



**SÜDOSTEUROPA-
GESELLSCHAFT**

STABILITY PACT
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Session II – Regional Co-operation to Address Substantial Challenges in SEE in the Field of Democracy, Economy and Security

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This session comprised a review of the five priority areas for the Regional Cooperation Council (RCC): economic and social development; energy and infrastructure; justice and home affairs; security; and building human capital as well as the overarching theme of parliamentary co-operation. The various speakers outlined history and activities of the different initiatives established by the Stability Pact in each of these areas and also

highlighted some of the key issues that will impact on the work in each topic. While each priority area addresses very different aspects of development in the region, some common themes emerged.

No two initiatives have the same structure or comprise the same members. In each case, a coalition of interested parties from both South Eastern Europe (SEE) and the international community have come together under the auspices of the Stability Pact to address a specific thematic area. This has allowed for the development of an agreed strategy and approach that benefits from best international practice but that is tailored to the specific circumstances of the region.

Euro-Atlantic integration and in particular EU integration acts as a driving force for many of the initiatives which seek to facilitate the adoption of EU standards and to prepare for eventual membership.

The current range of initiatives and the individual coalitions reflect the current priorities of the different parties and will change over time. This inherent flexibility allows initiatives to evolve or new issues to be addressed as circumstances require but care must be taken that key parties remain involved.

This flexibility is also necessary to allow the initiatives cope with the varying levels of political, economic and social development among the countries of the region and within the particular thematic areas.

In most cases a clear relationship has been defined between the initiative and the RCC Secretariat. RCC Secretariat staff will assume the Stability Pact's seat on various steering committees and supervisory boards and all initiatives are very keen to ensure active RCC involvement and support for their activities.

To date the main focus has been on establishing the initiatives, agreeing to a common strategy and approach, developing appropriate work programmes and structures and securing the necessary political, technical and financial support. While work has already commenced under all initiatives, the emphasis has now clearly shifted to the ability of

the parties to implement their strategies and to live up to the commitments made in the different treaties, memoranda of understanding and work programmes.

The parties have raised expectations both within the region and among the international community regarding their ability to co-operate and achieve the often very ambitious goals that they have set. The European Commission, international organisations and bilateral donors have made it very clear that they are monitoring implementation with great interest and that future political, technical and financial support will depend on the progress being made.

The region will face many challenges in implementation and these will arise from internal, regional factors as well as external factors such as global energy prices or changing international standards.

As mentioned, many of the targets and objectives set are highly ambitious albeit necessary e.g. adopting various EU directives in the field of environment or enhancing co-operation among security organisations in the region. In several cases bilateral tensions among the different members may impact on implementation – e.g. Bosnia and Herzegovina continues to apply tariffs on certain agricultural imports from Croatia and Serbia that are not in line with the terms of CEFTA and this may lead to the first trade disputes under the agreement.

The increased expectations also present challenges in terms of achieving sustainable results. Some policy areas lend themselves to demonstrable results in relatively short periods of time e.g. simplifying business registration procedures while other areas e.g. education reform require investments now that may take many years to yield results. The Stability Pact's experience with the so-called "Quick Start" infrastructure projects is a salutary lesson in the damage that can be done by raising false expectations.

Achieving a balance between being able to show clear results in the short-term and securing political support and hence funding for long-term programmes is a difficult task, particularly for a new organisation that must develop its credibility with both the region and the international community.

It is very clear that the priority areas are completely interdependent and that substantial interaction between the various initiatives will be required to ensure the political, economic and social development that is vital for South Eastern Europe to complete this transition phase and to achieve the desired Euro-Atlantic integration.

Increasing trade and investment will require guaranteed energy flows and adequate infrastructure. Building human capital will contribute to economic and social development. Enhancing parliamentary co-operation will facilitate the adoption of treaties and legislation required to improve the business and security environment. Tackling organised crime contributes to a better security environment leading to an improved investment climate and more social stability. The list goes on and on.

The RCC has a crucial role to play in ensuring that the appropriate linkages between the different initiatives are developed and enhanced. Its unique status as an “umbrella” organisation for all regional co-operation processes in South Eastern Europe provides it with the necessary mandate and its staffing has been deliberately designed to provide it with the necessary political and technical skills to interact professionally with all partners.

The RCC needs to extend linkages beyond the SP initiatives to other regional, neighbouring and global initiatives that are relevant to the activities being undertaken. Sharing experience and where appropriate pooling resources can increase the effectiveness of activities in some areas.

The overview that the RCC will develop of all the activities will provide it with the necessary information to reduce duplication and competition between activities and actors (including donors) and to enhance co-ordination. It will also allow the RCC to exploit its ability to leverage funding for regional co-operation activities, in particular under the European Commission's Instrument for Pre-Accession as well as other regional programmes.

Several recommendations were made during the session for the RCC Secretariat to consider as it prepares its strategy and action plan for presentation at the forthcoming SEECP meetings in Bulgaria. These included:

- Identifying elements of the EU's Lisbon Agenda that could provide a useful framework for regional co-operation activities. Some initiatives are already using Lisbon-related aspects e.g. the Investment Compact's use of the European Charter for Small Business but there are many more aspects that could be utilised.
- Environmental issues should be emphasised. This is a cross-cutting theme that impacts on most initiatives and one that is steadily growing in importance.
- Increase communication with, and the role of, the business community and civil society in different initiatives. Both have much to offer to the region and both can greatly benefit from the initiatives that are underway. For example developing functioning social partnerships in the various countries will contribute to the improvement of the economic climate and to social stability.
- Securing and maintaining the necessary political will and ownership among the governments and organisations in the region is a key success factor for all the activities.
- A focus on developing and strengthening administrative capacity throughout the region is vital. Weaknesses in this area, exacerbated by frequent changes in ministry personnel particularly following elections, damages institutional memory and hampers progress in the various initiatives.
- The Stability Pact has developed as a network of networks and this role must be assumed and enhanced by the RCC. Its ability to communicate effectively with and engage the support of governments, official organisations, NGOs, international financial institutions, the business community and political structures both within and outside the region will define its success.

All of the above highlights the potential for the RCC to take a leading role in defining SEE's strategic role, regionally, within Europe and globally. How should SEE best exploit its strategic geographical location, its extensive natural resources and the substantial human capital that it possesses.

As it seeks to develop its undoubted potential to provide this valuable strategic and coordinating function for the region, the RCC will have to devise a strategy and approach that allows it to achieve demonstrable results in the short-term but also puts in place the building blocks that are crucial for long-term political, economic and social development of the region.