



**Final Report
of the Special Co-ordinator**

on

**Regional Ownership
and Streamlining of Stability Pact
Task Forces and Initiatives**

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1. INTRODUCTION

1.1. Objective of the Regional Ownership and Streamlining Strategy

The overall objective of the strategy is to ensure that the Regional Co-operation Council (RCC) will be able to rely on a set of sustainable regional co-operation processes that address the priority areas for regional co-operation as identified by its stakeholders.

Just as the Stability Pact has made the transition to the RCC, so the various task forces and initiatives have followed a transition process to stronger regional ownership and self-sustainable management.

1.2. Background and Purpose of this Report

At the Belgrade meeting of the Regional Table in May 2006, the Office of the Special Co-ordinator was requested, in conjunction with the task forces and initiatives "to continue the on-going assessment of regional ownership and recommend individual transition strategies, timelines and required resources in line with the overall regional ownership strategy for endorsement at the next Regional Table in November 2006."

At the Bucharest Regional Table meeting in November 2006, the Special Co-ordinator presented a report outlining the individual approaches being adopted by each initiative to ensure a set of sustainable regional co-operation processes in the priority areas for the RCC. This report was endorsed by participants and a subsequent progress report on the task force transition strategies was presented and endorsed at the Regional Table meeting in Zagreb in May 2007.

The final meetings of the Stability Pact Working Tables in December 2007 in Tirana provided an opportunity for a detailed presentation (including individual Working Table progress reports) on the activities undertaken and the status of each individual task force or initiative.

The purpose of this final report is to summarise the status of the transition process within each Stability Pact initiative as the Pact formally hands over to the RCC. It also outlines the key challenges facing those initiatives that will remain active under the auspices of the RCC. Finally, it contains a number of overall conclusions and recommendations based on the experience of the initiatives and task forces.

1.3. Transition Process Followed

The transition process in each initiative has been characterised by intensive consultations with the various stakeholders and in particular with the South East European (SEE) members of individual task forces. Several initiatives held special steering committee or management meetings to address specific issues relating to the transition process.

In many cases, the staff at the Stability Pact Secretariat have been heavily involved in the development and implementation of individual strategies. This is in line with the substantial support that the Secretariat has provided to many initiatives, often providing initial management support, given the Stability Pact's catalytic role.

Given the widely varying nature and structure of the various task forces and initiatives, they have pursued different approaches tailored to their particular mission, current status and the political and financial support available from both SEE parties and the donor community.

A key issue for many initiatives has been to define their exact relationship with the RCC, finding the necessary balance between self-sustainable management and securing appropriate political input and support from the RCC via the RCC Secretary General and Secretariat.

As stated at the outset of this process, the main role of the RCC is to monitor, promote and co-ordinate the various regional co-operation processes throughout SEE and to ensure that these are regularly assessed by the highest political structures both in the region, the European Union and other international structures.

In many cases, the RCC Secretariat's relationship with particular initiatives will be secured through its inheritance of the Stability Pact Secretariat's seat on relevant supervisory boards e.g. the Permanent High Level Group overseeing the implementation of the Energy Community Treaty or the Multinational Advisory Group that oversees RACVIAC. A number of Memoranda of Understanding have also been signed regarding the future of different initiatives and these often include specific references to the relationship with the RCC.

The type of relationship between the RCC and individual initiatives will vary. This depends to a large degree on the relevance of the initiative to the priority areas that have been agreed. Is it an area that the RCC will monitor closely and maintain very definitive and structured relations with or is it an area that is largely self sufficient but that from time to time will seek and benefit from political intervention and support?

The set of initiatives being inherited by the RCC and the type or "intensity" of relationship envisaged reflects current priorities and circumstances among the SEE parties and donors. As noted previously, these will change over time and the RCC will have to maintain the necessary flexibility to adapt to these changes.

2. OVERVIEW OF THE INDIVIDUAL TASK FORCE / INITIATIVE STRATEGIES

Summary information on each task force/initiative is set out below. Further details on each initiative can be found on the relevant pages of the Stability Pact website and in particular in the final progress report of each Working Table – also available on the Stability Pact website (www.stabilitypact.org).

The brief overview of each initiative below sets out the structures now in place (or currently being put in place) to ensure implementation of the tasks of the initiative. Again, due to the varying nature of the mission and scope of the different processes, a range of structures are being used from informal regional networks to secretariats run by international organisations and everything in-between (secretariat size varies from two persons to thirty persons!). However, a key difference is that in the case of many initiatives, the Stability Pact Secretariat has shifted responsibility for day-to-day management firmly to the relevant thematic regional and or international body that has assumed responsibility for the particular co-operation process.

The overview also sets out the key challenges facing the individual initiatives in terms of both substantive work and their management structures.

2.1. Working Table I — Democracy

Parliamentary Co-operation – Status

Following the endorsement of the selection of the National Assembly of Bulgaria as the regional focal point for parliamentary co-operation at the SEECP Meeting of Speakers of Parliaments in April 2007, the role of the focal point (now known as the Regional Secretariat for Parliamentary Co-operation) and the work programme for regional co-operation in this field has been elaborated and broad agreement secured through a series of missions by the Secretariat Working Group and regional meetings.

Several such meetings have taken place under the auspices of the European Parliament Delegation for Relations with National Parliaments. Others have taken place under the Parliamentary Co-operation Task Force comprising National Parliamentary Co-ordinators appointed by SEE Parliaments, at the request of the Bulgarian Speaker, to work with the Regional Secretariat.

A Memorandum of Understanding (MoU) on Parliamentary Co-operation outlining the objectives and co-operation activities as well as individual roles and responsibilities of the various members was initialled at the Working Table I meeting in Tirana on 3 December 2007 and will be signed at the SEECP Meeting of Speakers of Parliament in Bulgaria on 14 April 2008. These annual SEECP meetings are, and will be, important venues for reviewing co-operation, promoting increased exchange of information and agreeing on future priorities.

The Regional Secretariat's running costs are funded by Bulgaria while other SEECP Parliaments offer their support through secondments of staff and by ensuring the funding of activities such as seminars and other events in rotation. Secondments are being encouraged not only as a way of building ownership and capacity, but also to ensure a truly regionally shared approach to the different initiatives, in line with the needs and priorities expressed by the SEECP countries. The European Parliament has expressed its willingness to ensure its continued support for the programme of multilateral and bilateral activities. Discussions are also underway to secure the support of various NGOs and foundations that focus on strengthening parliaments in the region.

Parliamentary co-operation has been listed as an overarching theme for the RCC and a staff member of the RCC Secretariat will have specific responsibility for monitoring and supporting this task force.

Parliamentary Co-operation – Challenges

The Regional Secretariat aims to provide a framework for SEE parliaments to co-operate on a number of different levels – (Speakers/Presidents, Committee Chairs and members, Heads of Delegations, Secretary Generals and parliamentary staff). It will also liaise with other parliaments such as the European Parliament and possibly EU Member State parliaments as well as the EC, bilateral donors and NGOs.

Developing further the necessary networks and maintaining agreement of all to the priorities and regional co-operation work programme will require constant and considerable communication on behalf of the Secretariat.

The willingness of national parliaments to second staff to the Regional Secretariat will be a signal of the political commitment and support for this regional initiative.

Ensuring that the regional parliamentary co-operation work programme corresponds to the wider regional co-operation agenda (EU accession, economic and social development, justice and home affairs etc) will require close co-ordination with the RCC and with relevant regional initiatives.

Building Human Capital – Status

As part of the strategy to streamline and strengthen the various Stability Pact initiatives in the field of building human capital, the Task Force Education and Youth has been transformed into the Task Force Fostering and Building Human Capital. This transformation expands the scope of activities under the task force to include the critical area of science and research. This transformation builds on the MoU signed by Ministers responsible for Education, Science and Research in SEE in Istanbul in May 2007. The transfer of chairmanship from Austria to Romania also strengthens the regional ownership aspect.

Many of the Task force's activities are conducted under the Education Reform Initiative (ERI), and the Zagreb-based secretariat has been implementing an active programme of events and activities to facilitate efforts to up grade secondary and tertiary education. A mechanism for co-operation with the European Training Foundation has been instigated and further joint activities are envisaged.

The Taskforce and the ERI Secretariat have secured political, technical and financial support from the SEE members and the international community, particularly Austria, the Netherlands and Switzerland.

The Database on Scholarships and Grant Opportunities for SEE, elaborated and maintained to date by the Stability Pact Secretariat, has proved very popular in the region and is frequently consulted by potential students. Responsibility for maintaining and further developing this important resource will be formally transferred to the Information Office of the Steering Platform on Research for the Western Balkan Countries at the end of February 2008.

Building Human Capital – Challenges

Developing human capital is one of the greatest challenges facing SEE today as it seeks to maintain and further progress in the fields of socio-economic development and EU accession. Fundamental reform in the structure and content of the education systems in the region is required as is ever-closer co-operation and co-ordination with the socio-economic reform agenda.

The availability of an RCC Secretariat expert with specific responsibility for this priority will be helpful, but relations must also be developed and/or reinforced with relevant specific initiatives e.g. the SEE Investment Committee that has a human capital working group.

Many of the required reforms should be made at national level but, as in so many other areas, regional co-operation can help expedite the pace of reform and provide economies of scale.

The newly expanded Task force and the ERI Secretariat should maintain the political support generated in 2007 by ensuring that their focus and activities are in line with the MoU of May 2007.

The Taskforce and the ERI Secretariat will have to develop appropriate working relations between each other to ensure synergy and mutually reinforcing activities.

Facilitating access and supporting SEE involvement in the range of EU programmes in the field of building human capital should be a key activity. For example, most SEE countries have signed up to the Bologna process but have yet to fully get to grips with the fundamental reform of the education system required.

Gender Task Force – Status

The Gender Task force has secured funding to continue the small Zagreb based secretariat and to expand several of its projects including the SEE Women MPs Exchange Project and the project on Gender Mainstreaming in Political Parties II.

Gender Task Force – Challenges

Mainstreaming of gender issues into the various regional co-operation processes is highlighted in the Statue of the RCC. The Gender Task Force will have to advise the RCC Secretariat on progress. In order to do so, it will have to develop effective communication with the RCC and other initiatives.

Local Democracy and Cross Border Co-operation (CBC) – Status

Overall responsibility for the Local Democracy initiative was formally transferred in December 2006 to the Council of Europe, which has a number of active programmes in this area. It is envisaged that the RCC can provide ad hoc political support if requested.

The Stability Pact's Thessaloniki office assumed responsibility for the activities under CBC in December 2006 and the initiative was closed at the end of 2007.

Media Task Force – Status

The Stability Pact's Media Task Force ceased operations at the end of 2006.

2.2. Working Table II — Economy

IFI Advisory Group – Status

During its first year of operation, the IFI Advisory Group has evolved successfully, supported by the establishment of technical working groups that can provide the necessary information and recommendations for the Group across the range of issues it covers. Four Working Groups have been established – transport, energy, environment and social issues.

To date, all Working Groups have held their first meetings and they provide a good forum for sharing and updating information on activities being undertaken by all members of the IFIAG in the different fields, to propose new initiatives (e.g. a regional approach to railway development) and to identify obstacles to development. All members welcomed the EC-funded Infrastructure Projects Facility (IPF) that will assist in the development and implementation of agreed infrastructure projects in the four areas.

The RCC Secretariat will inherit the Stability Pact Secretariat's seat on the IFI Advisory Group and will be a conduit for information for both the SEE countries and the IFIs.

The RCC is also expected to facilitate the identification and subsequent implementation of regional projects for the IPF.

IFI Advisory Group – Challenges

The IFI Advisory Group, including the active participation of the RCC Secretariat, has the potential to provide a unique forum for the identification of obstacles to the development of the necessary regional infrastructure in SEE and the development of co-ordinated approaches by the IFIs and the EC in terms of both policy development and project implementation. The initial meetings at both plenary and Working Groups level are very promising but it remains to be seen whether the IFI Advisory Group will serve solely as a useful forum for exchanging information or whether it will provide the necessary platform for a more co-ordinated approach. While IFIs may compete for certain projects, the overall improvement of the policy environment for infrastructure will benefit all.

Co-operation and collaboration with regional co-ordination bodies such as the Energy Community Treaty Secretariat, the SEE Transport Observatory and the Regional Environment Centre (REC) is vital to ensure the work being undertaken and the assistance being provided to all of these bodies is fully utilised.

Pipelines of potential projects exist in the transport, environment and energy sectors but additional efforts will be required to identify potential projects in the social sector.

The RCC Secretariat and in particular the experts responsible for energy and infrastructure, will have to demonstrate its ability to contribute both politically and technically to this Group, particularly in assisting in the identification of regional infrastructure projects that are economically feasible.

In view of the closure of the EC/World Bank Joint Office, which provides the secretariat for the Group, at the end of 2008, the European Commission will ensure that the IFI AG and its working groups have the necessary secretariat and co-ordination support as the work programmes commence implementation.

Energy – Status

The Stability Pact Secretariat's role in this initiative has already evolved to one of political monitoring and support and it holds a seat on the Permanent High Level Group that oversees the implementation of the Energy Community Treaty (ECT). This seat will be assumed by the RCC Secretariat. The EC-financed Energy Secretariat in Vienna continues to provide the necessary technical and expert support for ECT implementation and is currently increasing its staffing to cope with its complex and demanding task. The ECT Secretariat is also expected to provide input to and co-ordinate closely with the Working Group on Energy established under the IFI Advisory Group. Given the regional, EU and global importance of energy supply and security, the RCC will monitor this initiative closely.

Energy – Challenges

Investments in power capacity are lagging behind schedule and the situation may worsen if delays in sourcing equipment materialise and prices continue to rise. The urgent review and prioritisation of the investment projects identified is critical. The RCC faces a challenging role (in co-operation with the EC and IFIs) in urging governments to support economically feasible projects that are beneficial regionally as well as nationally. The RCC can also play a valuable role in promoting energy

efficiency programmes and renewable energy options with both the SEE countries and the international community.

Following the signing of the MoU on the Social Aspects of the Energy Community Treaty in October 2007, all parties are committed to finding ways to lessen the impact of price rises and restructuring on citizens, particularly low-income groups as well as to improving social dialogue on this issue. This is a difficult task and the RCC will need to constantly promote the importance of such socio-economic issues as well as monitor implementation.

Transport – Status

The South Eastern Europe Transport Observatory (SEETO) already operates independently from the Stability Pact and reports to the IFI Advisory Group. SEETO monitors the implementation of the Memorandum of Understanding on the Core Transport Network in SEE through the Steering Committee jointly chaired by the EC and the SEE parties on a rotating basis and a small secretariat based in Belgrade. The Steering Committee submits rolling Multi-Annual Action Plan to the IFI Advisory Group highlighting those projects it believes are critical for the implementation of the MoU. It is worth noting the recent signature of the Addendum to the MoU to enforce the railways regional network. However, continued discussions are required with IFIs regarding the eligibility criteria that are followed for the priority projects. It is hoped that the EC-financed Infrastructure Project Facility can contribute to better project development and implementation.

A Transport Community Treaty, along the lines of the Energy Community Treaty is being considered and the EC is expected to ask for a negotiating mandate by mid 2008. Such a legally binding instrument would strengthen the basis for investment in the region and should lead to greater consistency and coherence in transport policies. Importantly, it will incorporate a social dimension from the outset.

Transport – Challenges

Clearly, a Transport Community Treaty is an ambitious undertaking given the national interests at stake and the disparities in the different transport modes. In particular IPF support would be very valuable for the preparation of regional railway projects. The RCC can contribute by encouraging the SEE parties to secure the appropriate negotiating mandate and by offering a neutral political troubleshooting forum. In addition, the RCC should ensure that its regional networks in social dialogue contribute to the development of the social dimension of this Treaty.

Aviation – Status

The Stability Pact Secretariat's technical and managerial support to the EC-led Working Group on the Establishment of Functional Airspace Blocs (a necessary element for implementing the Single European Sky (SES) regulations, the air traffic management component of the European Common Aviation Area Agreement - ECAAA) will conclude with the closure of the Pact.

Given the political and technical obstacles encountered by the Working Group, the EC is expected to propose an expansion of the Group's mission to cover all aspects of SES and to develop a support programme for this.

The RCC Secretariat will inherit the Stability Pact Secretariat's seat on the Governing Council for the ECAAA.

Aviation – Challenges

The potential expansion of the role of the Working Group to the entire scope of activities under the SES regulations presents an opportunity for the development of a more integrated approach by the SEE parties to meet the myriad of demands placed on air transport and air traffic under the ECAAA. The development of a realistic work programme for the adoption and implementation of legislation, creation of institutions and instigation of new practices will be critical, particularly in light of the administrative and institutional weaknesses in the region. The EC is providing technical assistance for the adoption of the ECAAA in the Western Balkans.

In addition to its political contribution to the Governing Body, the RCC can play a useful role in highlighting the implications of non-adherence by SEE parties to the ECAA Agreement and promoting consensus on how to overcome some of the difficulties faced.

Danube Co-operation – Status

The Stability Pact, in accordance with a request from Ministers and the Senior Officials of the Danube Co-operation Process (DCP), has submitted a detailed proposal to the co-founders of the DCP to enhance further co-ordination within and among the six dimensions of this process - economy, navigation, environment, tourism, culture and sub-regional co-operation. The Stability Pact's proposal respected the request of DCP officials that no new structures or organisations be established, but that existing DCP institutions be asked to take on an enhanced co-ordinating role.

An informal meeting of the co-founders of the DCP in March will determine if this proposal has sufficient support to be presented to all DCP members at the next meeting of DCP Senior Officials for their consideration.

While the RCC will not continue the detailed technical work done by the Stability Pact Secretariat on this initiative, it will inherit the Stability Pact's seat on the DCP and will contribute to ensuring political support for the process.

Danube Co-operation – Challenges

Reconciling the different interests of the fifteen members of the DCP to identify and advance progress on issues of common concern remains a significant challenge. Part of the rationale behind the Stability Pact's call for enhanced co-ordination in the Process is to try to promote the visibility of the DCP and ensure progress in co-operation by securing agreement on a number of specific projects in each dimension that can act as demonstration projects for wider co-operation in the Danube Basin.

The RCC can do much to promote the Danube's potential as an environmentally friendly mode of transport and to encourage the removal of institutional and physical barriers to navigation, as well as encouraging better infrastructure in order to achieve a more balanced development of the different transport modes in SEE.

Regional Trade – Status

The entry into force of CEFTA 2006 signalled the formal transfer of responsibility for regional trade relations from the Stability Pact's Trade Working Group to the SEE parties. The various decisions adopted at the CEFTA Joint Committee Meeting in Ohrid in September 2007 provide a good basis for the efficient and effective implementation of the agreement.

A key feature of the transition strategy is the establishment of the small Brussels-based Secretariat as foreseen in the agreement. Significant progress has been made in developing the appropriate legal basis for the Secretariat and also in securing the necessary finances. The CEFTA Parties have formally agreed on a cost-sharing mechanism for their contribution that will increase over the years. The EC has agreed to provide financial assistance under the IPA programme for the initial operation of the Secretariat and for other elements of CEFTA implementation. Other bilateral donors have also indicated their interest in supporting the regional trade process.

In parallel to these activities, the recruitment process for the staff of the CEFTA Secretariat started in December 2007 and is expected to be completed by end March 2008. Following the finalisation of the legal issues (e.g. headquarters agreement with the Kingdom of Belgium) and financing agreements (e.g. with the EC), it is envisaged that the Secretariat will commence operations in the April 2008.

An expert at the RCC Secretariat will be responsible for monitoring the implementation of CEFTA and the RCC Secretariat will have a seat on the Steering Committee that will oversee the work of the CEFTA Secretariat.

Regional Trade – Challenges

CEFTA 2006 is an inclusive, modern and ambitious agreement. It can contribute greatly to economic and political development in SEE but it will test the administrative capacity and political will in the region. It is vital that the CEFTA Secretariat is adequately staffed, commences operation as soon as possible and gains the trust and support of the CEFTA Parties. The availability of technical assistance from donors will be a critical element in ensuring success.

Moldova, as the Chair in Office for 2008, with the support of the Secretariat will have to ensure that the work programme of the different sub-committees is followed and that the various formal meetings can take the necessary decisions to allow the agreement to function.

Several bilateral trade issues are still unresolved and if not handled properly may result in tense relations between some of the Parties.

The RCC can play a valuable role in monitoring implementation and undertaking political troubleshooting as appropriate. Ensuring adequate flows of information between CEFTA structures and other RCC-related initiatives will be vital to allow for the agreement to be exploited to its full potential, as will ensuring co-operation and co-ordination with the donors active in this field. Given the close relationship between trade and investment, further efforts are required to reinforce the links put into place between CEFTA structures and the SEE Investment Committee.

Investment Compact – Status

As part of its move towards regional ownership, the Investment Compact (IC) has established the SEE Investment Committee - a high-level co-ordination body composed of senior government officials from the region, supported by four working groups, which aims to ensure effective and timely implementation of investment reforms. It will continue to be supported by the Investment Compact team at the OECD for the foreseeable future.

In order to strengthen its regional presence, the IC has three branch offices in the region, in Sofia, Chisinau and, since mid 2007, Zagreb. It plans to re-open its office in

Belgrade. The main objective of these offices is to support the IC Programme through country specific and regional projects and contribute to more efficient communication among governments, donors and private sector throughout the region.

The annual ministerial conference remains the key decision-making body for the SEE Investment Committee. The next ministerial conference will be held in late Spring 2008 and will secure Ministerial support for the implementation of new investment reforms.

The RCC Secretariat will participate in the SEE Investment Committee and in its Working Groups.

Investment Compact – Challenges

The active engagement of the IC parties in the regular monitoring of the investment climate and SME development through participation in the process of developing the follow-up evaluation to the IRI 2006 and SME Policy Index 2007 evaluation process is critical. These indexes are meant to measure and communicate progress on policy reform and should be used by the region to improve the existing investment environment and to attract more private investment.

The process allows countries to benefit from the expertise of various stakeholders (OECD, research institutions, government self-evaluation and on-the-ground input from local consultants and the private sector). However, governments must dedicate staff and resources if it is to be successful.

In the near future the region will profit from the improved version of IRI 2008-2009, developed to reinforce and complement the broader overview of business climate with sector specific analysis. The new policy dimensions (*inter alia* labour policy and financial market development) will certainly improve the applicability of IRI policy recommendations in practice. Again, strong links with the RCC and other relevant regional initiatives will be critical for success given the cross cutting nature of the IC's work in human capital, anti-corruption, trade and investment promotion.

Business Advisory Council – Status

The Business Advisory Council (BAC) operates independently from the Stability Pact but retains strong communication links with the Stability Pact Secretariat and several initiatives. It has indicated that it intends to continue its work to improve the investment climate in SEE through structured dialogue with the governments of the region and it can provide a very useful private sector input to the RCC.

The decision of the Greek Government to establish a private sector oriented Regional Development Centre (RDC) in Thessaloniki that will provide a stronger institutional framework for RCC related initiatives such as the BAC and another trade-related initiative, SECIPRO, is a welcome development. It will facilitate better co-ordination and exchange of information between these initiatives, the broader private sector in the region and beyond and RCC related initiatives such as CEFTA, the SEE Investment Committee and the Regional Anti-Corruption Initiative.

electronic South Eastern Europe (eSEE) – Status

The network of e-Envoys, created under the eSEE initiative and currently chaired by Croatia, will be supported in their efforts to implement the so-called eSEE + agenda and the related broadband agenda (bSEE) by the UNDP managed e-SEE Secretariat

based in Sarajevo, which has received additional funding to promote the Information and Communications Technologies agenda.

A number of recently established programmes and centres are expected to support these efforts. These include the regional Centre for e-Governance (CeGD) established in Ljubljana with the support of key stakeholders and recognised partners - the Government of Slovenia, the European Foundation for Information Society and e-Government (Spain), Microsoft, the INA Academy of Thessaloniki (Greece), SRC.SI (Slovenia), Siemens Austria and UNDP and with funding from the US.

The primary objective of the Centre is to support the eGovernance programmes of the participants in the eSEE and bSEE initiatives with a single regional co-ordination point and a network of programmes and training nodes for the creation and transfer of knowledge concerning e-governance, e-commerce and development of modern public administration and democracy in the region. Another important support programme closely associated with the CeGD is the UNDP eLead Programme financed by Italy.

electronic South Eastern Europe (eSEE) – Challenges

Future work should build on national and regional actions connected to EU policies and practice. This will require active participation of all initiative actors. Given the broad conceptual reach of eGovernance, the eSEE initiative has great potential to contribute to positive developments across a range of political, economic and social reform areas of interest to SEE.

Increased political commitment and support is vital. E-SEE has struggled to secure the necessary support from SEE governments and to ensure ICT is on the reform agenda. The e-SEE Agenda+ for Development of Information Society 2007-2012 and the bSEE Action Plan provide governments with a good framework for development if they actively use them. Exposure to the EU Programmes as well as business contacts would provide the region with valuable knowledge and experience.

The eGovernance Centre needs to prove its value to all stakeholders by actively matching needs with available projects or prompting the development of suitable projects and sharing information and best practice. Again, it will need to develop relationships with other regional initiatives and the RCC.

It will be important for the RCC to provide the Initiative with continued political support by promoting to SEE governments the key role to be played by information technologies in every aspect of social, political and economic development and encouraging linkages.

Initiative for Social Cohesion (ISC) – Status

The various networks established under the ISC have made considerable progress in ensuring that adequate co-ordination and management support will be available following the closure of the Brussels-based ISC Secretariat with the closure of the Stability Pact.

The regional Health Network has agreed on the establishment of a focal point for co-ordination probably based in one of the participating ministries of health. A MoU committing the SEE parties to on-going co-operation and to cost sharing of the focal point is under preparation and expected to be signed by April 2008. This will allow the competition to host the focal point to get underway with a view to a decision at the meeting of the SEE Health Network scheduled for May 2008 in Chisinau.

At the third Ministerial Meeting on the Bucharest Employment Process in October 2007, SEE Ministers pledged to continue regional co-operation on employment and social policy. Discussions are underway with interested bilateral donors, the EC and relevant organisations (e.g. the ILO and the Council of Europe) on a co-ordinated regional support programme.

In the field of social dialogue the European Trade Union Congress (ETUC) and the International Organisation of Employers are developing their respective offices in Zagreb as regional focal points to maintain activities in the region.

An expert at the RCC Secretariat will have specific responsibility for monitoring these networks and the RCC Secretariat will inherit the Stability Pact's seat in the Permanent High Level Group on Employment and the Executive Committee of the SEE Health Network.

Initiative for Social Cohesion (ISC) – Challenges

Addressing social policy development in its entirety and as a complementary part of economic reforms remains a challenge, as it is still perceived as a costly process whose benefits are only visible in the long term. While there has been progress – the decision to incorporate a social dimension in the forthcoming Transport Treaty being among the most recent. All too often, scant attention is paid to the social aspects of reforms.

The RCC has a key role in promoting the social aspects of the reform process across its various priority areas and seeking to ensure that the regional networks developed under the Stability Pact are maintained and contribute to the development of regional policies and programmes. The creation of the Working Group on Social Issues under the IFI Advisory Group is a welcome development in this respect.

It should be noted that an important part of the EU acquis pertains to social policy matters, such as employment, social dialogue, occupational safety and health and public health, which must be transposed in national law in parallel to the approximation of the rest of the national legislation to the EU acquis. As with other EU acquis issues –activities at regional level can expedite this process.

Housing and Urban Management Initiative (HUMI) – Status

As agreed, UNHABITAT has assumed overall responsibility for the regional capacity building programme in housing and urban management developed under HUMI. The programme, during its lifetime, may seek ad hoc political support from the RCC.

2.3. Working Table III — Security

Migration, Asylum and Refugee Regional Initiative (MARRI) – Status

MARRI has been under regional ownership since 2004, but the process is now fully complete thanks to the appointment, in June 2007, of a Director coming from one of the Member States and the decision, in April 2007, that the MARRI Member States will fund the MARRI Regional Centre's running costs from January 2008 onwards. Unfortunately, the Centre found itself in financial difficulties throughout 2007 because of the lack of funding both for running costs and for project implementation. The difficult financial situation diverted attention from the implementation of relevant MARRI activities.

The MARRI Member States started in principle to fund the running costs of the MARRI Regional Centre in January 2008 but it is likely to take time before all funds due are transferred to the MARRI Centre. The current MARRI Presidency, held by Croatia (April 2007 – April 2008) is introducing new activities and setting higher standards for the initiative.

Three substantial project proposals have been submitted to interested donors who have indicated that support will be forthcoming in areas such as building capacity for the implementation of visa facilitation and readmission agreements and an assessment of identity documents in MARRI Member States.

Steps have also been taken to formalise co-operation with relevant international and regional organisations such as ICMPD and SEPCA.

A Justice and Home Affairs expert at the RCC Secretariat will monitor developments in MARRI and it is expected that the RCC Secretariat will assume the Stability Pact Secretariat's role at the MARRI Regional Forum.

Migration, Asylum and Refugee Regional Initiative (MARRI) – Challenges

While the MARRI Member States have committed to funding the regional centre a more effective financial management system needs to be put in place urgently to ensure a sustainable funding situation, securing adequate funds from both member states and donors. This is necessary to avoid the 2007 experience where the financial crisis diverted attention from technical work and where considerable support from the Stability Pact Secretariat was required to secure funds.

Successful implementation of the new projects is vital if the MARRI Regional Centre is to develop credibility with both Member States and the international community. This credibility will be enhanced if MARRI can develop good working relations with a range of relevant international and regional bodies. This would allow the MARRI centre to participate in a range of projects either as the lead or as a supporting partner and to develop its experience and expertise.

The topics covered by MARRI are crucial elements of the regions Euro-Atlantic integration and the RCC will need to monitor developments in this area carefully.

Stability Pact Initiative on Organised Crime (SPOC) – Status

The consultations between the Stability Pact Secretariat and the SECI Centre regarding the transformation of the SPOC Secretariat into the legal department of the SECI Centre have been finalised and the process is underway.

The new legal department will amongst other things, assist the Working Group preparing the new convention for the SECI Centre and will continue its work with the SEE prosecutors network.

The RCC Secretariat will inherit the role that the Stability Pact Secretariat had within the Joint Consultative Committee. The RCC Secretariat will closely support SECI Centre developments through its experts on Justice and Home Affairs.

Stability Pact Initiative on Organised Crime (SPOC) – Challenges

Clearly some time is required to allow the SPOC Secretariat transformation to the SECI Centre legal department to take effect. Relationship with the various SEE networks such as the South Eastern European Police Chiefs Association (SEPCA), the Regional Anti-Corruption Initiative, developed under SPOC need to be redefined in the new institutional set-up.

Adequate financial support must be secured from SECI Centre members for the Centre's budget to allow the legal department to operate efficiently from 2009 onwards.

Stability Pact Initiative on Anti Corruption (SPAI) – Status

This initiative has moved substantially into regional ownership following the signing of a MoU in April 2007 that *inter alia* committed the SEE countries to contributing to the costs of the small Sarajevo based office. The Steering Committee also decided to change the name to the Regional Anti-Corruption Initiative (RAI) and the chairmanship has been passed from Mr Draetta of Italy to Ms Vesna Ratkovic, Head of the Anticorruption Commission of Montenegro. New regional staff have also been appointed to the Sarajevo office and a work plan for 2008 – 2009 has been adopted.

Monitoring of RAI will be part of the portfolio of the RCC Justice and Home Affairs experts and the RCC Secretariat will inherit the role of the Stability Pact Secretariat on the Steering Group.

Stability Pact Initiative on Anti Corruption (SPAI) – Challenges

Ensuring that all parties live up to the commitments assumed under the MoU is the first challenge facing the RAI. This will require a combination of political and financial support from both the SEE parties and interested international donors.

The anti-corruption agenda cuts across many of the RCC's priority areas and working relations and credibility needs to be developed and/or reinforced between RAI and other regional initiatives e.g. the Anti-Corruption Working Group under the SEE Investment Committee and the eGovernance Centre.

Ohrid Process for Border Management and Security – Status

The Ohrid Border Process (OBP) currently chaired by the Stability Pact Secretariat was extended to the end of 2007 to allow several activities to be completed. Discussions among the key parties as to the future of the process led to a decision to close the process if agreed by the SEE countries concerned. The Special Co-ordinator has written to the Ministers of Interior concerned asking for their response to this proposal.

While the OBP may be closed, it is clear that work must continue in this area, probably through some of the regional networks created under the initiative, e.g. Heads of Border Police. International support will also continue to be required on a national basis.

It has also been agreed that should SEE countries believe that a follow-up to OBP is required; the RCC could provide the necessary platform.

Police Forum (including the Organised Crime Training Network - OCTN) – Status

Following the instigation of a new legal basis for SEPCA – the SEE Police Chiefs Association - it formally agreed in November 2007 to assume responsibility for the activities of the Police Forum, including those under OCTN, the Bled Process for Stolen Vehicles, the Interpol I24/7 IT system to connect border control points and the Crime Analysis project. A small co-ordination office in Sofia will manage the agreed work programme in conjunction with the Organised Crime Board of SEPCA and key donors.

An MoU will be signed with the Swiss Agency for Development and Co-operation regarding support for SEPCA activities and the Geneva Centre for the Democratic Control of Armed Forces has agreed to support SEPCA through the secondment of a Senior Adviser to the co-ordination office and through strategic advice and guidance.

The RCC Secretariat's Justice and Home Affairs Expert will monitor SEPCA developments and the RCC will have a seat at the SEPCA Annual Meeting.

Police Forum (including the Organised Crime Training Network - OCTN) – Challenges

A key challenge for SEPCA is to develop working relations with the SEECP Ministers of Interior, the SECI Centre in Bucharest, MARRI, the Regional Anti-Corruption Initiative and other relevant international bodies.

Ideally, a regional strategy on developing security should be elaborated for adoption by the SEECP Ministers of Interior, clearly setting out the role of SEPCA and other related organisations.

Trust building and collaboration with the civil society are other challenges to be addressed through the Regional Community Policing Platform and specified SEPCA activities.

Regional Arms Control Verification and Implementation Assistance Centre (RACVIAC) – Status

RACVIAC has adjusted its mission to foster dialogue and co-operation on broader politico-military issues in the region, including specific aspects of defence and security sector reform such as the conversion of former military bases and retraining of military personnel. It plans to transform itself into a regionally owned Centre for Security Co-operation and the “civilianisation” of its leadership - Ambassador Nedžad Hadžimusić took over from General Stergios Papatitis on 11 October 2007 - is a clear signal of this shift. It has carried out an in-depth needs assessment and has devised its 2008 work programme based on this assessment.

Human and financial resources for the Centre come from a variety of sources including secondments from regional and international members.

The RCC Secretariat's Security Expert will monitor RACVIAC's development and the RCC Secretariat will inherit the Stability Pact Secretariat's role at the Multinational Advisory Group (MAG), the steering committee that oversees activities.

Regional Arms Control Verification and Implementation Assistance Centre (RACVIAC) – Challenges

Given RACVIAC's intention to develop into the leading platform for dialogue on security co-operation in South Eastern Europe, the development of partnerships and working relationships with NATO, the EC and related centres in the region, the EU and internationally will be a vital element in its success.

The secondment of appropriate personnel, particularly in the more "civilian" sphere of security co-operation will facilitate the overall shift in emphasis.

SEE Small Arms and Light Weapons Clearinghouse (SEESAC) – Status

SEESAC will continue to be managed by UNDP from its Belgrade base for several more years until demand for its services is exhausted. The RCC will provide the necessary political umbrella to allow SEESAC to continue its successful operation.

Disaster Preparedness and Prevention Initiative (DPPI) – Status

The regional ownership of DPPI took a substantial step forward with the signing in September 2007 by Albania, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Romania and Slovenia of a MoU on the Institutional Framework of the Disaster Preparedness and Prevention Initiative for South Eastern Europe. This MoU sets out priorities, management and decision-making structures as well as an agreement on financial contributions. Bosnia and Herzegovina and Serbia are expected to sign shortly after finalising internal procedures.

The DPPI work plan for 2008 was also adopted at the September meeting and a wide range of capacity building and training activities are scheduled.

There is increased interest in the DPP agenda among a variety of international bodies and the Stability Pact Secretariat has recently convened two meetings with the EC, NATO, UN, the World Bank, the Slovene EU Presidency, the DPPI secretariat, the Croatian DPPI Chair in Office and the Bulgarian SEECF Chair to review activities and planned programmes in both capacity building and in financial risk mitigation aspects of DPP. It has been agreed that the forthcoming SEECF Ministerial Meeting on DPP in April will provide an excellent opportunity to reinvigorate the political commitment to DPP activities and to secure support for specific actions and programmes.

The RCC Secretariat's Security Expert will monitor DPPI as part of his/her portfolio and the RCC Secretariat is expected to inherit the Stability Pact Secretariat's role at the DPPI Regional Meeting, the decision making body of the initiative.

Disaster Preparedness and Prevention Initiative (DPPI) – Challenges

A short-term challenge is to ensure that both Serbia and Bosnia and Herzegovina sign the MoU as some of the agreed institutional changes and in particular the transfer of funds cannot take place until all have completed the signature process.

The Ministerial Declaration to be adopted at the SEECF Ministerial Meeting in Sofia must contain commitments to specific activities within agreed deadlines so as to honour the political obligations assumed under the MoU and to allow for the development of appropriate support programmes.

The DPPI now has an opportunity to become the regional platform for the co-ordination and where relevant, implementation of DPP related activities. To do this successfully, it must develop appropriate relations with the different governments and organisations and the staffing and resources of the DPPI Secretariat have to be supplemented via additional staff or the availability of strategic project-related resources.

3. CONCLUSIONS AND RECOMMENDATIONS

3.1. Conclusions

Strengthened Regional Ownership

At the end of this process of enhancing regional ownership and streamlining the task forces and initiatives established under the auspices of the Stability Pact, the leadership and management of many processes has passed into the hands of regional bodies, several of which have been created for this specific task.

In a number of instances the processes are underpinned by ambitious legally binding commitments e.g. the Energy Community Treaty, CEFTA 2006 and the European Common Aviation Area Agreement or political commitments in the form of memoranda of understanding.

Appreciation of Regional Co-operation

The fact that the countries of the region have shown such willingness and enthusiasm for regional co-operation processes across a range of thematic areas illustrates the extent to which the value of regional co-operation processes has been recognised and accepted. Not only for their contribution to Euro-Atlantic integration but because of their inherent value to the political, economic, social and security environment in the region. Identifying common problems and agreeing shared solutions provides many practical benefits.

Membership of the EU does not mean that SEE countries automatically withdraw from regional co-operation processes or that they can no longer benefit. Bulgaria and Romania are active partners in many of the processes and derive benefits from such participation e.g. on the Disaster Preparedness and Prevention Initiative (DPPI), the Regional Anti-Corruption Initiative, the SEE Health Network and the Task Force on Building Human Capital.

In many cases, the regional co-operation processes allow the new EU member states to pass on their experience to others who are still on the path to EU Accession – the Task Force on Parliamentary Co-operation provides a good example in this respect. In other cases, e.g. CEFTA, the Bucharest Employment Process and the Energy Community Treaty the work programme being followed will expedite the adoption of EU legislation, standards and practices - facilitating preparation for eventual EU membership.

Flexible, Tailor Made Structures and Membership

In line with the Stability Pact's experience, no two initiatives have the same structure or membership; instead their structures and membership have been dictated by the particular technical, political and financial support required to tackle the issue in question. The participants are the appropriate SEE and international donor governments or organisations for that initiative.

Neither does every initiative have to involve every SEE country. In a number of cases e.g. the Danube Co-operation Process or CEFTA – only those parties to whom it is relevant (Danube) or who can take part (e.g. Bulgaria and Romania had to withdraw from CEFTA in line with their EU obligations) are involved.

This flexibility in terms of structure and membership proved to be a key success factor for Stability Pact initiatives allowing them to evolve and adapt as circumstances and resources allow. As illustrated by the evolution of the Athens Process to the Energy Community Treaty or the network of bilateral free trade agreements to CEFTA 2008, flexible structures allow issues to be tackled on a step-by-step basis and for strategies to change over time as political and economic circumstances change.

The set of regional co-operation initiatives being passed to the RCC reflects the current priorities and issues faced by SEE. These priorities and issues will change over time and the initiatives and the RCC will need to retain the necessary flexibility to adapt accordingly.

Continued International Involvement

While, in many cases leadership of the initiatives has passed to the region, the wider international community is still involved in every initiative and has demonstrated its intention to remain involved through signing memoranda of understanding, developing support programmes and endorsing or supporting work plans.

In several instances, the international community has handed over the leadership of the particular initiative to the region but remains involved in steering committees or management boards (e.g. the SEE Health Network, Taskforce Building Human Capital).

Often the nature of the support provided by the international community has changed. For many initiatives, the SEE countries are now responsible for financing the support structures while the international community provides technical and financial support for the activity programmes e.g. the Regional Anti-Corruption Initiative. In other cases, e.g. the CEFTA Secretariat, the SEE parties have agreed to gradually assume responsibility for new structure costs and donor support has been provided, usually on a diminishing scale for the initial period of operation.

Development of Regional Approaches in International Organisations

The distinct move towards putting regional approaches in place within international organisations has facilitated continued and or expanded support for regional co-operation processes e.g. the World Bank's Adaptable Lending Program for energy projects, the European Bank for Reconstruction and Development's Western Balkan Initiative and the increased emphasis on the regional or multi-beneficiary programme in the EC Instrument for Pre-Accession Assistance (IPA). This trend towards such regional programmes will help to overcome many of the practical difficulties of accessing support for regional activities.

Pragmatic Coalitions

A number of the initiatives continue to offer the opportunity for organisations that do not normally work together to come together to provide their specific form of support for a regional co-operation process – examples include DPPI and the IFI Advisory Group.

3.2. Recommendations

Staff Turnover

The Stability Pact experience has shown how difficult it is to build consistent and sustainable institutional knowledge within regional governments and organisations. The often-considerable turnover of staff in public administration following elections and political changes in different countries has been a problem, leading to loss of valuable institutional memory and technical knowledge.

This cross cutting problem can best be addressed by working toward fully professional public administration staff structures and criteria.

Implementation

Implementation is the key challenge facing all the regional co-operation initiatives and the RCC. This means implementation of the various decisions that have been taken and ensuring that new structures become operational, efficient and self sustainable in a reasonably short period.

If ambitious political commitments are to be met, political, technical, human and financial resources must be invested in implementation, so that the economic and social benefits that are inherent in the various regional co-operation processes are achieved.

Failure to invest in implementation will mean that political commitments will not be achieved. This will damage economic and social confidence in reforms, which will in turn affect political and social stability. Therefore strong political momentum is needed both at the level of single initiatives and in support of regional co-operation in general. The South East European Governments have a substantial responsibility in this regard and a clear, effective relationship between the SEECP, the RCC Secretariat and the individual initiatives will be necessary.

Development of Strong Cross Initiative Relationships

The Stability Pact's role as a catalyst and its initial management of many initiatives meant considerable day-to-day involvement in different initiatives for Stability Pact Secretariat staff. Amongst other things this meant that Secretariat staff had substantial knowledge of the initiatives and could share this with the other initiatives. This knowledge informed the development of the overall strategies in each Working Table and allowed for the elaboration of a comprehensive strategy as well as encouraging co-operation between different areas.

Given the fact that most initiatives now have separate self-sufficient management structures, the RCC Secretariat staff will have to develop good working relations with the SEE and international members of each initiative and ensure that comprehensive information flows are well established and structured.

Independent Forum and Intermediary

The RCC's ability to undertake its tasks of monitoring and supporting regional co-operation processes will depend substantially on a universal perception that it is an independent forum and intermediary between the different organisations and countries involved, bringing together regional actors and international partners on equal terms.

Technical Expertise

In addition to strong political leadership, this requires sound expertise within the RCC Secretariat on the different thematic co-operation processes. This is vital to provide capable support to the individual initiatives and to ensure that the broader political vision is achievable. Sound expertise is also important to underpin effective dialogue with key interlocutors including those from the European Commission, members of the IFI Advisory Group, NATO and other supportive partners.

Communication

Due to the inter-related nature of the five priority areas – considerable efforts will be required to ensure that the necessary cross initiative communication channels are put in place. It is vital that the various initiatives, particularly those with newly created institutional structures, are properly integrated into the broader socio-economic environment in the region. The RCC Secretariat's seat on various steering committees and management boards as well as its overall political interlocutor role will greatly facilitate this.

An effective communications strategy, promoting regional co-operation and its proven benefits, is required to establish the RCC's credibility and to make its work known to both the general public and the key relevant actors – regionally and internationally. It should deliver clear messages about its aims, the potential benefits of regional co-operation and its complementarity to national goals. The image and effectiveness of the Stability Pact clearly suffered from overblown expectations in its early years. Considerable efforts were required to rebuild support and to ensure that the exact nature of the Stability Pact and its regional co-operation agenda was understood.

A comprehensive communications strategy would also provide valuable support to the individual initiatives many of which would struggle to gain visibility within the region and beyond.

In closing, during the three-year transition process undergone by the Stability Pact initiatives and taskforces the South East European governments and partners at all levels, have demonstrated ever increasing maturity and capacity to deal with the broad and complex range of topics involved. The extensive consultations within each initiative illustrated the ability of the parties to identify, debate and agree on shared solutions to common issues. The South East European countries are increasingly bearing the financial burden for regional co-operation structures and experts from the region are actively engaged in the different processes. This augurs well for the future of regional co-operation in South Eastern Europe.