

## **SOUTH EAST EUROPE INVESTMENT COMMITTEE**

### **SOUTH EAST EUROPE INVESTMENT COMMITTEE WORK PROGRAMME FOR THE YEAR 2013**

**Co-Chairs**

**Government of Bosnia and Herzegovina**

**and**

**Regional Cooperation Council Secretariat**

**March 2013**



## I. Introduction

After completing its first full year in regional ownership, the South East Europe Investment Committee (SEEIC) has established itself as the main framework in SEE for regional strategy deliberations on competitiveness and growth. The SEEIC Ministerial Statement from 9 November 2012 in Tirana has put forward, for the first time, quantifiable joint regional political headline targets clearly articulating the region's interests. It has also established a clear roadmap for the SEEIC over the next year, putting South East Europe 2020 Strategy at the center of SEEIC's activities. The need to transform 11 regional headline targets and 77 national targets into tangible reform measures and develop the SEE 2020 Strategy and Action Plan to be ready for adoption by the region's Ministers will continue shape SEEIC's actions over the next year at all levels – technical, executive and political.

Over the past year, under the co-chairmanship of the Government of Albania and RCC, SEEIC has made further progress in carving out its role as a mechanism that clearly supports national efforts at the regional level. In addition to the Ministerial meeting, SEEIC met two times at an executive level of State Secretaries/Deputy Ministers and a number of working-level meetings were organized to address specific, technical aspects of work. In this sense, a Task Force on SEE 2020 was also established under the auspices of SEEIC with a mandate to assist in the preparation of proposals for strategic headline targets, with two meetings held during the previous year.

In addition to being a forum that brings together the representatives of national administrations from the region, SEEIC has also engaged a number of important external partners. OECD's Investment Compact for SEE has provided valuable inputs in SEEIC proceedings, with a number of other regional and international partners taking part in its activities, such as CEFTA Secretariat, SEECCEL, ETF and others. European Commission representatives took part in all SEEIC meetings and their support in its work, especially the SEE 2020 development, is duly noted. A significant interest in SEEIC's work has been registered from the donor community as well and SEEIC will look into various opportunities to inform the activities of bilateral donors interested in regional action as well as to benefit from their inputs stemming from existing programmes being implemented in SEEIC members.

This Work Programme brought forward by the Co-Chairs, the Government of Bosnia and Herzegovina and Regional Cooperation Council aims to translate and enforce political priorities, regional targets and guidelines noted in the SEEIC Ministerial Statement adopted on 9 November 2012 in Tirana<sup>1</sup>. The SEEIC Work Programme 2013 provides an outline for the SEEIC's work while assisting stakeholders and other regional and international partners in framing their interactions with the SEEIC.

The SEEIC Co-Chairs propose this Work Programme for the year 2013, as a revision to the previously adopted two-year rolling work program 2012-2013. Taking into consideration the need for an annual rotating co-chairmanship of the Committee, the Work Programme will from 2013 onwards be prepared on an annual level, to cover the period of one calendar year.

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<sup>1</sup> Annex 1: Adopted by the SEE Ministers of Economies at the Ministerial Conference of SEEIC on 9 November 2012 in Tirana



## II. Objectives and Priorities

The main objective, as determined by the Co-Chairs of the SEEIC is to:

### **Develop a South East Europe (SEE) 2020 Strategy based on the headline targets and guidelines adopted by the SEEIC Ministerial Statement of 9 November 2013**

The fulfillment of the above objective will be based on the action undertaken in the following priority areas:

#### *1. Develop the overall SEE 2020 Strategy and design its Governance and Monitoring System*

Based on adopted set of 11 regional headline targets in the areas consistent with the Europe 2020 priority areas, and those specific for the SEE region, SEEIC will continue working as a platform for development of a comprehensive SEE 2020 Strategy, backed by a set of corresponding national policy objectives to support the implementation of these targets. Regional targets are to be supported with a set of corresponding second tier objectives, clear identification of priority policy areas for action, detailed elaboration of required measures and actions backed up by a set of indicators to measure progress. In this endeavor, leverage will be sought within other relevant RCC activities, by forging closer links with other regional mechanisms, institutions and structures (such as CEFTA 2006 Secretariat, Education Reform Initiative, Energy Community Secretariat, and others) as well as with international partners (OECD Investment Compact, Western Balkans Investment Framework, Enterprise Development and Innovation Facility, World Bank, ETF, etc.) that can provide substantial support and/or feedback in specific policy areas of SEE 2020 Strategy. As the region aligns itself more closely with Europe 2020 processes, partnership with the European Commission will remain crucial, as substantial support will be needed to implement the region's commitments successfully.

Since economic policy remains the sole domain of national administrations, a governance model is to be considered to successfully implement regionally agreed reforms. The model would mimic the open method of coordination as an inter-governmental means of governance and enable setting broad policy targets at the highest (ministerial) level, which would, in turn, be reflected into national policies. This process would be coupled with identifying an array of indicators and benchmarks to measure the implementation of set policy targets at the regional and national level. The governance should ensure that there is a clear delineation between various regional and national partners, as well as a continued process of renewed political support.

With the introduction of a long-term reform programme with policy targets spanning the end of the current decade, there is a need to introduce a review mechanism that would measure and monitor progress in the implementation of this programme and support the overall policy reform process. In addition to providing the actual monitoring and review function, this mechanism will be instrumental in the first phase as well, assisting the respective SEE economies to transpose the SEE 2020 targets and commitments into national economic reform deliberations.



2. *Engage directly in the pillars of Integrated Growth and Sustainable Growth Pillar (Investment Climate and Competitiveness dimension respectively)*

Parallel with its engagement in the horizontal work of developing the overall SEE 2020 Strategy, SEEIC is envisioned to take an active role in the development and implementation of the specific policy dimensions – investment climate and competitiveness – within the two pillars of integrated and sustainable growth.

In addition to creating an investment enabling environment, through possible investment policy coordination at the regional level, promoting and facilitating investment is considered to be one of the highest priorities for all of the SEEIC members. Within the Integrated growth pillar, SEEIC will work with its members and external partners to identify the right policy measures to be included in the SEE 2020 Strategy with respect to investment policy coordination and investment promotion.

Concentration on development and support to regional value chains, as mandated by the Ministers of Economies of the region, would provide additional focus to SEEIC's activities. Taking into account the current body of work and analysis on mapping linkages between the economic operators in the region and the European and industry trends, the SEEIC will work together with the OECD Investment Compact for SEE to identify those regional value chains/sectors/production networks that hold strong potential for regional action. SEEIC would work to build consensus around these sectors and the need to prioritize some of the measures set out by the SEE 2020 through working on these sectors.

3. *Developing communication aspects of SEEIC*

To enhance the outreach of the SEEIC activities, the Investment Committee will work on advancing the communication aspect of its work, and developing tools that would effectively convey the objectives, activities and achievements of the SEEIC. The Committee will dedicate majority of its communication efforts to presentation of the SEE 2020 Strategy in to the wide public and reaching out to the investor audience.

### **III. Activities and Timeline**

To reach the main objective and respective priorities set forth by this Work Programme, the SEEIC envisions the following activities:

1. *Development of the SEE 2020 Strategy*

Based on targets adopted by the SEEIC Ministers of Economy during November 2012, SEEIC will continue to work, under the auspices of the RCC Secretariat and in coordination with national administrations and external partners, on determining policy objectives, indicators and measures that will constitute the bulk of the SEE 2020 Strategy.

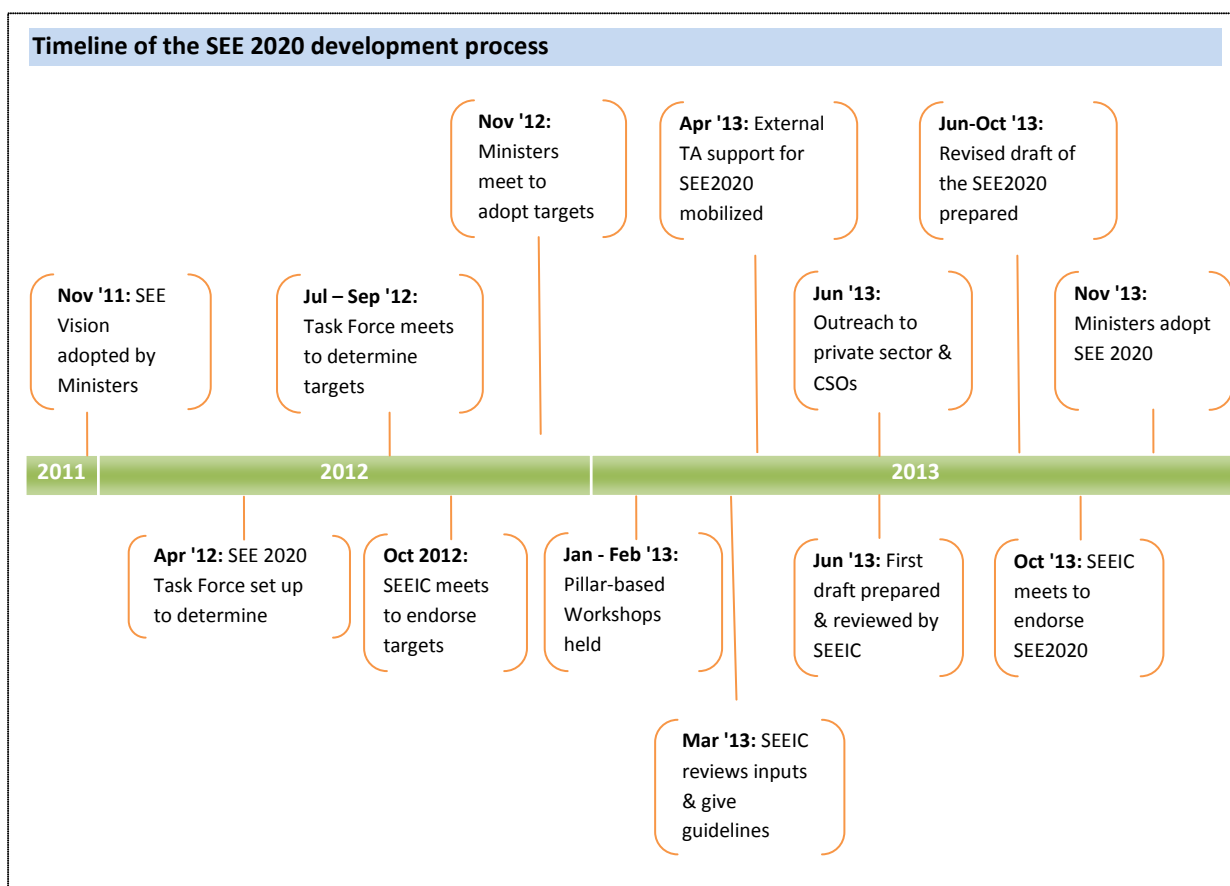
SEEIC will continue to deploy a broad, consultative process to develop the full SEE 2020 Strategy and Action Plan by November 2013. Given the complexity and scope of the Strategy, SEEIC will de-centralized process for SEE 2020 development and implementation, implying that specific regional partners in each of the main policy dimensions of the SEE 2020 pillars (such as trade, investment, education, innovation, etc.) would be identified, and these partners would be



able to champion the activities on the Strategy development within that specific dimension, under RCC's/SEEIC's leadership.

RCC together with SEEIC will hold a series of workshops in each of the pillars of SEE 2020 (integrated, smart, sustainable, inclusive growth and governance for growth) to help raise awareness on the Strategy development process, identify relevant stakeholders and regional structures capable of taking a lead in specific dimensions of SEE 2020, assign roles and responsibilities and establish tentative timelines for the Strategy development.

The SEE 2020 Strategy is planned to be drafted, consulted upon and finalized in a very short timeframe, with the first draft to be produced and discussed by the SEEIC during June, and the final version of the document to be produced by end of October. This implies mobilizing a number of external resources that would be able to contribute to the process, mostly by providing technical assistance to dimension coordinators and the RCC and SEEIC on developing specific dimensions as well as by producing analysis to inform specific measures. These TA needs would be finalized and the ToRs for consultants prepared during March, with an intention of having a team of external advisors available during March/April. RCC will provide support to the SEEIC on identifying and mobilizing adequate financial resources to meet the TA needs relating to SEE 2020 development.



After its initial endorsement by the SEEIC, the first draft of SEE 2020 would enter extensive consultations with the private sectors and the civil society organizations in SEEIC members during June – August 2013. The intention of this outreach process is to assure that the voice of the private sector and the civil society is heard and that adequate feedback is received and integrated



into the Strategy before it enters intra-governmental consultation and consensus-building process during September/October.

It is envisioned that the SEEIC will continue to have a dual role in the process of Strategy development. Namely, it will continue to serve as a platform for horizontal Strategy development, as well as the dimension coordinator for the two dimensions (investment climate and competitiveness) within the specific pillars of the SEE 2020.

Finally, even though the SEEIC was originally tasked with developing the overall SEE 2020, it will work together with the RCC and its members on finding an alternate high-level body that would be able to extend broad political support and take the oversight role of the implementation of the overall Strategy, while SEEIC would retain the responsibility for the specific policy dimensions. To ensure successful implementation of SEE 2020, the political support from the highest level will be needed. SEEIC will work with the RCC to engage the main regional political chapeaux, the South East Europe Cooperation Process, to put forward adequate governance mechanisms to support SEE 2020 implementation.

## *2. Implement actions in support of Integrated Growth*

To further its role in the Integrated growth pillar of the SEE 2020, during 2013 SEEIC will be reviewing the policies that are to support investment-enabling environment throughout the region, considering possibilities of policy coordination and consolidation on a regional level. The Committee will also take into account some of the existing conditions in the region that impede inflow of foreign investments and consider possible actions to alleviate these impediments.

Furthermore, SEEIC will explore the available instruments for regional investment promotion with an objective to identify the most feasible options for a regional promotional mechanism. In addition to the general investment promotion mechanism, sectoral approach will be taken in detecting specific industries and/or niches of common interest grounds and complementary features for the SEEIC members.

A Working Group on Investment Policy and Promotion will be formed, corresponding to the activities and priorities of the development of the Integrated growth pillar of the SEE 2020 Strategy. Apart from the SEE 2020 Strategy, the investment promotion efforts will focus on the priority sectors identified, also contributing to the development of regional value chains.

The above actions are intended to build on the experiences of the Investment Promotion Agencies (IPAs) and respective line Ministries in SEE. SEEIC will explore the possibilities of revitalizing the Regional Network of IPAs and mobilizing support from donors for a targeted regional investment promotion effort by the end of 2013, with at least one regional business forum/investment promotion event supported by the Committee.

## *3. Implement actions in support of Smart and Sustainable Growth*

During the year, SEEIC will directly engage in the development of the Competitiveness dimension of the Sustainable growth pillar. In this respect, SEEIC envisions establishing a working group dedicated to this specific task, or broadening of the SEE 2020 Task Force mandate to enable its involvement in this area.



Furthermore, SEEIC will be providing inputs to other dimension coordinators in the process of SEE 2020 development. In the area of Smart growth, SEEIC's Working Group on Innovation will organize joint activities with dimension coordinators dealing with R&D and Innovation and Creative Sectors so as to share experiences in this area and ensure that representatives of ministries of economy in the region are also involved in the design of this important dimension.

Outputs from the Regional R&D Strategy for Innovation in the Western Balkans will also be considered in this process, as well as the Smart Specialization strategic approach to economic development which will form the basis for Structural Fund investments in research and innovation as part of the Europe 2020 agenda.

#### 4. *Communication strategy and communication platform*

In order to enable better sharing of experiences between the SEEIC members, as well as to communicate the activities of the SEEIC to the wider public, the SEEIC will finalize a communication strategy developed during 2012 and will establish a communication platform during 2013. The platform would be used to communicate the SEE 2020 to a wider regional audience, monitor progress, and exchange information within the region. Depending on the inputs from SEEIC, the platform could also be used to disseminate investment promotion tools, and this will be reviewed within the Strategy.

### **V. Roles and responsibilities**

SEEIC's Work Programme is envisioned to be implemented through the proceedings of SEEIC plenary and Ministerial meetings, task force and working group sessions, and implementation of the decisions of the SEEIC on the ground. Successful execution of the Work Programme will require commitment and concerted effort from a number of stakeholders directly involved in the process. The main stakeholders with their roles and responsibilities are listed below:

- *Regional Cooperation Council Secretariat* will act as the Co-Chair of the SEEIC and the Secretariat for its activities. The main responsibilities will include providing political support, organizing and hosting SEEIC meetings, organizing and hosting Task Force and Working Group meetings, commissioning the background documents to facilitate decision making, liaising with the governments to ensure that priority needs are being met, maintaining a regular communication with the donor community, and ensuring smooth transition of the regional Co-chairs.
- *Economic Team Leaders* will act as main contact points of their governments with the SEEIC. The main responsibilities will include participating at the SEEIC meetings at all levels, communicating their governments' views and priorities, helping transpose decisions and recommendations of the SEEIC into national domains, and delegating relevant staff and institution members to the SEEIC working groups and task forces.

