

**Report and Conclusions of the 12th Meeting of the  
South East Europe Investment Committee (SEEIC)**

held in Sarajevo on 19 March 2013

12<sup>th</sup> meeting of the South East Europe Investment Committee (SEEIC) was held on 19 March 2013 in Sarajevo, back-to-back with the Deputy Ministers Strategic Meeting of Central European Free Trade Agreement (CEFTA), and with the main task to present the Work Programme of the SEEIC for 2013 and review progress on the South East Europe (SEE) 2020 Strategy development. In addition to providing the guidance in further development of SEE 2020, the participants discussed future roles and responsibilities of SEEIC and its structures in the implementation and governance of the SEE 2020.

Having in mind that co-chairmanship of the SEEIC has been officially taken over from the Republic of Albania (co-chair during 2012) by the Government of Bosnia and Herzegovina (Ministry of Foreign Trade and Economic Relations), this meeting was co-chaired by Ms. Jelica Minic, Head of the RCC Expert Pool, and Ms. Zada Muminovic, Head of Unit for Trade Relations with European Integrations, Ministry of Foreign Trade and Economic Relations of BiH. Participants at the meeting included: representatives of the Economic Teams for the SEEIC and offices of National IPA Coordinators, as well as regional and international partner-organizations (CEFTA, OECD Investment Compact for SEE, SEE Centre for Entrepreneurial Learning, IFI Coordination in the Western Balkans and Turkey, Central European Initiative, and others).

In her opening statement, Ms. Minic reminded of the role of SEEIC as a central vehicle for development of the SEE2020, and noted the interest, support and participation of a significant number of regional organizations contributing to the development, coordination and implementation of the SEE2020 strategy, with the RCC overseeing the whole process. She also stressed the importance of the SEEIC working group structures in this work, and the need for collecting the missing data in terms of baseline indicators and 2020 targets. Given the close cooperation between SEEIC and CEFTA structures within the Integrated Growth Pillar of the SEE 2020, Ms. Minic encouraged SEEIC members to make the most of the opportunity to agree upon forthcoming mutual activities with CEFTA in the respective areas of mutual interest and facilitate cooperation and action within the integrated growth pillar. In her final remarks, she reflected on the ongoing preparations of the RCC Strategy and Work Programme for the period 2014-2016, which acknowledges and emphasizes the central role of the SEE 2020 strategy in the overall activities, and specifies the role of RCC in managing the process and coordinating and monitoring the implementation of the Strategy.

Ms. Zada Muminovic stressed the importance of elaborating regional strategic objectives into a comprehensive Strategy, which will facilitate greater synergy between the reform and EU accession agendas in the region, and ultimately be beneficial to all countries of the Western Balkans, presenting to the European Union that the region is ready to cooperate and join efforts in shaping its future, with the main common goal: integrating with the EU "family". Ms. Muminovic also confirmed the leadership and full support of Bosnia and Herzegovina in the SEEIC activities.

## **Review and adoption of the SEEIC Work Programme 2013**

Having in mind annual rotating co-chairmanship of the SEEIC, the need was recognized to revise the previously adopted Work Programme 2013-2013 and adapt it to a yearly planning. Ms. Dragana Djurica, SEEIC project leader presented the main features of the Work Programme. Without fundamental changes to the Work Programme, the main alteration occurred in terms of re-shifting mandated objectives, priorities and activities with full dedication to the development of the SEE 2020 Strategy, as well as the pillar dimensions where SEEIC is delegated as the coordinator - Integrated Growth and Sustainable Growth Pillar.

A particular reference was made to the dual role of the SEEIC in the development of the Strategy, having in mind the complexity of the process – horizontal and direct in pillar dimensions as the coordinator. It is envisioned that the SEEIC will continue to have a dual role in the process of Strategy development. Namely, it will continue to serve as a platform for horizontal Strategy development, as well as the dimension coordinator for the two dimensions (investment climate and competitiveness) within the specific pillars of the SEE 2020.

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

According to the Work Programme 2013, SEEIC will continue to operate under the auspices of the RCC Secretariat and in coordination with national administrations, external partners, and technical assistance on determining policy objectives, indicators and measures that will constitute the bulk of the SEE 2020 Strategy, by November 2013, based on 11 targets adopted by the SEEIC Ministers of Economy in November 2012. Reflecting on the achievements made during co-chairmanship of SEEIC under the Republic of Albania in 2012, Mr. Bashkim Sykja, Director of Competitiveness Department in the Ministry of Economy, Trade and Energy of the Republic of Albania, presented the work done thus far by the SEEIC Task Force on SEE 2020. The new Work Programme for 2013 was unanimously adopted.

## **SEE 2020 Progress Report**

In the ongoing developments of the SEE 2020 Strategy, SEEIC was informed about the activities executed thus far, both in respective pillars where SEEIC is directly involved (Integrated, Smart, and Sustainable Growth), as well as the overall development process. Mr. Sanjin Arifagic, Head of the Economic and Social Development Unit of the RCC presented the activities and progress made on the technical level, while Ms. Dragana Djurica elaborated the communication plan for the SEE 2020 by the end of this year.

In presenting the key principles in development of the Strategy, Mr. Arifagic drew attention to: 1) focus on a purely regional action that would add value to national efforts with strong regional relevance, 2) decentralized development and implementation mechanisms through a comprehensive network of regional structures and organizations engaged in different policy dimensions that can utilize their capacities and be a reliable partner in the process, 3) plan for development of quantitative and qualitative indicators for measurement of the Strategy's progress in the future, and 4) the need to put forward a clear governance structure and political support to the whole process. General information was provided to the participants on workshops held within the 5 pillars of the SEE 2020, and regional parties involved as dimension coordinators and partners in the process. It was noted that the RCC Secretariat will continue working as a main coordinator of the Strategy development and implementation, while each of the 14 policy dimensions is envisaged to

have a specific policy coordinator - a regional structure with capacity in place to support the implementation and capable to initiate national feedback on the regional level within each of the dimensions. In prospective implementation of the Strategy, it is most likely that this process will impact the regional coordinators by instigating revision of their mandates in most of the cases.

The timeframe for the Strategy's development was presented with a clear need to prepare the first draft June 2013, with the envisioned adoption during November 2013; detailed planned timetable of workshops on a technical level was also presented to the participants. In drafting of the Strategy, external technical assistance will be engaged, with a task to convert the inputs coming from the dimension coordinators into a comprehensive strategy, with guidance from the RCC. Finally, Mr. Arifagic noted that the process of SEE 2020 Strategy development coincides with IPA II development, and, with consideration of close relationship with colleagues in the EU, it is anticipated that the results and commitments of the SEE 2020 will be coupled by adequate resources within IPA II.

Ms. Renata Vitez presented the activities of the Secretariat within the domain of the Integrated Growth Pillar of the Strategy and its trade dimension. In that endeavor, CEFTA Secretariat has prepared a proposal and action plan that was endorsed by the CEFTA Deputy Ministers that outlines the activities of CEFTA structures in the development of the trade-related dimensions of SEE 2020. Following the adoption of specific proposals for measures and actions by respective structures (subcommittees and working groups), it is envisioned that the Deputy Ministers would be presented with a first draft of the trade-related dimensions of SEE 2020 for endorsement during June 2013. Ms. Vitez noted the changes in the integrated growth pillar structure, taking into account the necessity to reflect the interdependence with other pillars, as well as with the accession process itself. This is why the trade-related dimensions (initially named Trade Facilitation and Trade Liberalization) have been renamed into "free flow of goods", "free flow of services", "free flow of investments", which is more consistent with the accession agenda of the countries as well. She also pointed out that, in this process, it is important to look beyond the region itself and explore the measures of integrating it into the global economy. In terms of further SEE 2020 Strategy development, CEFTA has agreed upon the action plan within its structures, and the Secretariat will be preparing the documents and limit itself to priority actions for the period by the end of the decade. In terms of Strategy drafting and methodology, the Secretariat is anticipating working on this with the external technical advice.

Ms. Djurica presented the Communication Strategy of the SEEIC, with the main features of bringing the benefits of the strategy close not only to the partakers but also to the wide public. Bearing in mind the ongoing process and the public appearance of the SEE 2020 already happening through networking and moderate media activities, it was important to systematize a proper communication plan, that would include dissemination of information about the whole process, as transparency is one of the prerequisites, but also about the benefits that this Strategy is to bring to the citizens of the Western Balkans. Furthermore, the communication platform of the SEEIC will be used for dissemination of some of the investment promotion mechanisms that are to be agreed among the members. Bearing in mind the important role of the national administrations in the Strategy development, it was noted that public relations departments of the Ministries of Economies will be invited for a coordination meeting, with the goal to harmonize the PR activities in this domain. This meeting will most likely occur at the time when the first draft of the SEE 2020 Strategy is prepared (approximately June 2013).

## **Governance**

In terms of future implementation and governance, Mr. Arifagic presented its main envisaged layers of governance. It was noted that in addition to national administrations which are the main implementers of the SEE 2020 and chief sources of information for its monitoring, structured

involvement is envisioned for the (i) regional structures that will help coordinate respective policy dimensions of SEE 2020, monitor developments in the specific sector and provide opportunities for peer reviews; (ii) RCC as the body tasked with the overall horizontal coordination of the strategy and monitoring of its implementation and progress; and (iii) a highest-level political structure to provide political guidance and review progress annually, such as the South East Europe Cooperation Process (SEECP). It was noted that although the SEEIC was tasked with the overall development of the Strategy, its eventual endorsement and implementation oversight would probably be better dealt with from a higher political level, as the Strategy's scope considerably exceeds the scope of the Ministries in charge of economy participating directly in the SEEIC structures. Mr. Arifagic noted that the governance and monitoring system would be developed in more details in the coming months, and stressed that this will be done in coordination with the national administrations; consensus-building effort is already underway through bilateral consultations with the governments to find the most adequate solution that will help guide the implementation of the strategy without adding too much burden to the administrations. A clear endorsement of the SEE 2020 process at the SEECP Summit in June 2013 will also be sought.

### **Discussion**

Ms. Maja Pinjo Tanevska, NIPAC representative from The Former Yugoslav Republic of Macedonia inquired about the developments of the IPA II along with the SEE 2020 Strategy, as it is deemed important to link national strategic documents with the SEE 2020 Strategy. She informed that The Former Yugoslav Republic of Macedonia is in process of elaborating the national strategy documents with 7 working groups, representing 7 sectors. She proposed that NIPAC representatives are included in the SEE 2020 development process, not only due to strong links with IPA II, but also other platforms, such as WBIF, EDIF, etc.

Ms. Emina Kadric, representative of the IFI Coordination Office, informed on the ongoing cooperation with the WBIF secretariat and European Commission - DG enlargement D3, as a support to the IPA planning and SEE 2020 development processes. IFI is also in the process of working together with NIPAC offices and ensuring that the SEE 2020 is reflected as best as possible in the national IPA strategic documents.

Ms. Renata Vitez, CEFTA Secretariat, stressed the importance of NIPAC offices and other relevant bodies coordinating their activities with other line Ministries in drafting national communication and accession process. In terms of the SEE 2020, she noted the role of NIPAC in ensuring that the proposed measures are clearly related to the national EU accession processes.

Mr. Midhat Dzemic, representative of the NIPAC Office of Bosnia and Herzegovina, informed about 13 brainstorming sessions organised in February with the BiH structures in preparation of IPA II, and underlined the importance of coordination of activities of SEE 2020 preparation in line with preparation of national strategic documents for IPA II. According to the current plans, NIPAC office of BiH expects that the EC, institution responsible for the drafting, will send the first draft of country strategy paper in last week of April. Knowing this, he also expressed concern over timelines of these activities, as NIPAC offices have the deadline of sending final version of national strategic document to the European Commission in time when the first draft of the SEE 2020 Strategy is planned. He suggested that NIPAC offices should receive SEE 2020 draft text earlier than June 2013 (preferably in May), so that it could be reflected in national IPA planning.

Mr. Blerim Ahmeti, from the Ministry of Trade and Industry of Kosovo\*, agreed with the importance of NIPAC Offices being actively involved in the process and brought to the attention of participants the fact that the SEE 2020 Strategy should also include the costs of its implementation.

Mr. Branko Budimir, representative of the European Integration Office of the Republic of Serbia (NIPAC Office) expressed his concerns over the SEE 2020 headline targets, describing them as “too ambitious”, and inquired about the selection of priority areas and methodology used to determine the common regional objectives. He also expressed his concern with involving too many regional platforms in the Strategy implementation, expressing belief that national institutions are not involved to an appropriate extent.

The RCC representatives and the members of the Economic Team of the Republic of Albania - Mr. Bashkim Sykja and Ms. Pranvera Kastrati - explained that the data utilized for the development of the regional headline targets originated from the national administrations, who actively participated in the process. Nevertheless, throughout the phases of the SEE 2020 development, these targets and pertaining baselines will be refined in a manner to firmly represent the reality of the region, and will also be coupled with appropriate quantitative and qualitative indicators. In that endeavor, national statistical offices and Eurostat will be involved more intensively in the process. The RCC/SEEIC representatives announced visits to the national administrations and NIPAC offices in the near future, in order to review the SEE 2020 activities, documents, and information maturity and reality prior to its drafting.

In terms of contribution to the SEE 2020 development and implementation, Mr. Alan Paic from the OECD Investment Compact for SEE informed that the OECD support to the SEE 2020 Strategy process will be following up in two directions. First will be monitoring of the majority of the Strategy through a revised Investment Reform Index tool, there the next IRI generation will be adapted to the dimensions of the SEE 2020, with indicators being more comprehensive in qualitative and quantitative way than the headline targets. In that sense, cooperation with national statistics offices will be improved. Secondly, in the competitiveness dimension, OECD will analyze the sectors that could instigate regional action and possible means for removal of barriers in chosen sectors, with the goal of preparing proposals for actions making these sectors more competitive in the global marketplace.

#### **Conclusions of the 12<sup>th</sup> SEEIC meeting:**

- SEE 2020 Strategy development process is going ahead as planned, with decentralized development and implementation mechanisms foreseen.
- Proposed governance structures of the SEE 2020 are to be elaborated in further detail in the near future, as the involvement of national administrations at the highest political level will be sought. RCC will explore several avenues for this, including the upcoming SEECP summit.
- The RCC/SEEIC representatives will schedule visits to SEEIC national administrations in late April and early May 2013, in order to present the activities and information related to the SEE 2020 Strategy development to the national administrations and explore strengthened links with the national agendas.
- Higher level of coordination is needed between the line ministries and NIPAC offices, for the goal of relating the SEE 2020 Strategy development with the national IPA strategic document drafting process.

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\* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

- SEEIC welcomes closer involvement of NIPAC representatives in the SEE 2020 Strategy development process.
- Draft text of the SEE 2020 Strategy will be sent to NIPAC representatives before June 2013, in order to inform their efforts on developing national IPA-related strategies and documents.