



INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

EU support to strengthening regional cooperation and the development of a competitive Regional Economic Area (REA)

Action summary

The action will support the socio-economic transformation and competitiveness of the Western Balkans and assist in unlocking the sources for sustainable long-term growth and convergence with the EU. Building on the results of the SEE2020, it will ***enable the implementation of the measures under the investment, mobility and digital integration components of the Multi-Annual Action Plan for a Regional Economic Area (MAP REA) and its horizontal processes***. In particular, the action will contribute to: ***Investment***: creation of a regional dynamic investment space and support to the region's financial markets' diversification (supported with technical expertise provided by the World Bank Group) and industrial policy agendas. ***Mobility***: ensuring mobility of professionals and highly skilled persons; enabling further integration of the Western Balkans into the European Higher Education Area and European Research Area. ***Digital***: enhancement of digital connectivity and access; strengthening of digital skills and competences; improving data protection and e-privacy; support the development of a framework for cross-border recognition of the certificates with e-signature; capacity building on EU *acquis* alignment and enforcement; high level policy dialogue on digital transformation in the Western Balkans; regional coordination to boost the overall level of cybersecurity in the Western Balkans. ***Sustainable, green growth and climate change resilience***: fostered maintained regional policy dialogue and strengthened regional cooperation on environment and climate change; integrating environmental requirements in other policy areas and supporting digitalization – sustainability convergence; analytics for evidence-based environmental and climate change policies. ***Good governance***: enhanced cross-border cooperation and mutual trust among the Western Balkans judiciaries; improved awareness and promoted use of alternative dispute resolution tools, as a contribution to more efficient and accountable judiciaries.

Action Identification			
Action Programme Title	IPA II Multi-country Action Programme 2019		
Action Title	EU support to strengthening regional cooperation and the development of a competitive Regional Economic Area (REA)		
Action ID	IPA 2019/040-826.16/MC/ REA		
Sector Information			
IPA II Sector	9. Regional and territorial cooperation		
DAC Sector	43010 – Multisector aid		
Budget			
Total cost	EUR 15 000 000		
EU contribution	EUR 15 000 000		
Budget line(s)	22.020401- Multi-country programmes, regional integration and territorial cooperation		
Management and Implementation			
Management mode	Direct and indirect management		
<i>Direct management:</i> European Commission	Directorate-General for Neighbourhood and Enlargement Negotiations– Unit D.5 Regional Cooperation and Programmes		
<i>Indirect management:</i> Entrusted entity	World Bank Group - Activities related to Investment policies and Financial Markets		
Implementation responsibilities	Directorate-General for Neighbourhood and Enlargement Negotiations– Unit D.5 Regional Cooperation and Programmes		
Location			
Zone benefiting from the action	Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia)		
Specific implementation area(s)	N/A		
Timeline			
Final date for contracting including the conclusion of delegation agreements	At the latest by 31 December 2020		
Indicative operational implementation period	72 months from the adoption of the Financing Decision		
Policy objectives / Markers (DAC form)			
General policy objective	Not	Significant	Main

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

	targeted	objective	objective
Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Persistent structural shortcomings, notably in key areas of economic development and competitiveness, still represent one of the strong features of the Western Balkans region. All IPA II beneficiaries still face major structural economic challenges and are small and fragmented markets with high unemployment rates and high levels of informal economy, burdensome regulatory framework for businesses and investment, limited access to finance, low levels of innovation, digitization, industrial productivity and regional connectivity. As noted in the *Economic Reform Programs* (ERPs), all the Western Balkans IPA II beneficiaries are experiencing continued economic growth with efforts to ensure macroeconomic and fiscal stability in the face of current vulnerabilities, but the sound policies should be maintained and strengthened and the reforms speeded up. The region's economies, which are only moderately prepared to cope with competitive pressures and market forces within the EU and none of them yet considered a functional market economy, will need to strengthen economic governance, intensify efforts towards designing and implementing the right economic reforms and building functional institutions to increase productivity, enhance prosperity and strengthen the resilience of the economies.

In order to respond to some of the key challenges, at the Trieste Western Balkans Summit in 2017, the Western Balkans Leaders endorsed the *Multi-annual Action Plan for a Regional Economic Area (MAP REA)* - aimed to enable unobstructed flow of goods, services, capital and highly skilled labour; making the region more attractive for investment and trade; and accelerating convergence with the EU, thus bringing prosperity to the Western Balkans citizens. The MAP REA, which puts forward a structured agenda for regional economic integration, complements the implementation of SEE 2020 and provides impetus for deeper integration within the region, and for the region's integration with the EU in the areas of trade, investment, smart growth, mobility and digital integration. The implementation of MAP REA can contribute towards integrated, resilient and vigorous regional economies; unleash the potential of private enterprise and stimulate innovation and digital transformation; make better use of labour and human capital; and help further integration with the EU and global economy. Political stability, good governance and rule of law, often cited as the main obstacles to investment and doing business in the region, should underpin this agenda as key prerequisites for reform. The RCC has been entrusted the role of coordinating the implementation in three pillars of the MAP REA: *investments, mobility, and digital integration*, as well as monitoring and reporting on the implementation of the overall MAP REA.

Investment - With current investment inflows in the region far below potentials, and dramatic variations in the economy-level performances in terms of FDI attraction, the Western Balkans recognized the advantage of creating a unique investment space in order to attract more investment flows (and especially efficiency seeking FDI). To achieve this, the Western Balkan IPA II beneficiaries have developed and endorsed a *Regional Investment Reform Agenda (RIRA)*, as a coordinated regional investment framework that can offer a seamless access to the regional market and that can reduce obstacles to investor entry, strengthen investor protection, and promote the region as a unique investment destination. Under the guidance of the RCC, and its SEEIC-CEFTA Joint Working Group (WG) on Investments, and with technical support of the World Bank, the region's Ministries and institutions in charge of investments have "translated" RIRA into concrete Beneficiary action plans: Individual Reform Action Plans (IRAPs), identifying specific reform policy areas, timeline and institutions in charge and mapping existing or required donor support, so as to align the individual investment frameworks and to ensure implementation of RIRA in each Beneficiary.

The work on investments is being further complemented with efforts to improve the industrial base of the region and strengthen regional cooperation in the area of industrial policy through the existing regional platform on Industrial Policy. The work in this area will entail implementation of well-designed policies and measures/instruments for enhancement of industrial competitiveness, development of regional industrial value chains and better utilisation of relevant EU programmes.

In order to further enable opportunities for private sector investments, diversified financial markets and access to funding is needed in the region. With financial activities being predominantly bank-centric, access to finance stands as one of the most challenging factors for doing business in the region. Hence, the Western Balkan IPA II beneficiaries have recognized the need to deepen the financial market and consequently have, under the umbrella of the RCC and within the MAP REA framework, formed a regional WG on Financial Markets, including the region's relevant authorities and other key stakeholders and partners. This group, under the guidance of the RCC, will continue to coordinate a holistic approach towards unlocking the benefits of broader financial sector diversification for boosting growth, jobs and economic convergence. This work will be grounded diagnostics of main challenges to financial sector development, preparing adequate measures for addressing those challenges, and implementation of agreed measures through RCC's coordinating mechanism (WG on Financial Markets) and with the technical expertise which will be provided by the World Bank Group.

In addition, unlocking the full women economic potentials and increasing women's participation in business and labour market is an important prerequisite for capitalizing on this underutilized economic potential. Active measures to support participation of women in business and the labour market can prevent the substantial losses in GDP in the region caused by the gender gaps in the labour market. World Bank analysis points to an average loss of about 18% of GDP every year and the RCC analysis shows that the employment rate of women is by 18% lower than that of men. Women in the Western Balkans can play a crucial role in maximizing human capital development, improving innovation, inclusion and growth to the economy, attaining the competitive REA in Western Balkans and boosting the attractiveness of the regional market. Based on the request of its Board members, previous experience in supporting women entrepreneurship, current experience with the regional employment and social affairs platform, links with external priorities (EU's priorities on gender equality in enlargement process, and Sustainable Development Goals (SDG) goals, 5, 8, and 10), the RCC will work on developing proposals and solutions how to increase participation of women in business and the labour market.

Mobility - Creation of human capital is essential for the development of competitive knowledge-based economies. The extent to which international high-skilled mobility channels are formed within the region and between the region and the EU is a question of great importance for the migratory region of the Western Balkans. Better integration of high-skilled professionals and academics into professional and research networks, the European Research Area (ERA) and the European Higher Education Area (EHEA), will yield significant benefits as recognised in the *Credible Enlargement Perspective for and enhanced EU engagement with the Western Balkans*. Furthermore, the Sofia Declaration of the EU-Western Balkans Summit calls for stepping up work on recognition of qualifications. By 2020, the Western Balkans, as part of the MAP REA implementation, will have completed the negotiations on Mutual Recognition Agreement (MRA) for four prioritised professions (Doctors of Medicine, Dentists, Architects and Civil Engineers) and will have established a joint model for automatic recognition of academic qualifications. However, to ensure smooth implementation, trust in the quality of the education systems in the region is essential. The annual enlargement package reports highlight the quality of the education systems in the Western Balkans as one of the key priorities for reforms. Therefore, there is a need to support integration of the Western Balkans into the European Quality Assurance Networks and full alignment with the European Standards and Guidelines for Quality Assurance.

With regards to research, development and innovation (R&D), the overall public investment to R&D remains below or slightly above 1% throughout the Western Balkans, thus exacerbating the gap between research production and the impact of research produced in the region and the EU, which hampers full integration of the Western Balkans into the ERA and the European academic and research excellence networks. Investments into the researchers and the research infrastructure are essential to ensure the transformation of the economic growth towards innovation and knowledge based model in the Western Balkans. To this end building a network and open access protocols to the research infrastructure in the region which would enable cost-effective sharing of resources can bring substantial benefits through small actions and investments. The annual enlargement package reports specifically recommend increased investment into R&D and strengthening capacities for participation in Horizon2020 and in the Marie

Skłodowska-Curie program. The Western Balkan economies have prioritised measures to increase the capacities of the R&D systems to ensure higher participation in the EU programmes and to increase the innovation potential of R&D in their ERPs. The Commission's proposal for Horizon Europe – the next research and innovation framework programme – integrates fully Open Science requirements, which were piloted in Horizon2020, as part of the obligations for all the applicants and grantees into the Horizon Europe framework. These requirements reflect the upgraded Recommendation on access and preservation of scientific information which was amended in 2018 with an aim of strengthening the commitments to Open Science principles.

Digital integration – The Western Balkan digital market is still fragmented, with underdeveloped digital infrastructure, uneven levels of harmonization with the EU *acquis* and of enforcement capacities. Citizens and business are burdened with high roaming charges, despite the existing Regional Roaming Agreement (RRA), whilst full coverage of consumers in the Western Balkans is still not ensured. Digital literacy is below optimal level and there is a significant need to increase digital skills and competences at a large scale. Development and usage of e-services in the region lags significantly behind the EU MS level, slowing down the possibility of citizens and authorities to reap the benefits of e-Government, e-Procurement and e-Health technologies and services.

Despite significant progress in infrastructure development and existing but unused fibre capacities, the region still lacks high quality and widespread broadband networks which connect remote and commercially less interesting areas. Cyber space remains vulnerable, as an increased number of cyber threats continue to present a challenge for private users, but also for business, public sector and operators of essential services, which are additionally vulnerable due to the lack of operational domestic bodies, absence of frameworks for networking, cooperation and rapid information exchange. Despite the advancement in EU *acquis* alignment in the area of trust and security, the Western Balkans lags behind, in particular, in the introduction and harmonisation of cybersecurity, trust services, data protection, and privacy regulations on the basis of a level playing field (as key for establishing a functioning and efficient Digital Single Market).

The region still lacks a framework for recognition of electronic signatures, suffers from the absence of interoperability standards and does not actively participate in many of the available EU digital cooperation frameworks and programmes. Digitisation of the industry is of utmost priority for the Western Balkans and therefore it is essential that along with the alignment of its legislation with the EU's Digital Single Market relevant *acquis*, the region is included in EU efforts to embrace technological change in order to ensure a prosperous and sustainable future for its citizens. The first Western Balkans Digital Summit reiterated the need to strengthen regional cooperation and reconfirmed the commitment of the Western Balkans to engage in concrete regional initiatives in several areas, such as digital skills, interoperability, digital connectivity, and cybersecurity. The launched *Digital Agenda for the Western Balkans (DAWB)* and the *Statement of Support for the DAWB* endorsed by Western Balkans Leaders has put forward a clear vision for the digital transformation of the Western Balkans as well as defined areas of priority. The European Commission launched a substantial Technical Assistance (TA) package for the identification of potential digital investments through the Western Balkans Investment Framework (WBIF), yet it is not efficiently used by the Western Balkans.

Good governance - Good Governance and Rule of Law are key prerequisites for functioning societies and economies and these areas lie at the core of the EU accession process. The priority of credibly addressing rule of law and good governance reforms, as the most pressing issue for the Western Balkans, has been reiterated within the Sofia Declaration's Priority Agenda, as well as the Enlargement Strategy. The REA and the rule-based economic integration in the areas of investment, mobility and digital, which must be underpinned by rule of law and good governance, can be complemented by activities that contribute to the overall development of a Western Balkans area of justice, based on mutual trust between the Western Balkans' judiciaries. Strengthening the capacities of the Western Balkans judiciaries so as to improve the rule of law and meet the requirements of the EU accession process, in particular related to Chapters 23 and 24, is a priority for the Western Balkans, both in terms of overall "lasting societal changes" and in terms of preconditions and enablers for economic cooperation.

RCC works on cross-border judicial co-operation and improved mutual trust among the Western Balkans judiciaries and administrations, thus enabling and underpinning MAP REA activities. Close co-operation among judiciaries creates an atmosphere that supports the process of transitional justice, as the precondition for any improvement of regional co-operation and good neighbourly relations. These RCC-supported activities enhance and support regional cooperation in the area of economic integration, as well as the implementation of the Joint Declarations adopted at Western Balkans Summit in London on 10th July 2018.

While progress in this area rests mostly on internal drivers, it can still benefit from peer learning and momentum for improvement that is brought in by the regional context. The similar legal history and background of the Western Balkans jurisdictions provides ample prospects for added value of regional actions, particularly related to capacity building, peer review, cross-border cooperation, sharing of good practices and increased mutual trust. It is in this particular context that RCC has been supporting regional cooperation among the Western Balkans Justice Ministries, through the Western Balkans Working Group on Justice (Western Balkans WGJ), as well as the two specialized SEE networks (Judicial Training Institutions Network and Associations of Mediators Network), which are functioning as platforms for regular meetings and exchange of experiences, good practices and lessons learned.

Sustainable, green growth and climate change – The Western Balkans IPA II beneficiaries are facing significant environmental challenges and they are particularly vulnerable to climate change due to fragmented frameworks and economic constraints which aggravate investments in concrete environmental protection projects. Due to delays in transposition of EU policies and challenges in the legislation and weak capacities many challenges related to implementation and enforcement of environmental law still exist. The region also has to define ambitious objectives in line with the EU 2030 energy and climate framework which will bring additional challenges in the upcoming period and require significant endeavours to achieve them. In addition, the Western Balkan IPA II beneficiaries are signatories of the Paris Agreement on Climate Change and are already investing significant efforts to meet their commitments. RCC will continue to support regional highest level political dialogue on environment and climate protection. Through the operational work of the Regional WG on Environment, which acts as a regional steering mechanism, the RCC will provide further coordination of existing, as well as generation of new projects of regional relevance; maintain regional cooperation in processes of policy and legislative harmonisation and enforcement and in achieving commitments in the environmental and climate areas. The actions will also focus on improving nature conservation, promoting ecosystem services assessment and valuation and strengthening science-policy interface for informed decision making. In addition to this, analytical support will be provided through studies, analyses and recommendations for actions in identified priority areas, as well as support in mainstreaming environment and climate concerns into the other sectoral and development policies (primarily on investments in green technologies and integration of environmental standards and EIA and SEA requirements, as well as reaping digitalization benefits with less possible negative impact on environment in production of equipment, use of energy and adequate disposal policy and standards).

In addition to this and in order to ensure for smooth implementation of MAP REA, the RCC will continue to implement political activities focused on clearing the path for MAP REA implementation. RCC has been established as an operative arm of the South East Europe Cooperation Process (SEECPC) as a secretariat with wider SEE political outreach, inter-governmental legal personality and statutory binding lines of operation. In such *sui generis* organisational framework (wider format SEE – narrow focus the Western Balkans) where every decision ought to be streamlined through statutory binding channels, political role comes to the fore.

In order to address the above stated challenges, the RCC will continue to cooperate closely with all relevant stakeholders that can contribute to the efficient implementation of such an ambitious and multi-faceted Action. These include (first and foremost) institutions, relevant organisations and structures of beneficiary

administrations; European Commission`s relevant services; regional organisations; relevant international organisations; IFIs and the entire donor community whose activities in the Western Balkans are implemented in areas relevant to this action.

OUTLINE OF IPA II ASSISTANCE

IPA II assistance will enable the implementation of the measures under the investment, mobility and digital integration components of the MAP REA and will also facilitate the high-quality horizontal processes of programming, coordination, monitoring, and donor coordination for MAP REA, as well as implementation of specific measures in the areas of sustainable, green growth and climate change resilience and good governance. In concrete terms IPA II assistance will contribute to: **Investment:** greater harmonization of regional investment policies aligned with EU and international standards and best practices; improved attractiveness of the region for foreign and intra-regional business; facilitation of higher inflow of investments and higher industrial and entrepreneurial activity, trade and jobs; creation of a dynamic investment space in the region; coordination of the region`s financial markets` diversification agenda in a structured regional financial markets integration framework to increase the opportunities for access to finance for strategic investors and SMEs. **Mobility:** increased mobility of professionals and highly skilled persons between the Western Balkans, as well as further enabling the integration of the Western Balkans into the EHEA and alignment with EU`s Communication on Recognition of Academic Qualifications; removal of obstacles to mobility of researchers between the Western Balkans and the EU leading to better integration of the Western Balkans into the ERA and preparation for the Open Labour Market for Researchers; support to Open Science policies and integration of the Western Balkans into EU Open Science platforms; support to optimisation of research infrastructure in the Western Balkans. **Digital integration and implementation of Digital Agenda for the Western Balkans (DAWB):** enhancement of digital connectivity and access through regional processes aimed at lowering roaming charges (intra-Western Balkans and EU-Western Balkans) and introduction of Rome Like at Home (RLAH) in the Western Balkans; strengthening of digital skills and competences in the Western Balkans through support in establishing permanent dialogue on digital skills aimed at identification of digital skills needs for different groups and facilitation of participation in EU Digital Skills and Jobs Coalition and other relevant initiatives; improving data protection and e-privacy in Western Balkans through a harmonized regional approach toward the alignment of the respective EU *acquis* as well as increasing awareness and capacities of civil society organization (CSO) on digital rights; development of the digital economy and society in line with DAWB through support aimed at development of framework/platform to ensure cross-border recognition of the certificates with e-signature, as well as capacity building on EU *acquis* alignment and enforcement; promotion of uptake of smart technologies and accelerated digitization in Western Balkans through maintained high level political dialogue on digital transformation of the Western Balkans; regional coordination on cybersecurity to enable exchange of experience and information among Western Balkans internal structures, as well as peer learning from relevant bodies in EU MS. **MAP REA horizontal activities:** strengthened coordination and monitoring on MAP implementation and enhanced regional dialogue within MAP structures through maintained regular meetings of the MAP REA structures and strengthened collaboration with private sector, including through the Western Balkans Chamber Investment Forum (CIF) involvement; increased visibility and communication on MAP outcomes and actions through development of MAP REA visibility tools and publications. **Sustainable, green growth and climate change resilience:** maintained regional policy dialogue and strengthened regional cooperation on environment, nature protection and climate change; analytical contribution towards evidence-based environmental and climate change policies; integrated environmental sustainability in other policies, and ensuring digitalization – sustainability convergence through selection of adequate technologies, eco-labelling and efficiency standards in use, as well as rigorous standards in disposal and recycling. **Good governance:** cross-border judicial co-operation and improved mutual trust among the Western Balkans judiciaries and administrations; improved usage and enhanced awareness of cross-border alternative dispute resolution.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

The action will directly contribute to the implementation of revised *Indicative Multi-Country Strategy Paper* (MCSP)¹ which specifies that priority of IPA II is “to support the beneficiaries in addressing the fundamentals first, which are the rule of law and fundamental rights, public administration reform and *economic governance*”. In line with provisions of the revised MCSP, the action will contribute to the need to widen connectivity agenda to include not only connectivity infrastructure, but connectivity of economies and connectivity of people as well (following the outcomes of the Trieste Summit). More specifically, the action will deal with the following issues, as identified in the revised (2018) MCSP: 1) Strengthening independence and impartiality of judiciary; 2) Investing in competitiveness and innovation of the private sector; 3) Investing in education, employment and social policies and 4) Investing in the area of environment and climate action. As per *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans* and implementation of the Six Flagships initiatives, the proposed activities within this action will directly contribute to the implementation of: *Flagship 1* – Strengthening support to the rule of law (*Good Governance*); *Flagship 3* – Supporting socio-economic development (*Mobility and Investment*) and *Flagship 5* – Digital Agenda for the Western Balkans (*Digital Integration*). This IPA II Action is directly linked to the *SEE 2020 Strategy* and respectively its implementation will contribute to the achievement of targets and objectives in each of the five development Pillars of the Strategy: 1) Integrated Growth (*Investment*); 2) Smart Growth (*Mobility and Digital Integration and Implementation of DAWB*); 3) Sustainable, Green Growth (*Sustainable, Green Growth and Climate Change Resilience*); 4) Inclusive Growth (*Mobility*); and 5) Governance for Growth (*Good Governance*). In addition to this, the proposed Action addresses the key targeted policy guidance (in areas such as broadband, smart specialisation, etc.) from the *ECOFIN Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey* and the contents of the individual IPA II beneficiaries` ERPs. Tending to support IPA II beneficiaries on their EU accession paths, the Actions will take into close consideration provisions of the *Europe 2020 Strategy* and will *ensure synergies with converging objectives of EUSDR, EUSAIR*. In view of *WBIF*’s increased role in policy reforms coordination, as well as its potential expanded scope (to include cross-sector investment programs; stronger focus on start-ups and innovation; support for human capital and social inclusion) greater collaboration will be pursued within this largest investment framework in the Western Balkans so to strengthen the links between investment support and policy reform. The Action shall also contribute to the reaching of a number of *Agenda 2030 for Sustainable Development* goals and to the *Paris Agreement targets* on climate action.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Over the decade of its existence RCC proved to be the key regional cooperation mechanism in SEE and as such it has been financially supported by EU, SEE contributors and other donors. RCC is an umbrella regional organization ensuring all-inclusive and efficient regional cooperation with a strong, clear mandate and sufficient sector expertise and resources to be able to help the beneficiaries address challenges they could not solve on their own. The regional cooperation remains a key catalyst for the enlargement process and is a key enabling factor for comprehensive reforms and the return to sustainable economic growth. The EU Enlargement Strategy has recognized and acknowledged RCC’s indispensable role in this regard. RCC has had a decisive role in supporting mobility and economic and digital connectivity within the Western Balkans and with EU. It was precisely SEE2020, the collaboration within CEFTA, the regional connectivity agenda, the youth agenda and the work towards REA that proliferated regional cooperation across all sectors and created the ‘web of connections and opportunities within the region and with the EU that is vital for bringing our citizens and economies closer together, and for enhancing political stability,

¹ C(2018) 3442, 31.05.2018.

economic prosperity, cultural and social development’ – as referred to in the Sofia EU-Western Balkans Summit Declaration. Based on the experiences gathered during the implementation of the last sets of triennial Strategy and Work Programmes, RCC has made a decisive shift towards: a more focused, better integrated and even more result-oriented approach to implementation; forging strong partnerships with other regional organisations and development partners around priority result areas that are crucial for leveraging each other’s resources; embedding reform agendas in longer-term, structured political processes intended to result in multilateral agreements. Currently, RCC’s functioning and its implementation of the SEE2020 Strategy is supported by the EU covering the period 2017-2019 with Grant no.2016/380-471 amounting 7,500,000 EUR. The proposed Action will directly build upon previous achievements and will enable for further push in implementation of SEE2020 and MAP REA, over the course of 2020-2022.

Dealing with complex processes of socio-economic development in the region requires both high-level political support and active involvement of relevant individual economies’ experts. It is therefore vitally important that strong ownership of these processes by participating IPA II beneficiaries is ensured as well as that SEE2020 and MAP REA are placed in the wider context of the overall structural reform and development of the region and clearly linked with economic governance processes taking place within the economies, preparing the IPA II beneficiaries for the future EU semester exercise and EU single market requirements. In more concrete terms, strong political commitment especially when it comes to complex issues (such as streamlined investment reforms or roaming reductions) must be ensured if results are to be achieved. These commitments should accordingly be translated into proper mobilization and availability of human resources working in various sectors of beneficiary administrations, underpinned by improved internal coordination mechanisms, so that the political will is translated into concrete actions. The limited capacities of the economies of the region also necessitate ensuring of continuous exchange and coordination between donors, regional and international organisations, and other stakeholders so as for the region to benefit in the best way possible from various initiatives supporting socio-economic development of the Western Balkans.

The latest evaluation of regional organizations undertaken in 2017 has *inter alia* confirmed: the establishment of the RCC under the political guidance of the SEECP and its role on regional coordination, including the drafting and guiding implementation of the SEE 2020 Strategy as one of the most prominent regional cooperation achievements; RCC’s evolution into a focal point for regional cooperation in SEE and a central organisation that is regionally led and fulfilling a key role in bringing together the Western Balkans on regional cooperation and reform issues and in generating and coordinating developmental projects of a wider, regional character to the benefit of each individual participant; the clear lead taken by RCC in the definition and measurement of performance across the region; the high relevance of RCC’s activities to regional integration and to the EU accession process of the Western Balkans; RCC’s mandate and role to lead and coordinate the process of establishing the Regional Economic Area. RCC has already acted upon the key recommendations given in the evaluation report which call for reduced potentials for overlap, by focusing its core work on the regional economic agenda, as well as for improved visibility, through enhanced communication and outreach and sharing data generated with others in the region and beyond.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
OO: To support the socio-economic transformation and competitiveness of the Western Balkans and assist in unlocking the sources for sustainable long-term growth and convergence with the EU	I.OO: GDP per capita relative to the EU average (in PPS), % of EU-27 average	EUROSTAT	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
SO: To strengthen regional cooperation and further develop a competitive Regional Economic Area (REA)	I.SO.1: Share of Annual FDI inflow per capita (EUR) I.SO.2: Ranking of DESI I.SO.3: Ranking of the EHEA implementation index	EUROSTAT Statistics at Beneficiary level European Commission EHEA implementation index	Political commitment and support of relevant authorities secured Sufficient institutional capacities Efficient intragovernmental coordination Availability of funding for the implementation of MAP REA at the central and regional level
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
R.1: Improved investment environment in the Western Balkans	I.R.1.1: Ranking of Ease of Doing Business (rankings) I.R.1.2: Efficiency of legal framework in challenging regulations I.R.1.3: Number of Investor State Dispute Settlement cases I.R.1.4: Number of regional investor outreach initiatives I.R.1.5: Ranking of Competitive Industrial Performance Index I.R.1.6: Financial system ranking I.R.1.7: Female participation in Labour force	World Bank Doing Business Report WEF The Global Competitiveness Report MAP REA Annual implementation Report Investment Promotion Agencies reports UNCTAD World Investment Report UNIDO Industrial Development Report Global Entrepreneurship and Development Report IMF	Political commitment and support of relevant authorities secured Sufficient institutional capacities Efficient intragovernmental coordination Availability of funding for the implementation of MAP REA at the central and regional level Private sector involvement in regional dialogues and reform agenda Ensured synergies with all relevant regional organizations and international partners active in areas of MAP REA-relevance, good governance and environment
R.2: Increased integration of the Western Balkans into the European Higher Education Area and the European Research Area	I.R.2.1: Number of requests received by ENIC/NARIC offices for recognition of degrees obtained from SEE region I.R.2.2: Number of Quality Assurance Bodies from the Western Balkans registered in the European Register for Quality Assurance (EQAR) I.R.2.3: Number of researchers in the MSCA actions from the Western Balkans	SEE Development Scoreboard (baseline data based on the current available data provided in the SEEDS/RCC database)/ Statistics at Beneficiary level European Register for Quality Assurance (EQAR)	

<p>R.3: Advanced level of implementation of the <i>DAWB</i> and increased integration of Western Balkans in EU digital programs and frameworks</p> <p>R.4: Maintained permanent high-level regional policy dialogue and regional cooperation towards achieving Paris Climate commitments and 2030 energy and climate targets</p> <p>R.5: Cross-border cooperation among judiciaries in the region supported and improved</p> <p>R.6: Strengthened coordination and monitoring on MAP implementation and enhanced regional dialogue within MAP structures</p>	<p>I.R.2.4. Number of Open Access Policies implemented in Western Balkans</p> <p>I.R.3.1: Ranking on key digital indexes: ICT development Index (IDI), Network Readiness Index (NRI), Global Cybersecurity Index</p> <p>I.R.3.2: Number of new digital programmes and frameworks in which the Western Balkans are integrated</p> <p>I.R.3.3 Number of meetings of the regional multi-stakeholder WG on digital skills and number of final users trained</p> <p>I.R.3.4 Established platform/network for cross-border recognition of certificates with e-signature and fully functional by 2022</p> <p>I.R.3.5 Number of roadmaps(s) to implement new GDPR</p> <p>I.R.4.1: Number of regional analytical studies in the area of environment prepared and published</p> <p>I.R.4.2: Number of operational and Ministerial meetings organized each year at regional level under the framework of the RWG Env</p> <p>I.R.4.3: Number of new regional environmental projects coordinated through RWG Env</p> <p>I.R.5.1: Percentage of cases resolved by mediation and number of finalised cross-border cases</p> <p>I.R.6.1: Number of MAP implementation reports</p> <p>I.R.6.2: Number of MAP promotional tools and products produced and disseminated</p> <p>I.R.6.3: Number of Balkan Barometer Survey issues</p> <p>I.R.6.4: Number of annual donor coordination meetings</p> <p>I.R.6.5: Number of coordination meetings with relevant regional structures</p> <p>I.R.6.6: Number of RCC Board Meeting and Coordination meetings between the EU, SEECP C-i-O and RCC</p> <p>I.R.6.7: Number of political consultations with relevant stakeholders</p> <p>I.R.6.8: Annual Report of the SG of the RCC</p>	<p>European Commission- DG RTD – International cooperation Data CORDA (H2020) and Multi-country Fact sheets Reports on Open Science EU MS Report on the implementation of Commission Recommendation C(2012) 4890 final</p> <p>ITU – Measuring the Information Society report WEF - The Global Information Technology Report ITU - Global Cybersecurity Index (GCI) report European Commission Progress reports MAP REA Annual Implementation Report</p> <p>RCC Annual Report on Implementation Ministerial Declarations</p> <p>Council of Europe data base on efficiency of justice CEPEJ RCC statistics verified by Working Group on Justice</p> <p>RCC Annual Report on Implementation MAP REA Annual Implementation Report Annual Report of the RCC's SG QNR for the EC Reports for the RCC Board Meetings</p>	
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DESCRIPTION OF ACTIVITIES

The action will support the RCC Secretariat in the implementation of its Strategy and Work Programme 2020-2022 through grouping its efforts along following core axes:

Component A. Investments

R.1 – Improved investment environment in the Western Balkans

A.1. Investment Policy, through: coordinating and providing expertise to the stakeholders involved; managing the work of the SEEIC-CEFTA Joint Working Group on Investment; monitoring the implementation of the RIRA through the follow-up of the Individual Reform Action Plans (IRAPs). This work will entail managing the support to the Western Balkans policy makers in fields pertinent to investment entry and establishment, protection and retention, and attraction. Furthermore, this activity will support the reform of legal investment frameworks (IIAs) and cover a negotiation process for a regional investment instrument, possibly encompassing the drafting of a proposal for such an instrument (based on the decision of the region for the need of such instrument and its type).

A.2. Investment Promotion, through: building on the promotion grounds set with technical assistance of the World Bank Group (WBG) during previous EU-funded project on investments, by providing support to: promoting the region to targeted investors across Europe; producing investment promotion tools and materials; supporting regional investment promotion conferences and increasing of the visibility of the region on the global investor map; capacity-building support to the Investment Promotion Agencies (IPA) in improving the full-investment promotion cycle.

The WBG together with RCC will provide technical assistance to support the implementation of activities under A1 and A2. The WBG will mobilize its specific expertise in investment policy and promotion in the Western Balkans to support these activities

The Regional Investment Reform Agenda and the Western Balkans-economy specific Investment Reform Action Plans (IRAPs) provide the starting point for the World Bank, which will provide technical assistance to a selection of targeted reforms based on the endorsed priority areas, including in particular: investment attraction and promotion; entry and establishment; and investment protection and retention. Support will also be provided with promoting the region to targeted investors across Europe.

A.3. Industry-sectoral work, through: continuous support for the regional public-private dialogue through the Working Group on Industrial Policy on improving industrial policies through effective re-design, implementation measures and monitoring mechanisms, and aligning them with the acquis, as well as with S3 strategies as stipulated by MAP REA; establishing initiatives for development of regional value chains and participation in EU programmes and other projects that can improve industrial competitiveness of the region.

A.4 Financial Markets, through: managing the regional dialogue of the RCC's Working Group on Financial Markets. The work will entail prioritization of identified challenges and gaps of the regional financial markets; consequent regional coordination towards formulation of regional strategy for financial market diversification and development, including implementation of prioritized policy reform measures in line with the acquis; capacity building and concrete actions to increase the activities on the financial markets and access to finance.

The WBG will also mobilize its expertise for the implementation of this activity, in close partnership with RCC, based on its diagnostic report on financial markets (financed by the EU, to be finalized by the end of 2019). This report will provide a systematic assessment of the constraints the region should address and the critical gaps that would need to be addressed to ensure that the Western Balkans have the financial sectors they need. The diagnostic report will also identify recommendations, which would serve as a starting point for the WBG, together with the RCC, to engage with Western Balkans authorities (through the Working Group on financial markets established by RCC) on the endorsement of the priority areas. The WBG in cooperation with RCC will provide technical assistance based on the endorsed priority areas by providing support to drafting and/or revision of the legislative, regulatory, institutional and policy frameworks.

A.5. Economic empowerment of women, through: managing the regional dialogue on women participation in business and labour market with the aim of contributing to economic growth of the Western Balkans⁶ within the context of MAP REA; proposing and supporting relevant policy reforms in line with the EU policies and Sustainable Development Goals; concrete actions in women human capital development as a currently underutilized economic potential. The work will be underpinned by the analytical work of the WBG and therein identified challenges to economic empowerment of women and their participation in business and labour market of the Western Balkans.

The indicative key outputs within the Investment component will include: reformed policies pertinent to investment entry, protection and retention; functional regional investment legal instrument among the Western Balkans; IIAs reformed in line with the EU model and best practice, ensuring higher standards for investment protection; functional and upgraded investors grievance mechanism, resulting in decrease of investor-state dispute cases and legal proceedings; increased capacity of relevant investment experts in line with the best practice and world trends, for negotiation of IIAs with other bilateral and multilateral parties; increased visibility of the Western Balkans as a unique investment destination among the international business community via promotion tools and practices; industrial legal framework redesigned in line with the EU standards; diversified access to finance for business; improved legislation for financial markets in line with EU directives and meeting the needs of enterprises, entrepreneurs and society; increased participation of women in business and the labour market.

Component B. Mobility

R.2: Increased integration of the Western Balkans into the European Higher Education Area and the European Research Area

B.1. Ensure quality implementation of the Mutual Recognition Agreement for Doctors of Medicine, Dentists, Architects and Civil Engineers, through: ensuring regular operation and supporting the work of the Multilateral Committee and the Joint Commissions of Competent Authorities which will oversee the implementation of the MRA; monitoring effectiveness of the implementation of the MRA through regular annual reports; data collection on recognition decisions and maintaining the Database on Professional Qualifications; capacity building support to the Competent Authorities of the beneficiary economies and the network of contact points in the Western Balkans to implement the MRA and support alignment with the European Commission Directive on Professional Qualifications.

B.2. Ensure quality implementation of the model for automatic recognition of academic qualifications in the Western Balkans, through: convening regular meetings and supporting the work of the Working Group on Recognition of Academic Qualifications, which will oversee the implementation of automatic recognition of academic qualifications in the Western Balkans; monitoring effectiveness of the implementation of the model for automatic recognition of academic qualifications through regular annual reports; data collection on recognition decisions and maintain the Joint Information System aimed at facilitation of recognition of academic qualifications; provide capacity building to the ENIC/NARIC centres, Quality Assurance Bodies and Agencies and the relevant Ministries to implement the model for automatic recognition of academic qualifications and align with the European Commission Recommendation on Automatic Recognition of Academic Qualifications.

B.3. Support alignment of the Western Balkans with the European Standards and Guidelines for Quality Assurance and integration into the European Network of Quality Assurance (QA) Agencies and European Register for Quality Assurance in cooperation with ERI SEE, through: capacity building support to the QA Bodies and Agencies and the relevant Ministries to implement and align with the European Standards and Guidelines for QA; establish and support the network of the Western Balkans QA Bodies and Agencies; networking and training of the relevant peer-reviewers involved in the external quality assurance procedures to ensure understanding and alignment with the European Standards and Guidelines for QA; support to development of relevant procedures for quality assurance aligned with the European Standards and Guidelines for QA and preparation of regular bi-annual reports on QA practices in the Western Balkans.

B.4. Remove obstacles to legal and other barriers to mobility of researchers between the Western Balkans and between the Western Balkans and the EU and enhance the preparedness of the Western Balkans for Open Labour Market Researchers by supporting the implementation of the European Research Area commitments, through: capacity building support and increased cooperation of EURAXESS networks in the

Western Balkans and the implementation of the Declaration of Commitment to provide coordinated personalised information and services to researchers.

B.5. Develop policies for Open Science and Open Access to Research Infrastructures in the Western Balkans and boosted Optimal Circulation and Transfer of Knowledge and Optimisation of Research Infrastructures in the Western Balkans. through: support for the development and coordination of Open Science policies on access to and preservation of scientific information in line with the Communication and Recommendation to Member States on access to and preservation of scientific information in the digital age including through regular meetings of the R&D Working Group; further support the harmonisation of access and usage policies for research and education-related public research infrastructures, enabling consortia of different types of public and private partners in line with the commitments defined in the ERA Roadmaps through technical assistance, capacity building and regular meetings of the R&D Working Group.

The indicative key outputs within the Mobility component will include: Established high-level and administrative cooperation to ensure quality implementation of the Mutual Recognition Agreement for Doctors of Medicine, Dentists, Architects and Civil Engineers; established regular monitoring and reporting system of implementation of the Mutual Recognition Agreement for Doctors of Medicine, Dentists, Architects and Civil Engineers; established high-level and administrative cooperation to implement the model for automatic recognition of academic qualifications; established regular monitoring and reporting system for implementation of the model for automatic recognition of academic qualifications; strengthened quality assurance systems for higher education fully aligned with the European Standards and Guidelines for Quality Assurance; Quality Assurance Agencies from the Western Balkans associated and integrated with the European Network of Quality Assurance Agencies and the European Quality Assurance Agencies Register; Increased EURAXESS capacity; Open Science and Open Access Policies and Instruments introduced in the Western Balkans;.

The proposed actions will *inter alia* be implemented by the RCC through regional meetings of the regional bodies responsible for monitoring of the implementation of the MRA, namely the Multilateral committee and the Joint Commission of Competent Authorities and regular meetings of the R&D Working Group; capacity building of the internal bodies responsible for the implementation of the MRA, namely contact points at beneficiary level and competent authorities; and technical assistance.

Component C. Digital Integration and implementation of Digital Agenda for the Western Balkans (DAWB)

R.3: Advanced level of implementation of the DAWB and increased integration of Western Balkans in EU digital programs and frameworks

C.1. Reduce roaming charges towards a roaming free area in the Western Balkans region and support to broadband development in the Western Balkans through: regular regional coordination towards lowering roaming charges and developing a sustainable model to ensure full coverage of the Western Balkans end-users with a view to introduce the Rome Like at Home (RLAH) model in the future; experts support in the development of regular impact assessments and analyses of roaming prices reductions, dynamics in volume of telecommunication traffic and other relevant parameters; development of feasibility study(s) to support the establishment of Broadband Competence Offices (BCOs), strengthen regional cooperation to spur broadband development and designing and performing targeted capacity building programmes.

C.2. Strengthen digital skills and competences through: establishing a regional multi-stakeholder Working Group and regular regional meetings to support the development of digital skills strategies, priorities and actions; support implementation at pilot level of best practices in the region; facilitate participation in EU Digital Skills and Jobs Coalition initiative and other relevant initiatives/frameworks to support development of digital skills.

C.3 Improve e-services delivery in the Western Balkans and strengthened capacities on EU acquis alignment and enforcement through: developing a framework/platform to support cross-border recognition of the certificates with e-signature and creating and linking digital registries for trusted services; technical assistance for improving interoperability in the Western Balkans, and facilitate participation in EU work under European Interoperability Framework (EIF); assistance in increasing capacities for alignment with and implementation the relevant electronic communication-relevant *acquis*; technical assistance to support *acquis* alignment and enforcement in area of data protection and e-privacy especially its cross border

dimension; facilitating participation of the Western Balkans in EU programmes and frameworks as stipulated in the DAWB.

C.4 Maintain a permanent structured high-level policy dialogue on digital transformation of the Western Balkans, through: permanent regional cooperation within the established topical Western Balkans Digital Summit (DS) Working Groups and convening annual Western Balkans DS at the high political level for steering strategic regional processes; regional coordination and expert support to facilitate regional cooperation between digital innovation hubs, science parks, etc., networking and peering as well as assessing demand and prospects to establish regional digital hubs, and other digital cooperation initiatives.

C.5 Improve cybersecurity, through: maintained regional coordination towards greater information sharing among Computer Security Incident Response Services Teams (CSIRTs) and other internal structures as well as peer learning from advanced EU MS; liaising with other international organization active in the field; regional coordination aimed at formulation of actions/measures to enable joint response to cyber threats.

The indicative key outputs within the Digital component will include: new regional roaming agreement in force with eliminated roaming cost for all end-users in the Western Balkans by 2021 and established network of BCO in the region; identified digital skills needs, developed training plans and priorities throughout the Western Balkans for selected groups; established platform for cross-border recognition of e-signature; sustained regional dialogue in the area of cybersecurity and strengthened information exchange among the Western Balkans CSIRTs; developed capacity building programs for public institutions and civil society on new GDPR; lined up work among the Western Balkans in aligning interoperability frameworks with EIF; enhanced alignment levels with EU acquis on data protection through prepared and implemented action plans aimed at full alignment with the new GDPR; increased participation of the Western Balkans in EU digital programmes and frameworks; convened annual Digital Summit(s) and maintained high level regional dialogue on digital transformation.

The proposed actions will inter alia be implemented by the RCC through: regional meetings under the Western Balkans roaming WG, multi stakeholder WG on digital skills – to be established, Digital Summit Steering Committee, regional network of the Western Balkans CSIRTs; technical assistance to monitor impact of Roaming Agreement, support the establishment of BCOs, identification of digital skills needs for target groups, developing roadmap(s) for the implementation of the new GDPR, etc.

Component D. Sustainable, green growth and climate change resilience

RO.4: Maintained permanent high-level regional policy dialogue and regional cooperation towards achieving Paris Climate commitments and 2030 energy and climate targets

D.1. Support to Sustainable, green growth and climate change resilience, through: organization of regular regional high-level and operational meetings under the framework of the Regional Working Group on Environment, contributing to the achievement of the commitments under the Paris Climate Agreement, as well as 2030 energy and climate targets; coordinated implementation of projects of regional interest developed to support environmental protection and mitigation of climate changes;; technical assistance for development of topical scientific analysis and studies focusing on areas of regional environmental importance (air pollution, waste management, circular economy, human health, etc.); mainstreaming environment and climate change into development and implementation of other regional economic integration policies particularly focusing on integrating environmental standards in investment policy and enforcement of EIA and SEA requirements, as well as ensuring the highest standards in digital transformation, minimizing negative impact of increased demand and use of digital technology on natural resources (materials) depletion use of energy and waste generation following life cycle concept and circular economy and recycling requirements.

Indicative key outputs within the Sustainable growth component will include: maintained high-level regional environment policy dialogue; scientific surveys and experts studies addressing priority areas in environmental protection; established regional dialogue on integrating environmental protection requirements in process of development of other policies (energy, transport, agriculture, etc.).

The proposed action will inter alia be implemented by the RCC through: biannual regional meetings at operational and ministerial level under RWG Env; technical assistance to analyse status in environment and nature protection priority areas and strengthening climate resilience of the Western Balkans; cross-sectorial

cooperation on integrating environmental requirements into other policies to safeguard sustainable development.

Component E. Good governance

R.5: Cross-border cooperation among judiciaries in the region supported and improved

E.1. Support to rule of law and good governance, through: organization of regular regional meetings of the Western Balkans Working Group on Justice as a tool to improve judicial cross-border cooperation; organization of regular regional cooperation meetings among region's Judicial Training Centers and Associations of Mediators/Arbitrators Networks to exchange good practices, enhance capacities and improve cooperation.

Indicative key outputs within the Good governance and Rule of law component will include: intensified regional policy dialogue in the area of justice; regional multilateral agreement in cross-border cooperation in civil, family and commercial legal matters including mediation and alternative dispute resolution; improved access to tailored training resources and information from key international partner; improved institutional capacity of Ministries of Justice, Associations of mediators/arbitrators (Chambers of economy) and Judicial Training Centres;

The proposed action will inter alia be implemented by the RCC through: regional meetings under Western Balkans Working Group on Justice, SEE Judicial Training Institutions Network and SEE Network of Mediators; technical assistance related to topical regional analyses/studies addressing priority areas in regional judicial cooperation.

Component F. MAP REA horizontal activities

R.6: Strengthened coordination and monitoring on MAP implementation and enhanced regional dialogue within MAP structures

F. 1 Strengthen regional coordination and facilitate regional dialogue on MAP implementation, through: supporting processes of MAP REA needs assessment, organizing regional donor coordination meeting(s) on MAP REA, defining/developing regional projects relevant to MAP REA as well as supporting their implementation, assisting consultation processes at beneficiary level in all MAP REA related activities; maintaining regular dialogue of MAP Coordinators to allow strategic discussion on the key MAP deliverables, challenges and milestones and organizing regular meetings/events of MAP Component Contact Points to operationalize the strategic discussions held at MAP Coordinators level; liaising with private sector, including through the Western Balkans CIF, in joint activities and events with MAP REA structures on issues related to MAP implementation.

F. 2 Increase visibility and communication on MAP actions, potentials and results, through: developing regular reports/publications on MAP implementation (i.e. Annual and Abridged reports, MAP Brochure with regional and economy specific achievements/deliverables, etc.) and maintaining regular reporting to MAP structures, PMs' Sherpas, Western Balkans Summits and other stakeholders and organizations directly or indirectly involved with MAP implementation; developing MAP REA visibility tools (i.e. user-friendly products to promote MAP outcomes and results such as leaflets, up to date MAP calendar, promotional videos, brochures, etc.) and distributing MAP REA related publications to a large audience.

F.3 Ensuring political support and commitment of relevant authorities through: political consultations with relevant stakeholders; engagement with the parliamentary dimension of the SEECF format where all the Western Balkans are fully participating; high level regular political consultations with RCC participants/EU MSs in order to support MAP REA activities; providing political support and regular communication of MAP deliverables for high level annual meeting, regular RCC Board meetings, etc.

Indicative key outputs within the MAP REA horizontal component will include: streamlined coordination and strategic planning within MAP REA structures; prepared regular overviews and reports on MAP REA implementation and distributed to all interested actors; introduced monitoring visualized tools on MAP REA implementation at economy and regional level; formulated yearly deliverables in close consultation with MAP REA structures; developed visibility tools to promote MAP REA progress, impact and results; annual editions of the key Public and Business Perceptions Survey (Balkan Barometer) prepared and issued; annual regional donor coordination cycles completed and annual donor coordination meetings

organised; strategic leadership in regional cooperation provided and streamlined regional cooperation among relevant regional sectoral organisations; number of new regional cooperation projects initiated in support of the objective and measures of MAP REA.

The proposed actions will inter alia be implemented through: regular regional meetings of MAP REA Coordinators and MAP REA Component Contact Points (CCPs) and other partners such as the Western Balkans CIF, as well as RCC in house expertise for MAP REA reports; established regional coordination mechanism i.e. through Coordination Board, donor coordination meeting; contracted services to prepare visibility tools to promote MAP REA results, measure perception on regional integration through the Balkan Barometer Survey; high level political consultations with RCC participants/EU member states.

RISKS

Political commitment and support of relevant authorities will be a key factor for the successful implementation of the action. Therefore, the RCC will continue to work closely with all interested partners and stakeholders so as to enable participation in regional processes of government representatives with adequate level of participation, with the required expertise and proper mandate.

On the other hand, ***insufficient institutional capacities and limited intragovernmental coordination*** are factors that could adversely affect the successful implementation of the action. The RCC will work closely with all internal structures involved in MAP REA implementation, and will maintain regular coordination consultations with NIPACs, in order to facilitate cooperation and adequate share of information both within and between the Western Balkan IPA II beneficiaries. To this end, the RCC will also continue to link MAP REA with the ERP coordination framework, contributing in this way to ownership and sustainability of the results to be achieved.

The ***availability of adequate and timely disbursed financial resources for full implementation of MAP REA can pose a significant constraint***. As bilateral donors have a significant role to play, the RCC will take a more proactive approach to the donor community and development partners active in the region to try to alleviate – at least partially – the scarcity of financial resources, as well as the difficulties arising from the varied donor approaches, their differing geographical scope and the different timing of programming and contracting cycles.

Some challenges are still noted in enabling ***adequate representation at MAP REA structures***, and this relates not only to the ministries/agencies directly in charge in each of its components, but also to the horizontally linked ministries and agencies, in order to ensure systematic and overarching reform implementation framework. The RCC will aim to address this challenge through its MAP REA structures and intense communication with MAP REA National Coordinators and Component Contact Points.

Increased engagement of line Directorate-Generals – while there is existing coordination and cooperation with the line Directorate-Generals, increased engagement of the line Directorate-Generals in the next phase is of particular importance to ensure alignment of the regional processes with the EU policies, practices, plans and trends.

Western Balkans needs to ***increase the involvement and participation in the EU programmes and initiatives*** – at the moment the Western Balkan IPA II beneficiaries are included in certain capacity in several EU programs, initiatives and institutions. However, having in mind the vast opportunities for joint Western Balkans actions deriving from the next generation of EU programmes, the relevant administrations can use the regional fora to formulate joint positions as well as joint activities to be implemented through some of the EU programmes and initiatives. However, to ensure that the full potential of these opportunities is used, a proactive and positive response by EU institutions and other potential partners is essential.

Finally, there is a clear necessity for ensuring ***synergies*** between this action and other actions planned within Multi-country IPA envelope (such as on trade, capital markets, cybersecurity, vocational education and training, etc.) and other MAP REA relevant ongoing and forthcoming projects funded by the EU and other donors active in the region.

CONDITIONS FOR IMPLEMENTATION

The implementation of the action will depend on several key factors, including political commitments, strengthening the necessary structures for implementation and developing the capacity of involved stakeholders at the beneficiary and regional level. In terms of ensuring political will, the RCC will work with its participants during 2019 to ensure that all the necessary commitments are made within the upcoming RCC's Strategy and Work Programme 2020-2022 that should be adopted by mid-2019.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The RCC Secretariat will have the main responsibility in the process of implementation of the action, together with the WBG for the activities related to Investment policies and Financial Markets. Furthermore, in order to implement the action in the most effective way, the following institutional set-up overseeing the implementation of the action will be used:

Annual Meeting of the RCC - The Annual meeting ensures the strategic coordination and development of the regional cooperation processes, reviews and endorses the Secretary General's Annual Report on regional cooperation in SEE as well as the triennial Strategy and Work Programme of the RCC. The annual meeting gathers senior civil servants from the Ministries of the Foreign Affairs;

RCC Board - The Board provides operational guidance to and supervision of the RCC, as well as adopts decisions pertinent to the activities of the Secretariat of the RCC and oversees their implementation. The Board adopts the triennial Strategy and Work Programme of the RCC and supports the Secretary General in its implementation and reviews its progress. The Board holds three meetings per year and decisions are taken by consensus. The Board consists of those participants of the RCC contributing to the budget of RCC's Secretariat;

MAP REA structures - Activities within components of investment, mobility, digital integration and implementation of DAWB, and MAP REA horizontal activities will be implemented in line with the provisions of endorsed "Guidelines on Governance, Coordination and Reporting for MAP REA" (<https://www.rcc.int/docs/405/map--guidelines-on-governance>). The overall coordination for the MAP implementation in each of the Western Balkans' economy is the responsibility of the MAP Coordinator. In addition, the MAP Component Contact Points for each MAP component which steer the work of various working mechanisms within Investment, Mobility and Digital Integration and implementation of DAWB will be closely involved in the implementation of the proposed activities. RCC is tasked with the overall coordination, reporting and monitoring at regional level while at beneficiary level these tasks remain in the realm of MAP Coordinators. RCC has already put in place certain process of Governance, coordination and monitoring of MAP REA and maintains regular reporting (i.e. to MAP structures, PM Offices, Sherpas' meeting and Western Balkans Summits) allowing for regular review of MAP implementation and proposing possible adaptation of the MAP.

Activities within component sustainable, green growth and climate change resilience will be implemented through **Regional Working Group on Environment** and **high-level platforms (ministerial meetings) on environmental policies**, while good governance component activities will be implemented through already established **Western Balkan Working Group on Justice, SEE Judicial Training Institutions Network** and **SEE Network of Mediators** (https://www.rcc.int/priority_areas/16/justice-and-home-affairs).

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

Part of the action will be implemented in direct management through direct grant to the Regional Cooperation Council Secretariat for an amount of EUR 12.5 million. The indicative duration of the grant contract will be 36 months. Co-financing is envisaged.

Part of the action related to Financial Market and Investment policies will be implemented in indirect management with the World Bank for an indicative amount of EUR 2.5 million. The indicative duration of the agreement will be 36 months.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

The European Commission will evaluate progress in the achievement of expected results on the basis of indicators outlined in the action. The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the Directorate-General for Neighbourhood and Enlargement Negotiations guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

A Steering Committee will be set up to monitor and steer the implementation of this action, which will be chaired by the European Commission, and include the RCC and the WBG, the latter for component A. As described above, the main bodies for the monitoring of the RCC activities are the Annual Meeting of the RCC, the RCC Board, as well as the MAP REA structures. RCC Secretariat will perform effective and regular monitoring and reporting of the implementation of the action in order to assess interim progress at a programme level, identify areas of failure and their reasons, and any immediate action to be taken in order to improve programme performance further. The WBG will report on the implementation of the elements of the action under its responsibilities.

This will be supported by a process of collecting and analysing data and information gathered from a variety of sources through structured annual cycles, with participation of a wide range of partners including the measurement of the public and business perception through the Balkan Barometer Survey. RCC Secretariat will provide annual substantive reports of the action on progress achieved, based on results envisaged in the action plans, covering project outputs and outcomes. RCC Secretariat will regularly transmit to the Commission relevant information about its activities to assist in ensuring the appropriate visibility and co-ordination of the action. RCC Secretariat and WBG will ensure that the relevant Commission services are kept informed of relevant developments.

INDICATOR MEASUREMENT

Indicator	Baseline (value + year)	Target 2020	Final Target (2022)	Source of information
Action indicators				
I.SO.1: Share of Annual FDI inflow per capita (EUR) (Specific objective indicator)	5,007	7,300	>8,000	EUROSTAT
I.SO.2: Ranking of DESI ranking (Specific objective indicator)	Awaiting first baseline index elaborated by DG CONNECT	TBD	TBD	DG CONNECT
I.SO.3: Ranking of the EHEA implementation index (Specific objective indicator)	2,5 (2018)	3	3,5	EHEA implementation index
I.R.1.1: Ranking of Ease of Doing Business (rankings) (Result indicator)	Albania: 65, Bosnia and Herzegovina: 86, Kosovo: 40, Montenegro: 42, Serbia: 43, North Macedonia: 11 (2018)	Albania: 55, Bosnia and Herzegovina: 86, Kosovo: 35, Montenegro: 30, Serbia: 30, North Macedonia: 10 Or > +1.0 increase per economy in DTF (distance to frontier) scores for the 10 topics included and as per which ranking is determined	Albania: 50, Bosnia and Herzegovina: 86, Kosovo: 30, Montenegro: 25, Serbia: 25, North Macedonia: 10 Or > +1.0 increase per economy in DTF (distance to frontier) scores for the 10 topics included and as per which ranking is determined	World Bank Doing Business Report
I.R.1.2: Efficiency of legal framework in challenging regulations (Result indicator)	Albania: 114; Bosnia and Herzegovina: 137; Kosovo: TBD; Montenegro: 55; Serbia 98; North Macedonia: 129;	TBD	TBD	WEF The Global Competitiveness Report

	(2018)			
I.R.1.3: Number of Investor State Dispute Settlement cases decreased (Result indicator)	27 (2018)	25	<25	UNCTAD Investment Policy Hub
I.R.1.4: Number of investor outreach initiatives (Result indicator)	0 (2018)	6 per annum	6 per annum	IPAs (Investment promotion Agencies) "Western Balkans 6 Chamber Investment Forum" reports and publications MAP REA Annual Implementation Report
I.R. 1.5: Ranking of Competitive Industrial Performance Index	Albania: 107, Bosnia and Herzegovina: 85, Kosovo: TBD, Montenegro: 123, Serbia: 68, North Macedonia: 79 (2018)	TBD	TBD	UNIDO Industrial Development Report
I.R. 1.6: Financial System Ranking	Albania: 105, Bosnia and Herzegovina: 83, Kosovo: TBD, Montenegro: 51, Serbia: 79, North Macedonia: 80 (2018)	TBD	TBD	WEF The Global Competitiveness Report
I.R 1.7: Female participation in Labour force	Albania: 54, Bosnia and Herzegovina: 104, Kosovo: TBD, Montenegro: 28, Serbia: 44, North Macedonia: 70 (2018)	TBD	TBD	WEF The Global Competitiveness Report World Bank Group Reports IMF
I.R.2.1: Number of requests received by ENIC/NARIC offices for recognition of degrees obtained from SEE region	3,435	TBD	TBD	SEE Development Scoreboard (baseline data based on the current available data provided in the SEEDS/RCC database)/ Statistics at

(Result indicator)	(2017)			beneficiary level
I.R.2.2: Number of Quality Assurance Bodies from Western Balkans registered in the European Register for Quality Assurance (EQAR) (Result indicator)	0	2	4	European Register for Quality Assurance (EQAR)
I.R.2.3: Number of researchers in the MSCA actions from the Western Balkans (Result indicator)	201 overall in Western Balkans since 2014 Albania: 22, Bosnia and Herzegovina: 25, Kosovo: 1, Montenegro:6, Serbia: 135, North Macedonia: 12	TBD	TBD	European Commission- DG RTD – International cooperation Data CORDA (H2020) and MC Fact sheets
I.R.2.4. Number of Open Access Policies implemented in Western Balkans ⁶	0 (2018)	0 ²	4	Reports on Open Science EU MS Report on the implementation of Commission Recommendation C(2012) 4890 final ³
I.R.3.1: Ranking on key digital indexes ⁴ : ICT development Index (IDI), Network Readiness Index (NRI), Global Cybersecurity Index (GCI) (ranking) (Result indicator)	IDI Year 2017: Albania – 5.14; Bosnia and Herzegovina – 5.39; Montenegro – 6.44; North Macedonia – 6.01; Serbia – 6.61) NRI Year 2016: Albania – 3.9; Bosnia and	Increased by 0.5 point per economy Increased by 0.3 point per economy	(2022: Increased by 1 point per economy) (2020: Increased by 0.6 point per economy)	ITU – Measuring the Information Society report WEF - The Global Information Technology Report

² The number of Open access policies in the starting year i.e.2020 will be 0, while the aim is to have 2 policies in 2021 and 4 policies in 2022.

³ Includes Western Balkans⁶ from 2018

⁴ Data on Kosovo will be calculated based on inputs from the Regulator

	Herzegovina – 3.6; Montenegro – 4.3 North Macedonia – 4.4; Serbia – 4.0 GCI Year 2017: Albania – 89; Bosnia and Herzegovina – 136; Montenegro – 71; North Macedonia – 55; Serbia – 90	Improved by 10 places per economy	Improved by 20 places per economy	ITU - Global Cybersecurity Index (GCI) report
I.R.3.2: Number of new digital programmes and frameworks in which Western Balkans are integrated (Result indicator)	2017 : 0	2	4	European Commission Progress reports MAP REA annual reports
I.R.3.3 Number of meetings of the regional multi-stakeholder WG on digital skills and number of final users trained (Result indicator)	2018 : 0 2018 : 0	2 At least 25 trainees per economy	6 (2 meetings each year) 450 trainees in all Western Balkans	MAP REA Annual Implementation Report
I.R.3.4 Established platform/network for cross-border recognition of certificates with e-signature	2018 : 0	Concept of the platform agreed	Platform functional	European Commission Progress reports MAP REA annual reports
I.R.3.5 Number of roadmaps(s) to implement new GDPR	2018 : 0	3	6	European Commission Progress reports MAP REA annual reports
I.R.4.1: Number of regional analytical studies in the area of environment prepared and published (Result indicator)	1 (2018)	3	>5	RCC Annual Report on Implementation
I.R.4.2: Number of operational and Ministerial meetings organized each year at regional level under the framework of the RWG Env	2	6 in total (2 each year)	≥10 in total (2 each year)	RCC Annual Report on Implementation

(Result indicator)	(2018)			
I.R.4.3: Number of new regional environmental projects coordinated through RWG Env (Result indicator)	2 (2018)	3	≥4	Ministerial Declarations RCC Annual Report on Implementation
I.R.5.1: Percentage of cases resolved by mediation and number of successfully finalised cross-border cases (Result indicator)	2,4% (2016)	4%	5,8%	Council of Europe data base on efficiency of justice CEPEJ RCC statistics based on Western Balkans Working Group on Justice Information
I.R.6.1: Number of MAP implementation reports	2 (2018)	4 (2 per each year)	8 (2 per each year)	RCC Annual Report on Implementation
I.R.6.2: Number of MAP Brochures and MAP leaflets	3 (2018)	2 each year of implementation	2 each year of implementation	RCC Annual Report on Implementation MAP REA Annual Implementation Report
I.R.6.3: Number of Balkan Barometer Survey issues	4 (2019)	5 (1 per each year)	7 (1 per each year)	RCC Annual Report on Implementation MAP REA Annual Implementation Report
I.R.6.4: Number of annual donor coordination meetings	5 (2019)	6 (1 per each year)	8 (1 per each year)	RCC Annual Report on Implementation MAP REA Annual Implementation Report
I.R.6.5: Number of coordination meetings with relevant regional structures	11 (2019)	12 (1 per each year)	14 (1 per each year)	RCC Annual Report on Implementation MAP REA Annual Implementation Report
I.R.6.6: Number of RCC Board Meeting and coordination Meetings between the EU, SEECPC-i-O and RCC	6 (2019)	12 per each year	24 per each year	Annual Report of the RCC's SG QNR for the EC and Reports for the RCC Board Meetings
I.R.6.7: Number of political consultations with relevant stakeholders	8 (2019)	16 (I per each year)	32 (1 per each year)	Annual Report of the RCC's SG QNR for the EC and Reports for the RCC Board Meetings
I.R.6.8: Annual Report of the RCC SG	1 (2019)	2 (I per each year)	4 (1 per each year)	Annual Report of the RCC's SG

5. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

This action will strive to promote gender equality as well to take measures to achieve equal opportunities for men and women in all aspects regarding the implementation of the action.

Participation of both women and men will be promoted in meetings, conferences and platforms, as well as in the selection of staff to the implementing body. Progress and results of mainstreaming gender in the identified areas of the proposed action will be monitored and reported on. The EU principles of the Strategic Engagement for Gender Equality 2016-2019 will be followed, along with Union's objective to render gender equality a policy priority for the EU's external relations through Transforming the Lives of Girls and Women through EU External Relations 2016-2020. Official statistical data to monitor the progress and achievements in the identified areas of the proposed action will be utilised and combined with the views of general public and the business community on gender, in order to obtain the best possible analysis of the subject, and shape adequate recommendations for future policy reforms and activities.

EQUAL OPPORTUNITIES

Equal participation of women and men will be secured through appropriate information and publicity material, in the design of actions and accessibility to the opportunities they offer. An appropriate men/women balance will be sought in all the managing bodies and activities of the action. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs, as a proof of equal participation of men and women in different phases. Enforcement of those principles is also ensured through specific administrative procedures applied in accordance with the legislation on anti-discrimination. In the implementation of activities under this action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc.

All activities under this action will be designed and implemented in accordance with the principles of good governance and human rights, gender equality, the inclusion of socially or economically deprived groups and environmental sustainability, wherever these issues are of particular relevance to the institutions and beneficiaries to be assisted.

MINORITIES AND VULNERABLE GROUPS

The action will positively promote equality of opportunities and combat discrimination.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

As the success and impact of MAP REA depend on all-inclusiveness, the RCC will involve CSOs and LSG units in relevant parts of the implementation of the action and will continue to reach out and build partnerships aimed at making REA reality.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The action will have specific component dedicated to supporting sustainable and climate-resilient Western Balkans with specific activities planned for to contribute to the implementation of the commitments stemming from the Paris Agreement on Climate Change and to the increased harmonization of environmental policies, protection of the environment and sustainable use of biodiversity in the region.

6. SUSTAINABILITY

Each of the envisaged actions is closely tied to ongoing political processes in the SEE region where political commitments regarding the aims identified under each action have already been made (notably through the endorsement of MAP REA). In addition, the actions are firmly anchored in the priorities and measures defined in the “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans”⁶ and directly linked to three out of the six flagships. To ensure further ownership over the actions, the appropriate structures of regional organizations and initiatives, as well as relevant authorities, participating in the implementation of the MAP REA activities have been consulted during the process of drafting this action. The work undertaken by each of the MAP REA components is to result in and be underpinned with a regional legal or other form of binding instruments, adequate for each of the components, so as to ensure commitment and sustainability of agreed reforms.

Furthermore, the activities will be integrated into the RCC’s Strategy and Work Programme for the period of 2020-2022 ensuring further political support, commitment and a regional mechanism for ensuring sustainability of actions after 2022. Integration of actions into the RCC’s Strategy and Work Programme enables that the implementation structures are institutionalised within RCC’s structure through its programme, political and administrative departments, thus ensuring that no ad-hoc, project implementation structures are needed.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU’s interventions and will promote transparency and accountability on the use of funds.

Visibility and communication aspects shall be complementary to the activities implemented by the Directorate-General for Neighbourhood and Enlargement Negotiations and the EU Delegations in the field. The European Commission and the EU Delegations shall be fully informed of the planning and implementation of the specific visibility and communication activities.

Visibility of the action will be strongly supported by the RCC and the WBG and will fully benefit from the RCC’s and WBG well developed communication channels.

⁵ The calculations are based on historical values i.e. the amount of funds spent on environmental actions in the last three years, which includes annual ministerial dialogue meetings, as well as regular operational meetings on regional working group on environment and targeted analytical support in areas of joint regional interest (ex. climate change, air pollution, etc.)

⁶ C(2018) 65, 06.02.2018.