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# Regional Cooperation in the Western Balkans

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## **Regional Cooperation in the Western Balkans**

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Editor:

Ana Marjanovic Rudan - European Fund for the Balkans

Author:

Jelica Minic for the Igman Initiative

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## **Executive summary**

Regional cooperation in the Western Balkans has demonstrated its viability in the last two decades. In the initial phase, international support was the key factor inducing the re-establishment of regional connections interrupted during the wars in former Yugoslavia.

Since the transfer of ownership from internationally-led structures towards the regionally owned ones began in 2008, the flourishing of regional initiatives, networks, task forces, and projects has been taking place, leading to the new reality of one or two regional meetings (or meetings devoted to the region) per day in recent years. This reflects a creation of an interwoven fabric of connections and interests making the region more resistant to the permanent challenges of renewing tensions and disputes.

This paper offers a short analysis of the general constellation and main players and mechanisms of cooperation, as well as the chronology, existing challenges, obstacles, and prospects for its further development.

Regional cooperation is today carried out in three main tracks: first, the EU boosts the cooperation in the region, both politically and financially, in a large number of fields. This is done by regular statements, through many political and technical meetings with the representatives of the countries of the region, and by launching and supporting numerous regional organizations.

Second, there are plenty of functioning regional organizations and initiatives; many of them are indigenous and emerging from the need to establish and regulate cooperation in certain fields.

Third, the Berlin Process is the newest track in which regional cooperation is carried out. It bridged a gap in the EU-Western Balkan relations providing a needed boost to the lethargic enlargement process by additional incentives to the regional cooperation.

It has also offered a chance to a huge regional resource - civil society - to engage more and address issues which are not appropriately considered by administrations, contributing to the democratization, reconciliation and adoption of European values in the societies of the Western Balkans.

There are numerous constraints and challenges in the regional cooperation in the Western Balkans that should be addressed - lack of political commitment, insufficient institutional capacities and limited intra-governmental coordination, lack of adequate financial resources, open bilateral issues, low resilience to external influences, insufficient communication on regional achievements and others.

It is encouraging that the EU now has an intensive agenda related to the Western Balkans, which would inevitably have considerable impact on further development of regional cooperation.

## **Introduction**

Regional cooperation in the Western Balkans is the topic of all political meetings of state officials in the region and of their meetings with representatives of the European Union and its member states. It is, first, an important mechanism/process/policy which leads to reconciliation and stabilization in this post-conflict region and, second, through connecting, networking and adjusting of business environment it enhances the growth of trade and investments - particularly foreign direct investments - thus providing an important prerequisite for a faster economic growth. In addition, regional cooperation is a prerequisite for faster EU integration of the countries of the region, since the EU does not want to import conflicts and disputes from the region but to create a more attractive space for its enlargement through regional market consolidation. For these reasons, regional cooperation is emphasized as one of foreign policy priorities in all Western Balkan countries.

Twenty-three years have passed since the signing of the Dayton Agreement which stopped the war in Bosnia and Herzegovina and 19 years since the signing of the Kumanovo Agreement and the passing of the UNSC Resolution 1244, which stopped the conflict in Kosovo. Multilateral cooperation in the region was resumed in 1996, through launching of an authentic regional initiative, the South-East European Cooperation Process (SEECP), started by Balkan countries themselves. This initiative was followed by a new initiative in 1999, broadly supported by the international community - the Stability Pact for South-Eastern Europe (SPSEE).

The South-East European Cooperation Process, as a genuine political initiative of Balkan countries, has become a strong promoter of stabilization and reforms, led from the very beginning by the regional countries themselves. At the beginning, the Stability Pact acted as an externally established mechanism for enhancement of regional cooperation in the Balkans; in 2008 it was transformed into the Regional Cooperation Council (RCC) and its programme and managerial functions were taken over by the Balkan countries, in close cooperation with the EU and a group of its member states, together with states which are not EU members but which help the organization through donations and participate in the work of its Board. In a way, the two initiatives integrated during this transfer of ownership to the region. Hence, in 2018 the RCC celebrates ten years of successful work as an efficient operational arm of the SEECP and as the main mechanism for coordination of a broad network of regional organizations and initiatives.

In addition to these two key organizations in the regional cooperation structure, there are more than 50 different regional organizations, initiatives and networks acting in a broad spectrum of areas of common interest for the countries of the region. Most of them were established by the regional stakeholders, in cooperation with foreign partners, or - in a number of cases - by the European Union or some other international agencies or organizations.

Structure-wise, the regional cooperation is carried out at two levels (in two formats): the Western Balkan Six and the Southeast Europe. The Western Balkan Six includes countries with the EU membership candidate status (Albania, Montenegro, Macedonia, and Serbia) or potential candidates (Bosnia and Herzegovina, and Kosovo). The Southeast Europe encompasses the WB6 and all other SEECP member states - Turkey, which is also an EU membership candidate, and Moldova which has the same aspirations, and five EU member states (Bulgaria, Croatia, Greece, Romania and Slovenia). Some of these numerous organizations have only the WB6 as their members, while others include the remaining countries of the region as well, fully or in part.

## Phases of development

Efficient regional cooperation is a way for improving dialogue, reconciliation and stability in the region. It is one of the most important prerequisites for the EU membership and a means to improvement of social and economic development. The awareness and the idea of cooperation and connectivity in the region have been developing along this line.

At the beginning, regional cooperation was mainly perceived as a peace strategy in the Balkans. In the following phase, it was observed in a broader context of European and Euro-Atlantic integration of the Western Balkan countries. Finally, it was understood that regional cooperation is a value *per se* - as instrumental in providing prerequisites for social and economic development, competitiveness, and improvement of the overall image of the region prior to its full integration into the European Union.

Since 1999, after the end of conflicts in the territory of former Yugoslavia, regional cooperation in the Balkans has been experiencing a dynamic growth. Although many countries of the region had already participated in different regional organizations and incentives established at the end of the 1980s and in the early 1990s, like the Central European Initiative (CEI), the Black Sea Economic Cooperation (BSEC), or the Adriatic and Ionian Initiative (AII), and in 1996 the SEECP as well, genuine sectoral cooperation focused exclusively on the Southeast Europe region started to flourish only after the conclusion of peace agreements and stabilization of political circumstances in the region.

The South-East European Cooperation Process and the Stability Pact for Southeast Europe provided the framework for action and main guidelines for the regional cooperation. The former one was entirely regionally owned and acted at political level. The latter one was externally initiated by the EU and other interested partners like the USA and Russia, in 1999. It reflected the actual interests of former Yugoslav republics in peace, stability and prosperity. In the same year, the framework for the region's cooperation with the EU was defined - the Stabilisation and Association Process (SAP) - emphasizing the regional approach. Thus, mostly externally, the arena was defined for future processes in the region.

The next phase in further consolidation of this framework started by the EU-Western Balkan Summit in 2003, which undoubtedly opened the European integration perspective to the post-conflict region and offered initiatives for enhancing regional cooperation in certain areas, inviting the region to follow the relevant EU policies (trade liberalization, development of small and medium enterprises, research and development, access to certain EU programmes etc).

The third phase is marked by the launch of the Berlin Process in 2014. By that tune, all the members of the Western Balkan Six had already signed the Stabilisation and Association Agreements with the EU and the Agreements entered into force. Montenegro and Serbia started accession negotiations with the EU, Macedonia and Albania have the candidate status while Bosnia and Herzegovina is in process of receiving it.

In the same year, preceding the launch of the Berlin Process, the President of the European Commission Jean-Claude Juncker, made an announcement that there would be no further enlargement during his mandate. This statement reflected the enlargement fatigue in the EU, difficulties in absorbing new, less developed and insufficiently reformed members, coping with the economic crisis and migrant crisis, together with broad reconsiderations within the Union regarding further adjustment of its governance structure to the new circumstances.

In this context, the Berlin Process was designed to keep working on some of the enlargement tasks, however in a specific manner and in a limited number of domains. Thus, the annual WB6 summits

(Berlin, Vienna, Paris, Trieste) with participation of several EU member states, and with increasingly visible presence of the Commission and the European External Action Service (EEAS), brought new dynamics to the sluggish enlargement process. Regional leaders were encouraged to intensify their cooperation and work on adoption of the *acquis*, and certain EU sectoral policies.

### **Three tracks**

Regional cooperation is today carried out in three main tracks. First, the EU boosts the cooperation in the region, both politically and financially, in a large number of fields. This is done by regular statements, through many political and technical meetings with representatives of the countries of the region and by launching and supporting numerous regional organizations through Multi-Beneficiary Instrument for Pre-Accession Assistance (MB IPA). The most frequently mentioned organizations are the Regional Cooperation Council, the Central European Free Trade Agreement (CEFTA 2006), the Energy Community, Transport Observatory for SEE (SEETO) and the Regional School for Public Administration (RESPA). There are 10 regional organizations financed or co-financed through this instrument.

Second, there are plenty of functioning regional organizations and initiatives; many of them are inherent and emerging from the need to establish and regulate cooperation in certain fields. Even when supported by the EU, these initiatives have their own managerial and organizational structures, different target groups and sectors of work, officials and/or experts from the regional countries participating in their activities, connections with different regional and international organizations or EU bodies and different sources and forms of financing. The most important of these initiatives, besides the already mentioned South East European Cooperation Process, are the Network of Associations of Local Authorities in South East Europe (NALAS), the Regional Rural Development Standing Working Group (SWG), the South East European Health Network (SEEHN), the Western Balkan Research and Innovation Centre (WISE), the Migration, Asylum Refugees Regional Initiative (MARRI) etc.

Third, the Berlin Process, as the latest track for regional cooperation, was launched in the year 2014 as originally a German initiative, with the backing of Austria and France and later of Italy and Great Britain and with the presence of Croatia and Slovenia as silent observers. It bridged a gap in the EU-Western Balkan relations providing a needed boost to the lethargic enlargement process by additional incentives to the regional cooperation. The general public in the region was given the impression that the most powerful EU countries keep firmly standing behind the enlargement policy offering their support at the time when the Brussels institutions were unable to offer anything tangible apart from slow and routine opening of negotiating chapters with Montenegro and Serbia, with the rest of the Western Balkan candidates and potential candidates stuck in the pre-accession waiting room.

What has the Berlin Process actually achieved? Besides some original initiatives, it mainly better focused and coordinated the work of the already existing regional initiatives (primarily the Regional Cooperation Council, CEFTA, the Energy Community and the SEETO), in order to make their already existing regional cooperation projects more effective and visible. In order to achieve this, at regular summits of the Western Balkan Six and the partner EU member states, and with support of the Brussels institutions, the participants (in particular those from the region), took over relevant commitments. First, the Connectivity Agenda was launched, aiming to interconnect the region's infrastructure in the field of transport and energy and accelerate reforms in these sectors connecting them with trans-European networks. Second, the Consolidated Multi-Annual Action Plan for a Regional Economic Area in the Western Balkans Six was adopted at the Trieste Summit, which should provide the foundations for free movement of goods, services, investments, and qualified labour force, enhance entrepreneurship and digitalization of the region, making it more attractive for business and

facilitating its convergence with the development level of the EU. In addition to the active role of the existing regional initiatives, both platforms are supported by the European and international organizations and financial institutions.

As it turns out, the Berlin Process, planned to last until 2018, is still needed, until all its results get in the main track of the EU integration of the Western Balkans. The Declaration by the Chair at the Berlin Summit offered guidelines for action in the region, providing the basis for all other steps within the process. Each of the subsequent summits -Vienna, Paris, Trieste - filled in the general framework defined in Berlin, with a particular emphasis on specific fields in accordance with the priorities of the countries presiding at the given moment. In Vienna, besides Connectivity Agenda, the importance of neighbourhood relations and civil society was underlined; in Paris, climate changes and fight against terrorism; in Trieste, boosting of small and medium enterprises, trade and investments and fight against corruption and organized crime.

The issue of youth was raised throughout the summits and the topic of reconciliation in the region remained somewhere in the background. All the issues could, in one way or another, be incorporated into the accession process; however, the time factor is becoming critical in the region, with the EU membership still far away. For that reason, the activities, meetings, declarations, takeover of obligations, monitoring, reporting, establishment of new institutions such are the Regional Youth Cooperation Office (RYCO) and the Western Balkans Chamber Investment Forum (WB CIF) have brought new and much needed dynamics onto the regional scene. This is true both of the activities focused only on the region and on the improvement of regional cooperation, and of those extended to the EU, as was the case with the Connectivity Agenda which should not only set up or renovate and modernize the intra-regional infrastructural connections but also link them to the European transport and energy corridors.

In comparison with the Stabilisation and Association Process - the main framework for the bilateral negotiations between the EU and the Western Balkan aspirants to membership, in which regional dimension is secondary - the Berlin Process is entirely focused on regional approach. It can be said that the Berlin Process reaffirms the importance of regional cooperation in the Western Balkans at the highest level and with support of several key EU member states.

This is how the present regional cooperation framework has been established in three tracks which all lead to the EU. The processes underway at this scene are partly overlapping, mutually supplementing or supporting, thus strengthening the connections among various regional actors, with support of actors from the EU and its member states and other international organizations and institutions. Permanent communication is therefore unfolding in the triangle: the WB6 - a number of EU institutions, programmes, policies - the EU member states (some of them involved much more intensively than the others due to the Berlin Process). Each and every result emerging from this complex constellation of relations and activities directly contributes to the Western Balkan integration into the European Union.

To the development of formal cooperation one should add the growth and diversification of the networks of civil society organizations advocating regional approach in problem resolution. These networks have been developing faster than political cooperation at the regional level. There are 36 NGO networks in the region (dealing with issues of social inclusion and social protection, human rights, environmental protection, civil society development, rural development, gender, governance, rule of law etc.). Particularly prominent are those dealing with reconciliation: RECOM (Regional Commission tasked with establishing the facts about all victims of war crimes and other serious human rights violations committed on the territory of the Former Yugoslavia in the period 1991-2001) and the Igman

Initiative (with membership of 140 NGOs from Croatia, Serbia, BiH and Montenegro running dialogue and reconciliation activities).

Cooperation of civil society is a particular quality and an insufficiently used resource in the complex relations among the Western Balkan countries. Together with economic cooperation, it represents the most viable part of the overall regional cooperation. This has been recognised by the Berlin Process in establishing its side activity - the Civil Society Forum.

### **Constraints and challenges**

**Political commitment** is a key factor for successful development of regional cooperation determining the level of engagement of national administrations. Of course, administrations are neither the sole actors nor even the exclusive initiators of regional cooperation. Business circles interests, academic institutions, professional associations, civil society, cultural institutions, and media are very important for bringing relevant organizations and projects into the regional cooperation framework. However, without the support of governments and other authorities (parliaments, judicial institutions, state agencies, and local authorities) the chances are small for an initiative to gain firm support from the region, external donors, or the EU.

**Insufficient institutional capacities and limited intra-governmental coordination** are also limiting factors for successful participation in regional cooperation. Namely, limited institutional resources of the WB6 members must be distributed to a large number of regional initiatives, thus presenting a real challenge to small and poor countries of the region, with weak administrations to be represented everywhere and at a satisfactory expert level. Definition of priorities and synchronization of work at several levels and in several fields is, therefore, a serious challenge.

**Adequate financial resources** are not often available, thus constraining effectiveness of regional initiatives, particularly those not prioritized by the EU, international institutions and big donors. Sometimes bilateral donors (private and public funds of certain countries) have more understanding and interest for activities which are not the big donors' priorities but have a significant impact in social and economic life of the countries in the region. Adequate coordination among various donors and harmonization of their different approaches are problems as well, together with frequent overlapping. Although the EU gradually opens its programmes for the WB countries, their technical, managerial and financial capacities are not always adequate for better use of these opportunities.

**Open bilateral issues**, which are mostly the legacy of the conflicts during the 1990s (processing of war crimes, issues of missing and displaced persons and of refugees, recognition of borders, property rights etc.) hamper stabilization of political relations in the region and realization of regional initiatives in certain fields. Sluggish addressing of open issues and their occasional deterioration endanger consolidation of regional relations and smooth course of cooperation.

**Low resilience to external influences** in the region exposed to aspirations of different global and regional players. These influences have divisive impact on the countries aspiring to fully integrate into the EU. Without decisive EU's action in the Western Balkans, its earlier political, security and

economic investments could easily be undermined by the growing engagement of Russia, Turkey, China and some Gulf states which are filling the gap in the high demand for support in the region but without genuine interest to encourage regional cooperation.

**Communication** is also a serious problem. The public is not adequately informed on the work of regional organizations and initiatives. The same is true even for most of employees in the administration. Nevertheless, public opinion polls such as the *RCC Balkan barometer 2017* show significant support to regional cooperation. Almost three quarters of Western Balkan citizens believe in advantages of regional cooperation, thus obligating those acting at the political level.

## **Conclusion**

The established framework of cooperation in which regional actors have operated in the previous period has prepared the ground for the year 2018, with the expectations that this complex structure of regional organizations and platforms would get updated guidelines, action plans and time frame for delivering results after the launch of the innovated EU Enlargement Strategy for the WB6, on 6 February. Namely, a very demanding agenda was laid down for the first half of the year 2018 with considerable impact on further development of regional cooperation in the Western Balkans: *A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans* (6 February), Western Balkan tour of EU high officials (J.C. Juncker, F. Mogherini, J. Han) ending with the meeting in Sofia with the WB Prime Ministers (3 March), *EC Communication on Enlargement Strategy with Country Reports* (17 April), Summit EU - Western Balkans (17 May), and the WB6 Summit in London (9 July). On the top of that, the SEECF Summit is going to take place on 24 April. This ambitious agenda imposed a difficult task to the regional organisations involved - to deliver tangible results which would prove commitment of the region to intensifying its EU accession endeavour. In other words, during the last ten years, regional cooperation has had more promising achievements in comparison to the national reforms in the WB6 or to enlargement policy of the EU, although heavily influenced by them. Therefore, the main results to be presented at the summits' agendas are the results of the regional cooperation in the Western Balkans.

## Recommendations

1. **Cultivating institutionalised cooperation.** In post-conflict regions, the institutional infrastructure of regional cooperation is setting the framework for conflict prevention and control, consolidation of peace, and economic and social development in the countries constituting the region. The cultivation of the institutionalised system of cooperation is therefore one of the most important regional investments in the future.
2. **Addressing bilateral issues in the region in a systematic way.** It is high time to relax bilateral relations in the region by addressing them in a systematic and productive way: making the matrix of open issues with neighbours for each country and setting the time schedule for their resolution followed by establishing an efficient monitoring system.
3. **Advocating regional cooperation and EU accession.** The Western Balkan administrations do not have advocacy strategies aimed at promoting regional cooperation and European integration. As the new window of opportunity has appeared for intensified accession process, both the local public and the EU public should be prepared to accept the final result - the EU membership of the WB6. The civil society (NGOs, academia, chambers of commerce, and media) can substantially contribute provided there is a strategy and determination at the state level.
4. **Involving European sub-regional integrations as partners and supporters.** European sub-regional integrations such as BENELUX, Nordic Co-operation, the Visegrad Group and Baltic Cooperation are the source of inspiration for the Western Balkan economies and societies. Therefore, it is necessary to strengthen cooperation with these groups of countries in order to benefit from their experiences, but also to provide their indispensable support for the integration of the Western Balkans in the EU.
5. **Establishing a data base on all regional structures and mechanisms** (both formal and informal) and regular sharing of information on their activities on a single portal to facilitate their interconnections, prevent overlapping and make them an open source for innovation and strengthening of regional cooperation.