.

The work of the RCC covers five areas: Economic and Social Development, Infrastructure and Energy, Justice and Home Affairs, Security Cooperation, Building Human Capital and Parliamentary Cooperation.

The EU participates in the RCC in a *troika* format (Commission-EU Presidency-Council Secretariat). Cooperation between the RCC and the Commission on a day-to-day basis is ensured by DG ELARG Units A1 (political) and D3 (assistance-related).

RCC Members (* Board members)

Region

Albania*

Bosnia and Herzegovina*

Croatia*

The Former Yugoslav Republic of Macedonia*

Montenegro*

Republic of Moldova*

Serbia*

Turkey*

United Nations Interim Administration Mission in Kosovo (UNMIK) *

EU and Member States

European Union (EU)*, represented by the Troika, consisting of the EU Presidency, the European Commission and the Council Secretariat, as well as the European

⁴ *Joint Declaration on the Establishment of the Regional Cooperation Council (RCC)*, Sofia, 27 February 2008, Annex II "Statute of the RCC".

⁵ SEEC members are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia, and Turkey.

Parliament
Austria*
Bulgaria*
Czech Republic*
Denmark
Federal Republic of Germany*
Finland*
France*
Greece*
Hungary*
Ireland*
Italy*
Latvia*
Poland*
Romania*
Slovakia
Slovenia*
(Spain)*
Sweden*
United Kingdom
European Investment Bank

Other states

Canada
Norway*
Switzerland*
United States of America*

Other international organisations

Council of Europe
Council of Europe Development Bank
European Bank for Reconstruction and Development
North Atlantic Treaty Organisation
Organisation for Economic Co-operation and Development
Organisation for Security and Co-operation in Europe
South East European Co-operative Initiative
United Nations
United Nations Economic Commission for Europe
United Nations Development Programme
World Bank

The Expert Pool

The Expert Pool, currently composed of 12 staff members is programme-oriented. It designs and implements RCC programmes and projects in five priority areas:

- Economic and social development
- Infrastructure and energy
- Justice and home affairs
- Security cooperation
- Building human capital and parliamentary cooperation

Each priority area is structured as a Unit, headed by a Senior Expert. The Head of the RCC Expert Pool also acts as Deputy RCC Secretary General.

The Expert Pool prepares a portfolio of RCC Secretariat's project ideas for the EU's Multi-Beneficiary Instrument for Pre-accession Assistance (MB IPA) and other donors, and develops project proposals with partner organizations. The experts represent the RCC Secretariat at regional coordination meetings, working groups (on energy, infrastructure, environment, and social infrastructure) or plenary meetings of the International Financial Institutions Advisory Group (IFI AG), as well as at different international fora, informing of RCC Secretariat's activities, initiatives and projects.

The RCC Expert Pool also provides inputs to the process of networking among RCC members from South East Europe (SEE) and the RCC Secretariat with participation of the European Commission and relevant IFIs.

The Expert Pool keeps regular contact with representatives of different national, regional and international organizations, foundations and networks interested to develop or strengthen cooperation with the RCC. Special attention is given to regional initiatives and taskforces, which have been mapped, while their activities are being coordinated and streamlined by the RCC Secretariat and its Expert Pool.

The RCC experts actively implement the RCC Secretariat's communication strategy. They deliver lectures on regional cooperation and RCC at different courses of postgraduate studies, as well as briefings for journalists from the region, young politicians, and other interested groups.

Together with the RCC Front Office, the Expert Pool conducts RCC outreach activities across the RCC area, to government officials, international organizations, business community, civil society, media and other stakeholders.

ANNEX 4: Reference to laws, regulations and strategic documents

- Multi-Beneficiary Multi-annual Indicative Planning Document 2009-2011
- Enlargement Strategy and Progress Report 2009
- RCC Annual report
- RCC Strategy and Work-programme 2011-2013

ANNEX 5: Details per EU funded contract

A grant contract will be signed in the fourth quarter of 2011 with the RCC Secretariat on the basis of Article 168.1 (f) of the Implementing Rules to the Financial Regulation, which provides for the award of direct grants *“for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals”*. Only the RCC, whose role is to sustain focused regional cooperation in South East Europe through a regionally owned and led framework, has the mandate, the leverage, the technical capacity and knowledge to address the foreseen tasks.

The grant will be financed in full based on Article 253 (1) (e) of the Implementing Rules to the Financial Regulation, where it is in the interest of the European Union to be the sole donor to an action, and in particular to ensure visibility of the action. It is important for the sustainability of the South East Europe Investment Committee that the countries in the region called to sustain it in the future will do so convinced that the European Commission has shaped, participated and financially backed such initiative, and that it will assist them in their preparation for accession. There is no other regional organisation in the Western Balkans based on the principle of all inclusiveness that possesses the necessary know-how in substance and which can provide the political support needed for the implementation of this initiative. Furthermore, the European Commission is one of key contributors, together with the countries of the region and other international donors to the operating budget of the RCC. A request for RCC co-financing for the action would imply additional request for support to its operating expenditure which would be counter to the substantial reduction in this field already foreseen.

	Type of Contract	Amount in EUR	Duration
Contract 1	Grant contract	800 000	24 months