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Sida Decentralised Evaluation

Joakim Anger

Reform cooperation in the Western Balkans - regional cooperation: experiences, constraints and opportunities

Final Report

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Western Balkans
- regional cooperation:
experiences, constraints and
opportunities

**Final Report
December 2012**

Joakim Anger

Authors: Joakim Anger

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

Postgiro: 1 56 34-9. VAT. No. SE 202100-478901

E-mail: info@sida.se. Homepage: <http://www.sida.se>

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Abbreviations and Acronyms

All	Adriatic-Ionian Initiative
BiH	Bosnia and Herzegovina
CCPA	Cross Cultures Project Association
CEFTA	Central European Free Trade Agreement
CEI	Central European Initiative
CHwB	Cultural Heritage without Borders
CNC	Committee of the National Coordinator
CRD	Civil rights Defenders
CSO	Civil Society Organisation
DCP	Danube Cooperation Process
DEVCO	Development & Cooperation
DFID	Department for International Development
DG	Directorate General
EACEA	Education, Audiovisual and Culture Executive Agency
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECSC	The European Coal and Steel Community
EIB	European Investment Bank
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
EU SDR	EU Strategy for the Danube Region
ERRC	European Roma Rights Center
GIZ	German Development Cooperation
GRECO	Group of States against corruption
IFI	International Financial Institution
II	Igman Initiative
IPA	Instrument for Pre-Accession Assistance
ITP	International Training Program
KCSF	Kosovo Civil Society Foundation
KEMI	Swedish Chemicals Agency
KIPRED	Kosovar Institute for Policy Research and Development
KtK	Kvinna till Kvinna
KTH	Royal Institute of Technology
LGBT	Lesbian, gay, bisexual and transgender
MENA	Middle East and North Africa

ABBREVIATIONS AND ACRONYMS

MFA	Swedish Ministry of Foreign Affairs
MIPD	Multi-Annual Indicative Planning document
NGO	Non Government Organisation
NSI	National Statistical Institute
OPC	Olof Palme's International Center
PAHO	Pan American Health Organization
PFM	Public Financial Management
RBA	Rights Based Approach
RBM	Results-Based Management
RCC	Regional Cooperation Council
RCP	Regional Cooperation Program
REF	Roma Education Fund
RENA	Regional Environmental Network for Accession
ReSPA	Regional School of Public Administration
RSPC SEE	Regional Secretariat for Parliamentary Cooperation in South East Europe
SADEV	Swedish Agency for Development Evaluation
SCB	Statistics Sweden
SECI	Southeast European Cooperative Initiative
SEDRI	Sustainable Energy Development Regional Initiative
SEE	South East Europe
SEECF	South-East European Cooperation Process
SEECIC	South East European Counter Intelligence Chiefs
SEEMIC	South East European Military Intelligence Chiefs
SEENSA	South East European National Security Agencies
SEETO	South East Europe Transport Observatory
SEPA	Swedish Environmental Protection Agency
Sida	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organisation
SPS	Sanitary and Phytosanitary
SWEDAC	Swedish Board for Accreditation and Conformity Assessment
SWOT	Strength Weaknesses Opportunities and Threats
TAIEX	Technical Assistance and Information Exchange
UN	United Nations
UNMIK	United Nations Mission in Kosovo
WBIF	Western Balkans Investment Framework
WEE	Women's Economic Empowerment

Preface

The Swedish Government has decided that, from 2014, a “strategy for the region” will replace bilateral cooperation strategies for Serbia, Kosovo, Albania and Bosnia-Herzegovina. Indvelop was contracted to carry out this review with the main purpose of giving input to the development of this strategy, which is planned to cover the period from 2014-2020. This is not an evaluation retrospectively assessing Swedish support in the region. Instead, based on previous experiences, this report is focused on identifying constraints to, and opportunities for, increased *regional cooperation* among the countries in the Western Balkans. However, when this report was finalised (November, 2012) the Swedish International Development Cooperation Agency (Sida) had not yet officially received instructions (the so-called input values) from the Ministry of Foreign Affairs. Hence, the suggested sectors of support and instruments are primarily based on preliminary signals from the Ministry and areas where Sweden is perceived to have comparative advantages. Also, it should be underscored that this report is only one of many inputs to the forthcoming strategy. The assignment was carried out by Joakim Anger from Indvelop with support and advice from Klas Markensten.

Executive Summary

The government has decided that there should be a strategy for Swedish Reform Cooperation with the Western Balkans as one region. The new strategy will replace bilateral strategies with the countries in the region and will cover the period 2014-2020. Sida has assigned Indevlop to give inputs to the strategy process. The task has been to discuss the added value of regional projects, complementarity between bilateral and regional support, lessons learnt from other regional strategies and to identify possible thematic areas and channels that are suitable. The focus of this study has been to identify constraints and opportunities for increased *regional cooperation* among the countries in the Western Balkans.

Data for this explorative study have been collected from programme documents and evaluations and from interviews with a number of stakeholders. Emphasis has been placed on interviews and mini-seminars with personnel at the Swedish Embassies in the region and interviews with personnel at the Ministry for Foreign Affairs and Sida in Stockholm. Representatives for the European Commission in Brussels and in the field have also been consulted. Swedish support in collaboration with International Finance Institutions for environmental investments is not included here, as this is handled in a separate review.

The Western Balkans countries were all, except Albania, part of former Yugoslavia. After the violent breakup of Yugoslavia, many grievances and ethnic tensions remained. However, there are also many signs of more cooperation between the countries. Trade, infrastructure and cultural expressions are examples. Since the conflicts, the European Union has supported regional peace and harmonisation. First, this was done through the establishment of the Stability Pact for South Eastern Europe, and then via support to the road to membership in the EU. The EU also supports the Regional Cooperative Council that succeeded the Stability Pact.

According to the EU enlargement strategy, good neighborly relations are “essential elements of the Stabilization and Association process ...” and, as such, are closely monitored by the Commission at all stages of the accession process. The strategy states that “*Regional cooperation* underpins and enhances reconciliation in a region that suffered major conflicts in the recent past”. The political support from the EU for regional cooperation is complemented by financial support through the Instrument for Pre-Accession Assistance (IPA) Multi-beneficiary (regional) programme, with an amount of €521 million for 2011-2013. Funds are also provided within the national IPA programmes for cross-border cooperation.

Sida has had an annual budget allocation 2010-2012 for regional programmes of around 50 million SEK (approximately 6 million Euro). The main projects have been

to support Roma issues, statistics, cultural heritage and regional football schools as well as small projects.

None of the projects funded through the regional allocation are regional in the sense that they deal with a problem that has to be solved regionally. Yet they have given added value, for example, as concerns reconciliation between ethnic groups and exchange of experience, and have promoted a critical mass of leverage through EU and administrative efficiency within certain sectors.

This study has looked at experiences from the implementation of other regional strategies – Swedish regional strategies for Central America and the Mediterranean/North Africa region, and regional support from EU and the Department for International Development (DFID). The inherent problem with many regional programmes is therefore that they often lack clear ownership. Hence, the main lessons learnt are that regional approaches should only be used when they add specific value and give value for money. Also, regional projects need to be clearly anchored in national political processes to be effective. The donor's organisation at headquarters and in the field must be adapted to give regional support to make such support successful.

Based on previous experiences, one major finding is that the support to enhance regional cooperation between countries could be further promoted. An increase of support to regional programmes and projects seems both natural and feasible. Two major types of programmes could be supported: *regional programmes with national focal points*, and *national programmes with regional components*. The decision to support regionally should be guided by the problem to be solved, which means that different setups would be warranted. A prerequisite for success is strong national hubs and representation and that monitoring is made at the national level as well as at the regional level. Special care should be given to management issues when planning regional interventions.

Possible channels for Swedish regional support are also discussed: different types of regional organisations, Swedish government agencies, Civil society organisations, Swedish private companies, regional funds and International Training Programmes. The Regional Cooperation Council (RCC) is not set up as an organisation for administration of projects but could potentially be a partner and play a role in coordination of different efforts.

The study also includes a discussion on how to influence and cooperate with IPA in view of the new IPA II programme that is being prepared. Monitoring and follow up of a regional strategy are also briefly discussed. These countries are neighbours with a recent common history. Despite the negative experiences of regional cooperation so far, there is a growing recognition among politicians, businessmen, and practitioners that a further cooperation is beneficial for all. In sum, there should be many possibilities for Sweden to support interventions that could further enhance regional cooperation in the Western Balkans.

1 Introduction

1.1 THE ASSIGNMENT

The tasks for the assignment, based on the Terms of Reference¹, were settled and agreed upon during the inception phase of the review. The consultant has made an assessment of:

- Relevance and efficiency of regional projects, focusing on the added value of regional projects (and/or regional components of national programmes);
- Complementarity between bilateral and regional projects;
- Lessons learnt and success factors from other regional strategies;
- Subject areas that give the most added value;
- Possible approaches for regional cooperation;
- Channels and aid modalities;
- Complementarity of Swedish regional support to the future IPA (II) programme.

1.2 METHODOLOGY

The data collection methodology has been rather straight forward, focusing on reviewing programme documents, final reports and evaluations dealing with regional aspects of the support.

We have also carried out interviews with a number of actors and stakeholders having insight into the regional aspects of the reform cooperation in the Western Balkans:

- Interviews with responsible programme officers at Sida in Stockholm and at the Swedish Embassies;
- A number of interviews with implementers of projects (e.g. Civil Rights Defenders, Kvinna till Kvinna, Olof Palme International Center, REC-Serbia, Statistics Sweden (SCB), Roma Education Fund (REF) Regional Cooperation Council (RCC), Statistics Sweden (SCB), Swedish Board for Accreditation and Conformity Assessment (SWEDAC/AQS), Swedish Environmental Protection Agency (SEPA);
- Interviews with Sida staff with experience with regional strategy development from other regions and interviews with DFID employees that worked with the development and implementation of their regional strategies.

¹ Terms of Reference (in Swedish) are attached as annex 1.

- Interviews with representatives of the European Commission, particularly with people working with EU support both at the national and regional levels, in Brussels and at the EU delegations. Issues of EU regional support have also been discussed with Embassy staff as well as with representatives from the Ministry for Foreign Affairs (MFA) and Sida in Stockholm.

The forward-looking proposals in this report are principally based on interviews and dialogue with Sida personnel in Stockholm and in the field. We did also conduct mini-workshops/seminars with Swedish embassy personnel in Pristina, Tirana, Belgrade and Sarajevo. The following structure was utilised ; a) review of the programme officers current experiences of working with projects with regional components (for example as concerns added value and complementarity between regional and bilateral aspects); b) Inventory of possible sub-areas where a regional approach would be feasible and desirable and what aid instruments and modalities might be suitable; c) an analysis of Strength Weaknesses Opportunities and Threats (SWOT) from the perspective of Sida's work at the regional level.

The assignment has been carried out in close contact with the responsible strategy coordinator at Sida in order to make the results and recommendations as functional and usable as possible. This has been of particular importance since the official instructions (so-called *input values*) from the Foreign Ministry were not available during the implementation of the assignment.

1.2.1 Scope and limitations

This is not an evaluation of each of the projects financed from the Sida budget line for regional support. The ambition has instead been to briefly describe the interventions and identify common traits and lessons learnt from the regional experiences to date. This review does not review bilateral support that lacks regional aspects.

Also, this report does not cover the support channeled through International Financial Institutions (IFIs) such as the European Bank for Reconstruction and Development (EBRD), Nordic Investment Bank, World Bank; the support to IFIs is, to a large extent, directed to the environmental sector and infrastructure projects, which is covered by a specific evaluation.²

This study is clearly focused on exploring possibilities for regional cooperation between different parts of the society in the region. The underlying assumption is that Sweden should, as far as possible, try to base its support to regional cooperation on the current development and trends in the Western Balkan countries, along with the actual demands from the partners in the region.

² For further information see, the "Evaluation of Sweden's Support to Sustainable Environments in Central and Eastern Europe performed by Indevlop, 2012.

The explorative part of the study is only partly based on previous experiences. This part should rather be considered as policy analysis (or ex-ante evaluation) of the possibilities for, and constraints against, future regional support. Hence, the focus in this part has been to explore *when* and *how* regional cooperation would be suitable.³ It should be underscored that this is a first input to the process of elaborating the strategy, and further analysis will be required.

1.2.2 Content of the report

The report starts with a short introduction and an elaboration on the definition of what could be considered as regional approach and regional project. The report then briefly describes the context in the Western Balkans and possible implications for the Swedish strategy in the region. It also describes efforts by the European Commission (EC) to promote regional cooperation and political initiatives to promote regional cooperation.

Experiences and lessons learnt are presented, primarily from Sida supported projects with regional components complementing national ones. This section also includes experiences from the implementation of other regional strategies in the Western Balkans, i.e. from DFID and EC, as well as from other Sida regional strategies.

The remaining part of the report (from section 5 and onwards) is forward-looking, attempting to explore possible paths for the future and what role Sweden and Sida could play to increase the leverage of the support. Based on interviews with Sida staff and external actors, this includes listing possible sub-areas and possible instruments/modalities/mechanisms that Sida could use in the next strategy period (2014-2020). The report also includes sections on possible entry points for aligning the support more closely with the forthcoming Instrument for Pre-Accession Assistance IPA II. It is concluded by some reflections on the particular implications and challenges of having a clear results focus while, at the same time, covering the entire region.

Annex 2 is a SWOT analysis of opportunities for, and threats to, the cooperation in a broad sense, and strengths and weaknesses of Sida (with its current setup) to work regionally. Annex 3 consists of a brief compilation of regional organisations and mechanisms.

³ Forward-looking outcome assessment and reviews of lesson learnt of the country programmes have been conducted in Serbia, Montenegro and Macedonia during 2011-12. Currently, an outcome assessment is carried out in Kosovo and, most likely, similar exercises will be carried out in Albania and Bosnia-Herzegovina.

2 The Context

2.1 WHAT IS REGIONAL?

In general terms (i.e. the social science literature), “a region is a cohesive area that is homogeneous in selected defining criteria and is distinguished from neighboring areas or regions by those criteria. It is an intellectual construct created by the selection of features relevant to a particular problem and the disregard of other features considered to be irrelevant. Regional boundaries are determined by the homogeneity and cohesiveness of the section”.⁴ From this perspective, who defines the region is also of importance. According to the definition above, a region is an “intellectual construct created to suit a particular purpose”, i.e. in this case to govern and organise the Swedish reform cooperation with the Western Balkans. In the next section we will briefly explore how the proposed region matches with current development on the ground.

In this study it has also been important to make a distinction between, on the one hand, a “regional strategy” (regional strategi in Swedish) and, on the other hand, a “strategy for the region” (regionstrategi in Swedish).

Regional strategies are expected to “to focus on problems, challenges and obstacles to development shared by a number of countries, and must add specific regional value. Added regional value here implies that regional cooperation is to support activities that are expected to generate better impacts through a regional approach than would have been possible through bilateral cooperation.”⁵ According to this definition, a regional approach mainly refers to problems that cannot be solved at a national level and need regional solutions to be solved at all. Regional strategies often complement bilateral strategies and target regional institutions that have a political mandate to operate in the region.

The term “**strategy for the region**” is a broader concept and normally includes both bilateral and regional contributions as well as bilateral contributions with regional components.⁶ The main difference from the previous era of only bilateral strategies is

⁴ Here from Encyclopedia Britannica. For a theoretical discussion on integrative aspects of regions and nations see for example Karl W Deutch theories on integration/disintegration and Benedict Andersson, “Imagined communities, 1991”

⁵ Guidelines for cooperation strategies, Ministry for Foreign Affairs, 2010. These guidelines are now being revised and will most likely become less detailed.

⁶ The term strategy for the region is not used officially used by the Ministry for Foreign Affairs and Soda and should be considered a working definition.

that Sweden will support the same thematic areas (results areas) in all of the countries in the region, and that regional cooperation between the countries is expected to be increased and improved.

The forthcoming Swedish strategy for the Western Balkans will thus include both bilateral and regional interventions and will, according to this terminology, be a *strategy for the region*.

In this report the **region** of the Western Balkans is defined as Albania, Bosnia-Herzegovina, Kosovo and Serbia, where Sweden will support bilateral interventions in the future as well as Macedonia and Montenegro that are expected to be allowed to participate in regional interventions.

This report focuses on identifying experiences, lessons learnt, constraints and opportunities to support the *regional cooperation* between the countries in the Western Balkans.

2.2 WESTERN BALKANS AS A REGION

The Western Balkans (target within this strategy) now consists of eight countries instead of two (Yugoslavia and Albania) some 20 years ago. However, based on its common history and similar problems and prospects, there is a case for analysing the region as a whole. There is however a continuous political and socioeconomic development in the region that is very difficult to predict. Therefore, different scenarios and possibilities need to be taken into account when developing a strategy for a period of seven years (2014-2020).⁷

In general, there is a growing recognition among people and also politicians in the region that the countries “are geographically located where they are”, and that some problems are of a nature where they cannot easily be solved or mitigated by one single country. According to some experts on the Western Balkans⁸, recent developments indicate that economic transactions between these countries are increasing; and also other signs of closer cooperation are seen, for example, in joint cultural events. In the Western Balkans there are many areas that have been severely affected by the lack of a

⁷ As stated by a representative from MFA EC, a mid-term review will be conducted to make it possible to revise the focus of the support and select appropriate aid modalities. From the stakeholder meeting that took place at Rosenbad, Stockholm Oct 10, 2012.

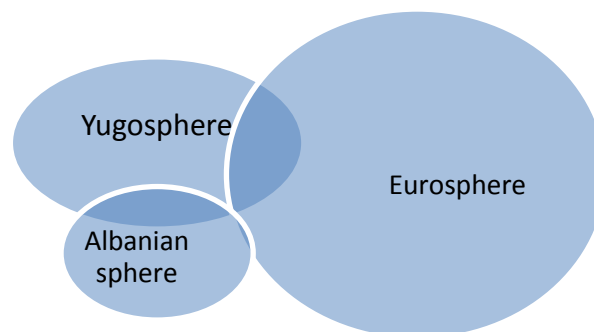
⁸ Tim Judah “Yugoslavia is dead long live the Yugosphere”, 2009. Yet it should of course be underlined that this is a rather simplistic model not taking into consideration the many layers of kinship and sub-grouping that have emerged during the history of the last several hundred years. Also within some of the countries, there are sub-spheres many times more important than the overall Yugosphere. Still, although controversial, the model could still say something about a future about to emerge due to new as well as old commercial patterns and demographic relations in the region.

regional approach, e.g. infrastructure such as roads and railways, management of joint water resources and production and distribution of energy. Other potential areas for cooperation are economic development through trade, fighting crime and drugs smuggling, and other security issues. In the Swedish government bill for 2013, it is stated that an extended regional integration (and cooperation) is essential for the EU accession process of South Eastern Europe because it enables regional economic growth.

As Tim Judah puts it “most people in the region still have a lot in common, even if they do not talk about it much. Every day the bonds between them, snapped in the 1990s, are being quietly restored. Yugoslavia is long gone; in its place a Yugosphere is emerging”.⁹ According to Judah, the Yugosphere is predominantly an economic and social phenomenon. “When a Croatian company like Atlantic Grupa buys a Slovene one, Droga Kolinska, which in turn already owns Serbian ones, which in turn distributes across the former Yugoslavia, that is the Yugosphere.” There are also clear statistics that show that trade between the countries has increased substantially during the last decade. Artist and musicians see the entire sphere as their natural base and market.

There are also indications of an emerging Albanian sphere. Although ideas of national unification under Greater Albania are not part of any major political party’s programme in Tirana, Pristina or Skopje, closer relations between Albania, Kosovo and Western parts of Macedonia will most likely emerge during the coming years. Trade between Kosovo and Albania is currently modest. However, new infrastructure projects (e.g. the new highway between Pristina and Tirana) and increasing family formations in the Albanian sphere will, in the long run, have substantial effects on the economic and social relations between the three countries with an (ethnic) Albanian population.

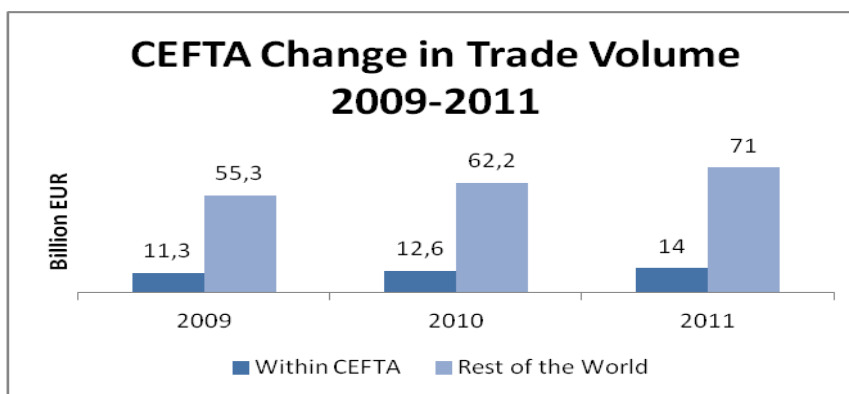
The region that Sweden is targeting could be illustrated as follows, with overlapping entities. Parts of the Yugosphere (Slovenia and Croatia) are already clearly inside the Eurosphere and Kosovo is part of both the Yugosphere and an emerging Albanian sphere.



⁹ Tim Judah “Yugoslavia is dead long live the Yugosphere”, 2009.

The circles in the model are constantly (albeit slowly) moving, and the overall idea of the European project, i.e. that all spheres of region will be unified within the large “Euro-sphere”. These are characterised by “strengthened democracy, equitable and sustainable development and closer ties to the European Union and its basic values” as the general goals of the Swedish Reform Cooperation in Eastern Europe are formulated.¹⁰

As shown in the figure below, trade within the Central European Free Trade Agreement (CEFTA)¹¹ sphere has grown by more than 20% during the last three years, and there is potential for a further increase in trade between the countries in the region.



In the theory of economic integration, trade and mutual benefits are the main drivers of development and reconciliation. The underlying assumption (which is very relevant for the EU integration process) is that ethnic differences will become less important if the economy is developing. Indeed, a thriving economy is considered to be the best engine of integration and a vaccine against ethnic conflicts.¹²

At the political level there are also some signs of regional cooperation, or at least talks between high-level representatives in different kinds of fora, such as culture, law, industry, market development and environment.¹³ The EU –accession process itself, and pressure from the European Union towards increased cooperation, is, of course, a strong incentive to further integration between the countries. That said, most

¹⁰ www.regeringen.se

¹¹ CEFTA homepage; CEFTA consist of the Western Balkans countries including Croatia (and Moldavia) but not Slovenia

¹² One striking example, often mentioned among people consulted in this study, is that organised criminal groups (human and drug trafficking) irrespective of ethnic belonging, do not seem have any problem cooperating with each other despite language differences and other practical obstacles. The reason is, of course, is that there is a strong mutual incentive to cooperate. See for example, “The Shadow Economy, War and State Building: Social Transformation and Re-stratification in an Illiberal Economy (Serbia and Kosovo, Jens Stillhoff Sørensen, European University Institute, (2006).

¹³ For further info about these organisations, see annex 3.

change processes are taking place within the framework of political processes within the specific countries. The inherent problem with many regional initiatives is therefore that they often lack clear ownership; i.e. regional problems are not perceived as anyone's responsibility.

Also, the economic crisis has pulled in the other direction over the last four years, and has created a serious threat to regional integration and the enlargement agenda as a whole. With the current economic and political crisis in EU, there are also concerns that the EU accession process will fail to attract support from the people of the Balkans. In fact, the popularity of the EU in the Western Balkans has declined markedly in some areas, as 'Eurorealism' replaces 'Europhilia' from the previous decade.¹⁴

For more input on these issues see also annex 2, which includes a brief summary of opportunities and threats/risks elaborating a strategy for the Western Balkans.

2.3 THE STABILITY PACT FOR SOUTH EASTERN EUROPE

The stability pact was launched in 1999 as the first comprehensive conflict prevention strategy of the international community, aimed at strengthening the efforts of the countries of Southeastern Europe for fostering peace, democracy, respect for human rights and economic prosperity. The underlying logic was, like the European Coal and Steel Community (ECSC),¹⁵ that in-depth cooperation within economic, political and cultural spheres would make armed conflict unthinkable.

The Stability Pact provided a framework to stimulate regional cooperation and expedite integration into European structures. The broad mandate and the strong international support for the Stability Pact allowed it to convince South Eastern European countries to engage in a wide and articulated regional cooperation programme, which brought about both practical benefits and deeper political understanding.

As substantial progress on the ground was achieved over the years and political, economic and social conditions improved throughout the region, the internationally-led approach driving the Pact at the beginning started to become obsolete, and the need was felt for a more regionally-owned framework to reflect the increased maturity of the region. In 2006 it was therefore decided to transfer the Stability Pact expertise to a collaborative body that to a greater extent was "owned" by the countries of the region.

¹⁴ Reference is made to a recent paper by Dimitir Bechav; "The periphery of the periphery: the Western Balkans and the Euro crisis, 2012, 2.

¹⁵ That preceded EU after the WWII.

This became the Regional Cooperative Council, RCC. See section 7 for more information on RCC and the South East European Cooperation Process.

2.4 EU ACCESSION STRATEGIES

Since 2007 the Swedish *Reform cooperation with Eastern Europe* has had specific objectives and has since then not been governed by the general aims of development cooperation that further emphasised the focus on EU accession.¹⁶ The three main objectives of the Reform Cooperation are:

- Strengthened democracy
- Equitable and sustainable development
- Closer ties to the EU and its basic values

The main reason for Sweden supporting the Western Balkans countries has been to assist the countries to reach the criteria set by EU, i.e. a) *Political criteria* for membership that require stability of the institutions, guaranteeing democracy, the rule of law, human rights and respect for the protection of minorities, b) The *economic criteria* for membership, which states that membership of the union requires the existence of a functioning market economy to cope with competitive pressure from other members of the union c) The *capacity to assume obligations of membership*, i.e. the *acquis* in the treaties, legislation and policies of the EU.

According to the EU *enlargement policy 2011-2013*, as formulated in the Treaty on the European Union, the policy of enlargement is the response to “...the legitimate aspiration of people of our continent to join the endeavor of a unified Europe”. The EU has consistently proclaimed the inclusiveness of its policy towards the Western Balkans. It started with the ‘regional approach’ of the mid-1990s and most prominently through the establishment of the Stabilisation and Association process launched in 1999, and the 2003 Thessaloniki summit which confirmed that the future of the Western Balkans lies within the EU.

The pace at which each country advances towards membership depends, according to the EU policy, mainly on its “performance in meeting the established criteria and conditions”.

¹⁶ Although poverty reduction is not an explicit aim of the European reform cooperation, the specific aims are believed to contribute to an improved welfare for its citizens. See the Swedish government Spring budget Bill , 2007.

Regional cooperation

According to the EU enlargement strategy, good neighborly relations are “essential elements of the Stabilization and Association process” ... “and, as such, are closely monitored by the Commission at all stages of the accession process”. The strategy states that “*Regional cooperation* underpins and enhances reconciliation in a region that suffered major conflicts in the recent past. Regional cooperation and trade can bring further economic benefits to the region. It is also an integral part of the process of integration into the EU, which often necessitates regional approaches and measures”¹⁷.

During 2010 the European Union launched its new strategy for smart, sustainable, inclusive growth, “Europe 2020”. The strategy has five overall objectives; a) promoting employment; b) improving the conditions for innovation; c) meeting the climate change and energy challenges; d) improving the education levels; and e) promoting social inclusion.

These goals are also valid for the Western Balkans countries. However, the European Commission has actively encouraged the countries in the region to adopt a specific “South East Europe 2020” agenda in their future development strategies. Some of the countries in the region have already started to be influenced by the strategy. In some of these areas there would be a mutual benefit if the countries had a regional approach and could increase their cooperation. This is also emphasised by the Enlargement Strategy and these are areas where EU will focus its regional cooperation. The Pre-Accession Assistance (IPA multi-beneficiary) financially mirrors the ambition to promote regional cooperation between the countries. For further discussion on experiences of the regional ambitions of IPA, see section 4.2; with regard to how Sweden could make use of the forthcoming IPA II (2014-2020), see section 8.

These clear statements from the EU to promote regional cooperation are of great importance and provide a platform for cooperation¹⁸. However, regional cooperation is mainly in the hands of the politicians of the region. Clear joint political messages on regional cooperation would be helpful and would undoubtedly improve the image of the region. It would also make it easier for friends of the Western Balkans (such as Sweden and like-minded countries) to “make their case” that further enlargement is of interest for both the EU and the region.¹⁹

¹⁷ See the EU Enlargement strategy 2012-13

¹⁸ Although an improved cooperation between the countries is claimed to be an important principle, some major disputes will, most likely, prohibit progress towards membership. In the Western Balkans there are currently two such issues. One is the Greek-Macedonian dispute about Macedonia's name, which since 2009 has been the single obstacle preventing Macedonia from starting accession negotiations. The other issue is Serbia's position on Kosovo.

¹⁹ See for example, newsletter from European Stability Initiative www.esiweb.org

3 Swedish Regional Reform Cooperation with the Western Balkans

Swedish support from the aid budget to the Western Balkans started from a humanitarian perspective, and was later geared towards issues related to post-conflict and reconciliation. The administrative capacity at Sida for this assistance was, at the time, fairly limited and it took some time to build up a field organisation. Therefore, international channels supporting several countries in the region were mainly used. Sida also engaged interested Swedish Civil Society Organisations (CSOs) and gave them rather free hands to organise support to the countries in the region. The CSOs that took on these challenges were, for example, Civil Rights Defenders (former Swedish Helsinki committee), Kvinna till Kvinna, Olof Palme International Centre and Cultural Heritage without Borders, which all have had a regional perspective in their support.

Since the mid 00's, Swedish cooperation has become more *bilateralised* as knowledge of the countries, and their development problems, was built up by strengthening the Embassies with Sida personnel, both with Swedish nationals and qualified local staff. By and large, therefore, the effectiveness of bilateral cooperation has become the major focus for Swedish cooperation in the region.

Regional support has traditionally been handled by Sida in Stockholm and the programme officers at the embassies have only been involved to a limited extent in the monitoring of these projects. Consequently, the ownership among the embassies has been fairly low, which has most likely led to missed opportunities for the embassies to get support to advocate for specific issues.

3.1 SIDA-SUPPORTED REGIONAL CONTRIBUTIONS 2010-12

The allocation for regional programmes for Eastern Europe amounted to 53.9 million SEK for 2010; 45,5 for 2011, and planned disbursements for 2012 are 38 MSEK. About 60-70 % of this amount has been channeled to the countries in the Western Balkans, with the remainder going to Ukraine, Belarus, Moldova and Georgia.

In this section a brief summary is provided of the projects in the current portfolio classified as regional. Since there is no strategy for the Western Balkans as a whole, the regional operations in Eastern Europe are governed by a number of country strategies, and partly by a government decision requiring specific forms of regional cooperation. Also, the importance of regional efforts is highlighted in several of the Sida country strategies in the region.

Reform cooperation financed from Sida's regional account has been used for various activities; e.g. regional projects in accordance with country strategies, Technical Assistance and Information Exchange (TAIEX)²⁰ and Twinning Cooperation, and the Partnership Programme for Cooperation with Eastern Europe. Electoral observation and International Training Program (ITP) courses have also been financed through this account.

As table 1 shows, financially the main Sida-financed regional projects have been support to Roma issues (though REF and the European Roma Rights Center (ERRC)), statistics, cultural heritage and regional football schools.

Table 1

Sida Support to Western Balkan 2010-2012 (MSEK)			
Project/Organisation	2010	2011	2012
ITP Courses	5,2	5,3	2,1
EU Twinning and TAIEX	3,2	3,3	3,0
Roma Education Fund	0	9,5	4,8
European Roma Rights Center	5	5,2	5,7
CCPA Football Schools ²	9,7	7,3	2,5
Cultural Heritage Without Borders	9,3	7,5	2,1
RCC Women's Entrepreneurship	0	2	4,5
SPS Food Safety	1	0,3	4,4
Regional Statistics Western Balkans (SCB)	7,3	5,1	6,3
KTH's Surveying Courses	8,1	0	0
Women's Economic Empowerment ³	0,3	0	0
SEEDNet	4,8	0	0
Gender help desk	0	0	0,9
Swedish Medical Programme	0	0	1,1
RBM Civil Society	0	0	0,3
Evaluations of regional projects	0	0	0,5
Total	53,9	45,5	38,2

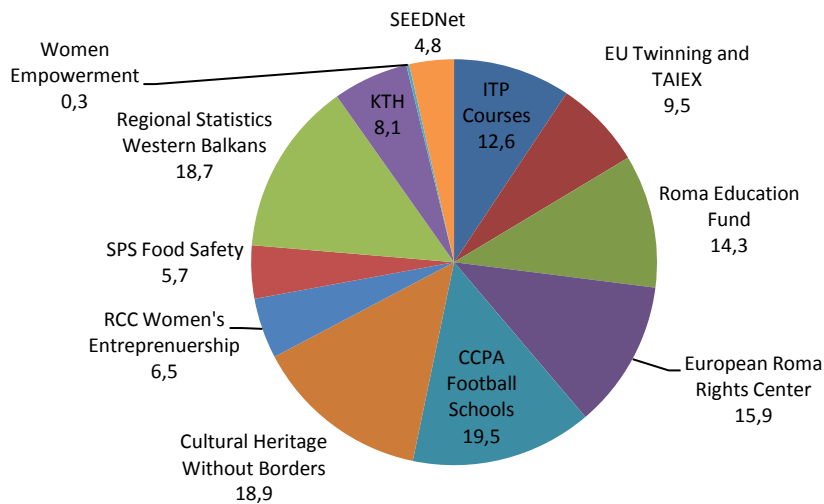
¹Projected (these figures will be updated in the final draft report)

²Regional Projects in Serbia, Kosovo, BiH, Macedonia and Georgia

³Regional Projects in Albania, Macedonia, Kosovo

²⁰ This section gives a brief summary of the projects under the account 15680 and is based on e.g. interviews with representatives of implementing organisations, project reports and if available external evaluation reports. The information available varies significantly between the different projects, which also reflects the presentation of them.

2010-2012 Sida Support to Western Balkan (MSEK)



Civil Society

Regional support to civil society organisations has been focused on two projects.

The Cross Cultures Projects Association (CCPA) has, for more than ten years, organised a number of football schools for children in the region as a way of bringing about reconciliation and integration in divided communities. The support is now being phased out. CCPA received 9,7 MSEK in 2010, 7,3 MSEK in 2011 and will receive a further 9,2 MSEK in 2012. The organisation has used the same approach and methodology throughout the region, and has been able to draw on experiences from other countries, which according to a recent evaluation has made support more effective and efficient.²¹

Cultural Heritage without Borders (CHwB) is an organisation that, for the last decade, has worked to protect sites of cultural importance that are threatened by war, natural disasters, negligence, poverty and/or political and social conflicts. CHwB was the largest beneficiary of Sida funding in the region for the period 2010 to 2012, during which the organisation was forecasted to receive a total of 27 MSEK. According to a recent evaluation of the project, the regional component was essential to the success of the programme. For example the CHwB has, according to the evaluation, established and nurtured the soon-to-be independent SEE South East Europe Heritage Network for regional cooperation and professional exchange among non-governmental organisations (NGOs) in the heritage sector. The evaluation states that the network “plays an important role in the region and worldwide it is one of few of its kind”²².

²¹ Evaluation of CCPAs Open Fun Football Schools Programme, 2011

²² Evaluation of Cultural Heritage without borders (2008-2011), 2011

Furthermore, *Kvinna till Kvinna, Civil Rights Defenders* (former Swedish Helsinki Committee) and *Olof Palme International Center* have all carried out programmes that included regional components. However, the programmes have during the last years been funded by Sida´s bilateral allocations.

Roma Rights

Sida supports the rights of the Roma people, and in the Western Balkans this support is channeled through two regional organisations: the Roma Education Fund (REF) and the European Roma Rights Center (ERRC). During 2011 total support to these organisations was 14,7 MSEK, and in 2012 it is forecast to be 10,7 MSEK. The organisations responsible for Roma issues are both based in Budapest and are using, more or less, the same approach in all countries. This is also logical since the problems in the region are very similar.

These funds have been channeled regionally, in part due to cost efficiency reasons, as Sida only needs to enter into agreement with one partner. However, the fact that knowledge management and methodology development have been kept within the organisation has most likely, as with the football schools, been beneficial and cost effective.

Regional Statistics Balkan

Apart from support to several bilateral statistical projects, Statistics Sweden (SCB) is involved in a regional project. This has as its objective assisting in the creation of a long-term sustainable statistical system, which is both relevant and reliable, to aid decision makers. The SCB project was given 7,3 MSEK in 2010, 5,1 MSEK in 2011 and will receive 9 MSEK in 2012. The aim of the regional project is “to support regional cooperation within statistics in the Western Balkans in order to strengthen the national production of statistics as a tool in the EU approximation process, and as a mean to develop democratic and stable societies”²³.

According to SCB, the regional project complements the national projects (which have similar aims²⁴). According to SCB, one important aspect of the regional cooperation is the sharing of best practices, learning between the National Statistical Institutes (NSI) and the possibility to allocate scarce expertise resources in an efficient way. The regional project has provided several opportunities for statisticians from the region to meet and share experiences which improve the cooperation, communication and coordination between subject matter experts in the region. This is claimed, by

²³ Project plan for regional cooperation project in Southeastern Europe

²⁴ Within statistical methodology, the harmonisation of methodologies and practices helps the national statistical offices to create a statistical system that is in compliance with EU standards.

SCB, to be important, since the critical mass of technical expertise within many countries in the region is simply too small, making cooperation with others necessary to develop capacity.

The Sida-funded Regional Cooperation Project is, along with the EU-funded IPA Multi-beneficiary programme, the only regional project in place in the Western Balkans. The two programmes, are according to SCB, complementary.

ITP

Sida has supported three ITP courses involving countries in the Western Balkans in 2010 and 2011; two of these are planned to continue in 2012. The courses have been chosen for their relevance to the regional challenges in the region, although the courses have also been open to participants from other countries in Eastern Europe. The courses financed under the Sida regional allocation are Quality Infrastructure and Food Safety, Strategies for Chemicals Management, and Local Environmental in Urban areas. The total support amounted to 5,2 MSEK in 2010, 5,3 MSEK in 2011 and is expected to be 2,1 MSEK in 2012.²⁵

SPS Food safety

The Sanitary and Phytosanitary (SPS) food safety project is intended to support regional actors to adapt to the World Trade Organisation Agreement on the Application of Sanitary and Phytosanitary Measures. This sets out the basic rules for food safety and animal and plant health standards. The project experienced problems during 2011 and payments of only 250 000 SEK were made; but in 2012 the project is forecast to receive 4,4 MSEK. This project was planned at the outset to be a fairly large regional programme including all the countries in the region, including Croatia. However, the project became smaller than anticipated and did, finally, only include two national projects, one in Bosnia and one in Macedonia (and is, in that sense, not to be considered as regional).

EU Twinning and TAIEX²⁶

EU Twinning and TAIEX are EU-funded programmes aimed at establishing contacts and supporting mutual exchange between EU Member States. The programmes are also aimed at supporting mutual exchange with candidate countries, potential candidate countries and neighboring states to the EU. Sida support to Twinning and TAIEX is intended for the preparation of project proposals that are then funded

²⁵ This refers to costs for ITPs accepting participants from the Western Balkans and Eastern Europe (i.e. post Soviet states)

²⁶ TAIEX is the Technical Assistance and Information Exchange instrument managed by the Directorate-General Enlargement of the European Commission. TAIEX supports partner countries with regard to the approximation, application and enforcement of EU legislation. It is largely demand-driven and facilitates the delivery of appropriate tailor-made expertise to address issues on short notice.

through the EU once they are approved. As the support therefore consists of many small bilateral projects, these are, for practical reasons, handled collectively and financed through regional budgetary allocation. The total value for Twinning and TAIEX in the Western Balkans was 3,2 MSEK in 2010, 3,3 MSEK in 2011 and is forecasted to remain roughly the same in 2012, at 3,1 MSEK. This support is for small projects taking place in different countries and does not include cooperation between different countries. The support has been labeled as “regional” due to internal administrative reasons at Sida.

RCC Women’s Entrepreneurship

The RCC (Regional Cooperation Council) Women’s entrepreneurship project aims to support female entrepreneurs in South Eastern European countries who intend to expand and innovate in their business activities. It was given 2 MSEK in 2011 and this is expected to increase to 4,5 MSEK in 2012. The project is coordinated by RCC in Sarajevo.

3.2 ADDED VALUE OF REGIONAL SUPPORT SO FAR

None of the projects funded through the regional account are regional in the sense that they are handling or dealing with a regional problem that requires a regional approach to be solved. Instead, they have been financed from regional funds because the receiving organisation or implementer has been working regionally, or for administrative expediency. Yet the regional dimension has brought some specific added value in all reviewed projects.

Although this added value has not been the reason for choosing the regional channel, it is worth noting which types of benefits a regional approach has had. The following are aspects that have emerged during interviews with the implementing partners and Sida programme officers responsible for the specific regional programmes, and from external evaluations. Many of these aspects are of a general nature and suggest that there is potential to include a regional component in several Swedish-funded interventions.

- ***Reconciliation and create trust among participants from different ethnic groups.*** This aspect is still valid in many projects. After the war, new young generations have had very little contact with each other. Instead many of them have been fed nationalistic propaganda that demonises “the others”. The meetings across country borders and ethnic boundaries give a human face to “the other”, which is particularly important for the generation that will take on “change agent” positions during the coming strategy period.
- ***Exchange of experiences.*** The problems are similar in different countries, and it is rational to exchange experiences and lessons learnt in order to enhance the effectiveness and efficiency of specific national projects. Many of the challenges are similar and there is significant room for the sharing of experiences. All implementers that we have interviewed claim that this experience

exchange has had positive effects on the project. However, it has naturally been difficult to quantifiably measure/assess these effects.

- ***Provide a critical mass.*** A great majority of the implementers who have been interviewed argue that the *countries* thematic expertise within the specific sectors they are working in is rather scarce. They argue that within the specific thematic disciplines there is a growing realisation that a larger network is needed in order to create a critical mass and develop specific technical competences within specific areas. This argument has been important among organisations where there is strong professionalism, for example among statisticians, food safety experts and human rights lawyers.
- ***Leverage through EU.*** Another added value with contacts across the region is that they can give better leverage through the European Commission. For example, CSOs from the region have highlighted issues that politicians are not properly addressing. The idea is that the Commission based on these arguments can be clearer in its requirements and demands towards national governments. Typical cases are the Rights-Based Approach (RBA) that has been encouraged by organisations promoting human/minority rights, and freedom of the press (by for example Civil Rights Defenders (CRD), Kvinna till Kvinna (KtK) and organisations dealing with Roma issues).
- ***Administrative Efficiency.*** Another argument is that donors with a regional approach will have the possibility to use their human resources in a more efficient way, e.g. that from an administrative (efficiency) perspective it is economical to use one implementer that has the same approach/methodology in different countries. Working through one implementer in many countries at the same time could increase synergies, and facilitate capacity development and the exchange of experiences.²⁷ Also, technical expertise could cover many countries at the same time. This argument is valid, for example, for the football school project, and the Roma education fund, but also for Swedish governmental agencies working in the region.

²⁷ Sometimes this perspective is the predominant argument for making donor support regional. There are most likely arguments to be made for achieving scale efficiencies through regional cooperation. In this report we have not explored the efficiency aspects since it requires a complicated analysis of administrative costs in relation to results of the support.

4 Other Strategies for Regions

This section will briefly identify the main lessons learnt from other regional strategies, both from Swedish strategies in other regions and also lesson learnt from the regional component of IPA support and the experiences of the DFID strategy covering countries in the Western Balkans.²⁸

4.1 SIDA STRATEGIES FOR OTHER REGIONS

Sweden has many years of experience implementing regional strategies. However, in the great majority of cases the regional strategies have complemented bilateral strategies.²⁹ Yet, there are a few exceptions that are briefly described below. These strategies could, according to the definition in section 2.1, be considered as “strategies for the region”.

In the Swedish development strategy for **Central America and Caribbean (2001-2005)** it was clearly stated that development challenges between and within the different countries were rather different. Only on an overall level was it possible to find common problems and goals for the support. The strategy was essentially added on top of the bilateral programmes and it did not change them. The main regional element of Swedish support to Central America was an informal cooperation between the Embassies in Nicaragua and Guatemala, including the development cooperation section in Honduras, on issues of joint interest. Also, all three countries had major health programmes involving the regional Pan American Health Organization (PAHO). In the strategy, it is stated that “...in most of the priority areas of development cooperation, the problems, process owners and players are overwhelmingly national”. The support to “...regional programmes is severely limited by problems related to ownership, sustainability and institutional capacity”³⁰.

²⁸ For further experiences from other multilateral organisations and development banks (e.g. African development Bank, The Asian development Bank, The World Bank Group, CIDA, DFID see the strategic review of a regional strategy to Eastern Europe, by Krister Eduards.

²⁹ For example, the overarching objective of the Swedish regional development cooperation with sub-Saharan Africa for the period 2010-2015 is to increase the capacity and the political accord among the African intergovernmental communities and countries concerned to manage trans-boundary challenges. Cooperation is, under the regional strategy, mainly taking place in relation and through well established organisations such as the African Union and Regional Economic Communities. These organisations have political backing and legitimacy which makes the situation rather different from the situation in the Western Balkans.

³⁰ Regional strategy, Central America and the Caribbean.

Yet, the development strategies for **Middle East and North Africa (MENA) 2006-2008** and **2010 -2015** have had a regional, rather than a bilateral, approach. The main motive for employing regional strategies here was that support could be handled in a more flexible and efficient way to give greater possibilities to reallocate resources to the countries and areas where the conditions were conducive (aid efficiency motive). Another reason was also that there are trans-boundary problems and a regional integration process that Sweden could support. The MENA strategy 2006-2008 focused on areas that had similar development challenges, for example good governance, human rights and culture. The current strategy also includes areas for the sustainable use of water resources and regional economic development.

Being one of the few donors promoting a regional approach, one of the main ambitions of Sida in the MENA region is to promote networks between actors that receive bilateral support from other donors (e.g. EU). According to Sida programme officers working with the implementation, one of the main benefits promoting the exchange of experiences between peers is that people tend to be much more inclined to learn if the message comes from a country in the region, rather than from a foreign donor or expert. Hence, using peer pressure (and sound competition within the network) has proven to be successful.

As in Central America, regional actors are few and lack capacity. Regional cooperation is generally weak and there are no effective regional institutions. Civil society (besides faith-based organisations) is mostly organised through networks and is often of a temporary nature and lacks experience cooperating with donors.

4.2 EC REGIONAL SUPPORT

IPA Multi- beneficiary (regional)

The instrument for Pre-Accession Assistance (IPA) has been created to support candidate and potential candidate countries in the Western Balkans (including Iceland and Turkey) in their efforts to “strengthen democratic institutions, reform public administration, carry out economic reform, develop their civil society and advance in regional cooperation and reconciliation with the ultimate aim of acceding to the EU”.³¹ The IPA budget for the period 2011-2013 is EUR 5,7 billion. The bulk of this IPA support is delivered through national programmes. However around 9% of the available funds are allocated through so-called multi-beneficiary (or regional) programmes with the aim to “complement national programmes and strengthen multi-

³¹ Council Regulation (EC No 1085/2006).

lateral relations in the Western Balkans” in subject areas identified as “crucial for European integration and stability in the region.”³²

According to the Multi-Annual Indicative Planning document (MIPD) for 2011-2013, issues will only be addressed regionally where there is “clear need for regional cooperation or horizontal action, for instance through tackling cross border problems or in obtaining efficiencies through establishing harmonised approaches, leveraging established instruments or facilitating networks of experts.”

This support is mainly managed from Brussels, and EUR 521 million has been allocated for this component for 2011-2013. The major lesson learnt by the EC from regional support under IPA I is that regional components function well to tackle issues that are either difficult/impossible to solve, or sensitive to bring up at the national level e.g. questions on minorities, organised crime, and economic cooperation.

However, EC regional support also has some serious drawbacks. Based on internal evaluations and interviews in Brussels, the main problems with the implementation of the current strategy are the following:

- The largest problems, by far, are the inherent difficulties of a lack of clear ownership of the processes as well as with how to promote institutional sustainability. Even though the project design and implementation often works well, the regional working groups frequently stop their work when the funds end. As long as there is a project team that promotes and drives the project it works fine. But when the project has concluded and project structure is dissolved, the commitment naturally decreases, priorities change and there is a risk that there will be few sustainable results. This has, according to our informants, happened repeatedly. One way to solve this problem is to more clearly anchor the regional projects into national institutions that can then implement desired reforms in their respective countries. However, this naturally requires more time and resources to prepare for the project.³³
- Difficulties in finding organisations that have ownership and legitimacy in the region, and can implement regional contributions, is another problem. There are many regional initiatives but they are often not strong enough to be drivers for change in the region. The inherent problem is that there is often no organisation that has the ownership and legitimacy to lead a regional cooperation. Often times, projects have been implemented by large consultancy firms or specialised UN organisations that are skillful in planning and implementing projects, but who have difficulties in leaving sustainable structures and effects

³² Multi-Annual Indicative Planning document (MIPD), 2011-2013, p3.

³³For further information on the specific interventions, see Multi Beneficiary Programmes Activity Report, 2011.

after the project has been concluded. Hence, the difficulties at the local level to absorb funds often become even more difficult at the regional level.

- It has been difficult to coordinate and create natural complementarity and communication between regional contributions (under the regional IPA) and national contributions (under the national IPA). In many cases the personnel, even at the top level of EU delegations, has only limited knowledge of the regional contributions. This is mainly because the responsibility for the regional IPA (multi-beneficiary) is located in Brussels. At the local level, the responsibility to follow the regional programmes seems to fall between the chairs.
- DG Enlargement is not a typical aid agency. The international debate and agreements on aid effectiveness (the Paris agenda on aid effectiveness and its followers) have only, to a limited extent, influenced the programmatic approach of IPA - while EuropeAid and the Directorate General (DG) for Development & Cooperation (DEVCO) have adapted their modalities according to the general lessons learnt at the international level, e.g. the benefit of more extensive use of programme-based approaches and of alignment to the countries' own systems.

Cross border cooperation within National IPA

Another instrument, similar to the regional (multi-beneficiary) IPA is cross border cooperation within the national IPA processes. Within this instrument it is possible for local actors in border regions to cooperate with each other on common issues such as tourism, environmental protection etc. These projects are administrated by EU delegations in the countries targeting local problems in specific geographical border areas.

4.3 DFID

In 2004 the Department for International Development (DFID) developed a strategy for the Western Balkans. DFID called the strategy the “Regional Assistance Plan”, which would “focus on areas where DFID has smaller country programmes and where those countries are close geographically and face similar development challenges”. The strategy comprised the same area as the forthcoming strategy for the region. In total, 64 million GBP was disbursed to the region, of which nearly 10% was for regional projects.

One point of departure was that the strategy should cover a final period of support, as DFID would phase out its support in the region. The focus was on improved strategic dialogue with key partners such as EU and World Bank. Hence, DFID’s purpose was to “enhance the effectiveness of the overall international community”.

Although the strategy covered the entire region, there were few projects that explicitly aim to improve regional cooperation between countries. According to an external evaluation performed in 2008, the bulk of the projects within the framework of the strategy consisted of bilateral projects and, as the evaluation puts it, a “narrow use of aid instruments, with 75% of funds used for technical assistance”³⁴.

Although the regional plan increased focus and gave a regional perspective, this was not, according to the evaluation, “developed strongly enough, and no real regional programme emerged”. Nevertheless, Heads of DFID Offices report that the regional plan did help DFID to think more strategically, especially about working more with central governments, on key reforms around EU accession, and around using DFID’s reputation to play a greater role in areas such as aid coordination.

However, the evaluation finds that the communication between countries could have been better. “A more equitable balance of functions with more delegation for regional responsibilities to Country Heads could improve this. Although the heads of DFID offices had regular video meetings, “cross regional task groups with delegated budgets and responsibilities could also improve joint leadership including Heads of Offices as well as London based managers”³⁵.

³⁴ Evaluation of DFID’s regional programme in the Western Balkans, 2003-2007 (2008)

³⁵ Ibid.

5 Possible Regional Approaches

As stated previously, the instruction (input values) from the Ministry for Foreign Affairs to Sida for the new strategy process was delayed in the autumn of 2012. Hence, the following suggestions on possible thematic areas and channels of support are based on Swedish thematic priorities in the region and where Sweden is perceived to have a comparative advantage.

5.1 REGIONAL PROJECTS AND PROGRAMMES

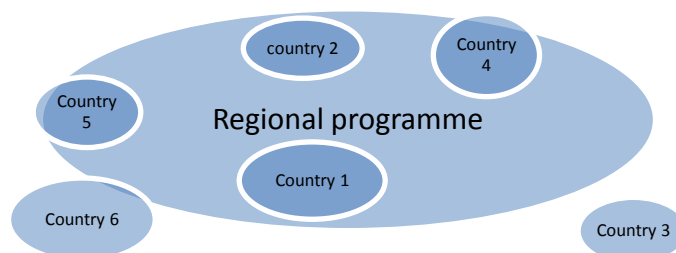
5.1.1 Two types of regional contributions

One point of departure for this study is that there will be better opportunities to enhance regional cooperation and consequently increase the volume of regional projects or programmes in the forthcoming strategy.

There are in principle two types of approaches aimed at strengthening efficient regional cooperation. One is regional programmes/projects that are dealing with true regional (cross-border) problems. The other is national programmes/projects that have a clear regional component. These two types will be further treated below.

Type 1 (regional programmes dealing with regional/cross border problems)

This type is preferable where the problem is regional and requires regional solutions. It is thus important that the question to be answered, or rather *the problem to be solved*, should govern the solution how to set up a project and which countries to involve in the programme. Examples that can be mentioned are water management, air pollution, cross border crime, and market development issues. In this type of cooperation, all countries might not necessarily be involved. In this type of cooperation it would also be natural to include Macedonia and/or Montenegro when the problem to be solved requires their participation. Also, relevant regional actors in Slovenia and/or Croatia could be involved, not as beneficiaries but as co-implementers (e.g. trainers/experts), using their specific expertise in the EU accession process.



In the absence of a strong regional organisation, it is often necessary to have national actors on board. The reason is twofold: a) For ownership and sustainability reasons there must be a strong link to national organisations (authorities or civil society); b) Measurable results are more likely to be visible at the national level than at the regional level. Therefore the monitoring responsibility must also be at the national level.

Type 2 (Country programmes with a regional component that adds value)

Political change processes often take place at the country level. Since the results areas (proposed by the Ministry of Affairs) will be the same for the entire region, it will be natural to increase the cooperation between bilateral contributions. Hence, in cases where there is an obvious added value, in that the country programmes cooperate or exchange experiences, a regional component should be added. The actual method of cooperation must, of course, depend on and be adapted to the question at hand.

The regional component could, for example, be an ad hoc structure (such as a steering committee, exchange programmes, training programme) between agencies of the countries. In some cases it could be Swedish or regional organisations operating in the different countries that facilitate these capacity development efforts. It is also important to state that this type of regional component should not be open for general discussions between the beneficiaries. To enhance value for money, the exchange of experiences and information need to be structured and results-oriented and possible to follow up. In type II programmes Macedonia and Montenegro should be involved, mainly if they have specific experiences or best practices that are beneficial for other countries.



5.1.2 Management of regional interventions

As a general rule, when deciding about the mechanisms/modalities for an intervention, Sida should always ascertain if there exists a *regional organisation* that has a political mandate to coordinate, manage and implement the Swedish support. If the answer is no, there are then, in principle, two options for managing the regional programme/component.

One is to find or set up a *regional (non-political) organisation/mechanism* (created to solve the particular problem) that will have the mandate to coordinate activities at a regional level and at the same time implement activities at the national level. This

could, for example, be a steering committee where members from different countries are represented. It could also be an organisation/institution/agency from one of the countries recognised by other similar counterparts in the region as an initiator, project owner and implementer.

The other option is to engage an *external expert organisation* that can arrange and implement the regional programme or regional components of national programmes. The obvious drawback of this setup is of course that the institutional sustainability will be low or non-existent. Still, these projects could be useful and effects on participating individuals and organisations could, if the project has been efficiently implemented, be sustained after the funding has stopped.

Furthermore, healthy competition (among the potential candidate and the candidate countries) is a clear opportunity when having a regional approach. Experiences show that countries in the Western Balkans look closely at what the others do and how they perform, and this could be used to trigger performance changes.³⁶ The competition aspect could be integrated in the design and setup of regional programmes (or components).

In sum, Sida should pragmatically engage the partners that have the relevant competence and the possibility to manage the support effectively and in the most cost effective way.

³⁶ Based on studies by the **European** Stability Initiative (ESI), (www.esiweb.org).

6 Possible Thematic Areas of Support

The thematic areas suggested in this section are areas where stakeholders see possibilities and potential for regional cooperation, i.e. where a regional component could really provide added value - as presented in the type 1 or 2 above.³⁷

That said, this compilation is by no means complete and there are, needless to say, other areas of support where regional cooperation might be possible and desirable.

6.1.1 Environment and sustainable development

An increased emphasis on regional activities in the environmental area has many benefits. Many issues are similar; the countries can stimulate each other, and regional networks can be established. It is also a fact that many environmental problems in the region can only be solved through collaboration. The environment is likely to be particularly suited for regional and cross-border cooperation. Also, the environment is an area that is comparatively not too politically sensitive.

According to the Swedish Environment Protection Agency (SEPA), the countries themselves would like to see a combination of regional and bilateral support. As some countries have made more progress in EU accession than others, shared experience between countries can be valuable.

The EU Commission has regional cooperation with the Western Balkan region on the environment in the form of the Regional Environmental Network for Accession (RENA) programme. Representatives from the region meet regularly to share experiences. If Sweden wished to be more involved in regional environmental cooperation, it should be done in close coordination with the EU Commission on the format for such cooperation.

Target groups for a regional component or programme could be either specialists in various fields of water management or waste management, or special teams such as EU coordinators, legal experts and communicators. The following sub-areas have been mentioned:

³⁷ The areas that are highlighted have been mentioned by at least three types of stakeholders interviewed, e.g. Sida personnel, implementing agencies and partners.

- Trans-boundary water and waste management along the shared water resources and catchment areas in the region (e.g. Danube, Drina and Sava).
- Chemical management
- Regional environmental monitoring, inspection and reporting
- Disaster risk reduction/ management (for example fires and earthquakes)
- Climate change issues
- EU negotiation capacity for the EU accession process (e.g. understanding the implications of the EU regulations and aquis on environment).

In sum, within the environmental sector there is much room for regional contributions attempting to solve problems that are truly regional in character according to type 1 in the figure above.

6.1.2 Governance (administrative capacity, rule of law, fight against corruption, and market economic development)

Within this sector there is room for contributions according to both type 1 and type 2. Governance processes are by definition national and need to be targeted nationally. For example, land management and market development issues deal with regional problems, although much of the implementation is carried out nationally.

The land management issue (cadastre) is a question that is truly regional in the sense that in the former Yugoslavia, people owned land in different parts of that country. After the war, there have been many issues that have needed to be solved regionally in order to be solved at all.

Market economic development, in spite of regional and bilateral trade agreements, the process of harmonising technical regulations and standards has been slow. However, the general decision by the countries to work towards becoming members of EU has made these processes more targeted and focused, and has provided a common well-defined goal for the harmonisation processes. In the following areas the Swedish resource base (government agencies and experts) claim to have specific competence: trade policy and related areas such as preparation, adoption, and application of technical regulations and related government processes. This includes, for example, the harmonisation of technical regulations, conformity assessments and standards, cooperation and harmonisation of food safety, intellectual property rights, consumer protection rights, and implementing and following the EU standards and policies.

EU aquis³⁸ related reform processes are areas where there is a great need for an exchange of experiences between stakeholders from different countries. Areas where

³⁸ The Acquis communautaire or EU acquis, and often shortened to aquis, is the accumulated legisla-

Sweden has comparative advantages are, for example: statistics, environmental protection and cadastre management. Within all these areas Sweden has government agencies and expert organisations that have both experience and extensive networks throughout the region.

The fight against Corruption is perceived by many of our interlocutors as one of the main obstacles for development and is, in that sense, one of the crucial problems for the majority of the countries in the region. Corruption is a problem both for governance (from a strict efficiency perspective) and for democracy (from a legitimacy perspective). The EU is a forceful voice against corruption as long as the countries are working towards joining the union; and the justice sector is targeted by several donors and EU to create a better foundation for combating corruption. Actions against organised crime and corruption including enhanced police, regional cooperation and judicial cooperation, are all crucial for the development of the region. In order to mitigate and fight this truly regional problem, there is a need to improve regional cooperation.

For Sweden, there are a number of options to give support, and where cooperation could be increased:

- Contribute to building up the government institutions working against corruption such as the Audit General and Ombudsmen;
- Support basic government structures that are important to identifying corruption such as cadastre authorities, tax authorities;
- Support civil society such as watchdogs, think tanks and broad popular organisations working against corruption.

In all projects supported by Sweden, anti-corruption measures are always considered. Within the areas above, there are possibilities to exchange experiences between the countries. Also, at a regional level, Sweden has previously supported the organisation Group of States Against Corruption (GRECO) within the Council of Europe³⁹ that has implemented anti-corruption programmes in several countries in the region. Yet, this is a difficult area to combat and there is a need to further identify and investigate the most effective entry points.

6.1.3 Support to Civil society and marginalised groups

Support to civil society and marginalised groups are mainly carried out nationally and are often require the state as a counterpart. Hence, regional cooperation within this

tion, legal acts, and court decisions which constitute the body of European Union law that the candidate and potential candidate countries need to pass and start implement in order to become members of the EU.

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area is expected to be an exchange of experiences and capacity building, which mainly fall under type 2.⁴⁰

The support to civil society could, for example, aim at the following issues, which are similar to many of the countries in the region;

- *Press Freedom and freedom of speech.* This is an area where many of the countries in the Western Balkans face similar problems, with the media controlled by either tycoons or the government. There is specific Swedish knowledge and experience in this area.
- *Security for Human Rights activists* is a related area where a regional network would be useful (since it most likely will enhance the security for individuals and their organisations).
- Specific *gender*-related issues, e.g. is the low participation of women in politics and other decision-making bodies are similar in all the countries? The regional network of young women and an exchange of methods and experiences of advocacy work towards EU would be suitable areas for regional components.
- Exchange of experiences on issues where there is little or no public debate. On human rights issues, for example lesbian, gay, bisexual and transgender (LGBT), is there a need to exchange experiences on both the issues themselves and also on strategies on how to deal with negative reactions from the surrounding society?
- *Cultural heritage and historical memory* i.e. “evidence based” official history and schools museums etc. This is an area that needs to be worked on regionally in order to be solved at all.
- *Culture activities in a broad sense* (e.g. music, arts, theater, sports etc.) as a way to open communication between different people that share similar experiences (or the same language, customs and folklore). Artists nowadays see to a great extent the entire region as their home turf. This area is often overlooked but it also has the potential to stimulate cooperation within other areas. Synergies with other actors could be found.
- With high unemployment, especially among the youth, there is an urgent need for them to be activated in something meaningful and constructive. Lessons learnt from labour market reform processes and labour rights are areas where a regional exchange of experiences would be beneficial.

Discrimination against the Roma population is characteristic of all countries in the region. The increased migration from the Western Balkan countries to EU member countries is an obvious indicator of discrimination of the Roma in the region, and also

⁴⁰ According to the general practices, a Rights Based Approach (RBA) that supports both Rights holders to exercise their rights and support the state’s capacity to be able to provide the rights to its citizens.

an indicator that the countries need to prioritise this issue and improve the situation (living standards) for the Roma in general.

6.1.4 Cross-Cutting issues

Gender equality

Gender equality is one of the key Swedish priorities. Gender equality is an issue within the area of democracy and human rights but should also, according to Swedish policy and guidelines, be mainstreamed into other activities. Within the ongoing reforms in the Balkans, Sida's partner countries are adapting their legal and policy frameworks to meet EU requirements. As gender equality is one of the common values on which the EU is founded, there are consequently a number of *formal requirements* in this regard for becoming a Member State also in relation to gender equality, described in the Acquis on gender equality. There is also a set of *strategies* and *targets* related to gender equality to which accession countries need to align. Monitoring the implementation and enforcement of EU legislation in this area remains a priority for the enlargement process, which EU supports financially. Within the ongoing reform processes in the Balkans, legislation on gender equality has been enshrined in country laws, but implementation and enforcement are largely inadequate.

Sweden, with its own experience of transforming society towards reaching gender equality goals, is in a very good position to comprehensively support these processes. Sida is also known within the region for being a gender equality champion.

In line with the priority on EU accession processes for the next phase, the gender equality commitments made by EU and its members should be adequately integrated into the new strategy for the region. The strategy should include to:

- Support implementation of EU directives that have been translated into national laws.
- Support the countries to fully embrace the fundamental principles of equality between women and men as defined by the Lisbon Treaty and the Charter of Fundamental Rights of the European Union.
- Build awareness and competence on EU strategies for gender equality in line with EU 2020 and the EU Strategy for equality between women and men.

7 Possible Channels for Swedish Regional Support (Aid Modalities/Instruments)

The analysis in this section is primarily based on evaluations and studies of specific channels, complemented by interviews with representatives from the different categories of actors channeling foreign support to Western Balkans. Most of these channels of support are possible to use for both types of regional contributions described above.

7.1 FUNDING THROUGH REGIONAL ORGANISATIONS

An increased and intensified regional cooperation is high on the political agenda in Southeastern Europe. Many cooperative bodies, dialogue forums, technical committees, bilateral and trilateral summits and networks have been established in recent years as part of a growing enthusiasm for the “regional dimension”. The regional forms of cooperation are changing - from previously having been largely driven by the international community to gradually having increased local ownership.

However on a political level, there are still a number of challenges to overcome. The regional activities are often unknown or without strong legitimacy among people and politicians in the region. Often, regional cooperation is not anchored as a priority in the political establishment. Politicians of the countries in the region pay lip service to regional forums but often prefer bilateral relations for specific problems.

EU could to a certain extent promote and put pressure on the countries to set up functional regional organisations. However, to be sustained in the long run, initiatives have to come from the regional countries themselves, and be based on concrete needs.

The Regional Cooperation Council (RCC)

The RCC is a regionally owned and led framework for cooperation in Southeast Europe, with a Secretariat based in Sarajevo and a Liaison Office in Brussels. RCC was officially launched at the meeting of the Ministers of Foreign Affairs of the South-East European Cooperation Process (SEECP) in Sofia, 2008, as the successor of the Stability Pact for Southeastern Europe. The EU is a member of the RCC, and is represented in its meetings by personnel from the European Commission and the European External Action Service. The EU has been providing technical and financial support to the RCC secretariat since it was set up. Also Sweden (through the Swedish Ministry of Foreign Affairs (MFA)) has for a number of years provided technical, financial and moral support to RCC.

The SEECP members are EU Member States Bulgaria, Greece, Romania and Slovenia as well as Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey and Moldavia. It has a rotating Chairmanship-in-Office. Sweden is a donor-member of the organisation and has a

seat on the board of directors. The main comparative advantage of the RCC is that it has a link to political processes in the region. For the larger countries that are members of the RCC (such as Turkey) the organisation is less known and relevant than in other smaller countries.

RCC also has links to the IPA regional programmes through participating in the working groups drafting regional components. According to the Enlargement Strategy and Main Challenges 2012-2013, the European Commission is looking forward “to the RCC further developing its role in regional cooperation as a platform for the promotion of issues of importance to the whole region and its EU perspective thus further mainstreaming regional cooperation in the countries’ political agenda”.

During the last years, RCC has tried to reposition itself. RCC is currently in the process of drafting a new strategy to be in 2014. In a self-assessment carried out by RCC, one major finding was that RCC has tried to do too much and has worked on issues where it has not had comparative advantages. Also, the organisation has little experience with project management, including follow-up and reporting on donor-funded projects.

Potentially, depending on its leadership and mandate from the member states, the organisation could play a more strategic role to coordinate the political process between the EU enlargement agenda, the regional programmes of IPA and the Southeast Europe 2020 agenda. Therefore, expectations on what RCC can do need to be put into perspective. From a political standpoint, it is a relevant organisation that can facilitate dialogue between politicians and other high-level representatives within selected policy areas. Also, according to the preliminary ideas of its new strategy, RCC will focus on sectors and areas that Sweden is targeting. Hence in order to support this process, it could be rational and effective to support the policy development and “new” role that RCC is now trying to take on. The appointment of a new General Secretary gives some new hope to restart the organisation.

In sum, the RCC has a clear role in coordinating and facilitating political dialogue between countries in the Western Balkans. However, RCC is not a typical organisation that implements donor-funded projects. In fact, the question is if RCC should be encouraged (by donors) to be developed into such organisation which is not part of RCC’s natural *raison d’être*.

For a summary of other organisations, initiatives and mechanism operating in the region see annex 3.

7.1.1 Regional (expert) organisations not based in the Western Balkans

Organisations that work regionally but do not have their base in the Western Balkans are formed in a different category. As noted above, Sweden has supported three such organisations (Roma Education Fund, the European Roma Rights Centre (ERRC) in Budapest and Cross Cultures Project Association (CCPA) which runs the Open Fun

Football Schools and has a head office in Broenby, Denmark). They have normally worked intensively with methodological development and have learned many lessons that can be drawn upon in project implementation. These organisations also have a regional overview, which also means that they can mobilise political pressure at regional and European levels. This means that joint issues of a region could be tackled in a more synchronised way. Yet their competences need to be very specific in order to ensure that organisations working in, but not based in, the region receive Swedish funds. One example is the Roma organisation based in Budapest that has experience, networks and specific competencies that do not exist in Western Balkan countries.

7.2 SWEDISH ORGANISATIONS

7.2.1 Swedish Government organisations

Of the government organisations financed from the Sida regional allocation, Statistics Sweden (SCB), SEPA and SWEDAC have been most active. As noted above, one clear experience from ongoing regional projects is that on the expert level the cooperation seems to work rather smoothly. The Swedish agencies could, if they had adequate competence within the sector and also project management and implementation skills, provide a good basis for regional cooperation. In the cooperation with the Western Balkans there is also bilateral support through Swedish government institutions (e.g. Swedish Chemicals Agency (KEMI), SEPA, SCB).

Having gone through similar processes during the Swedish EU integration and having had responsibilities for implementing legislation gives a special legitimacy to the contribution from the Swedish agencies. There is also a natural respect between civil servants from equivalent organisations in that they “speak the same language”. It is within the strategy of the overall Swedish Policy on Global Development to include the public sector in development cooperation to disseminate Swedish core values from the “horse’s mouth”. If the conditions are right, the trust built in these relations could also open doors to work on more sensitive areas such as gender equality and corruption.

There seems to be an interest by Swedish government agencies to cooperate more in the region; these possible synergies between the government agencies should be further explored.

7.2.2 The use of Swedish civil society organisations

The Swedish organisations working in the Western Balkans are specialised in development as well as in their sectoral areas of work. As presented in the recent evaluation of Swedish support through Swedish Framework Organisations in the Balkans⁴¹, they have had many *advantages*. The framework organisation support is highly valued by partners because it is not only about providing funds, but also about moral and technical cooperation between people with a common interest. The organisations have used different approaches and strategies to support and strengthen local partners. KtK has used a close coaching and networking method, and Civil Rights Defenders (CRD) has used a professional and political backstopping model. Kvinna till Kvinna, CDR, Olof Palme's International Center (OPC) and Cultural heritage without borders have all brought *added value* to their financial support.

7.2.3 The use of Swedish private companies

Around 60-70 Swedish companies are present in the region, and most of them are not involved in reform cooperation activities. They are often based in Serbia or Croatia but consider the entire region as their market. Although important for the development and business relations between countries, these companies do not normally need Swedish development funds for their business. According to preliminary input values from the Government, support ought to be more geared towards supporting the infrastructure of market development (which is Aquis-related) rather than business development as such.

Also, there are a number of Swedish companies involved in the cooperation in the Western Balkans; these are mainly consultancy companies (exporting services), e.g. evaluations, studies and technical assistance within different fields of cooperation. These companies often compete with companies from other countries as implementers of projects or by conducting studies that are procured mainly by EU and bilateral donors. Swedfund is also making investments in the region that may relate to several countries.⁴²

7.2.4 Synergies between Swedish organisations

Swedish agencies, civil society organisations, academic institutions and consultancy companies often work in "silos" and have little communication and cooperation with each other.

Generally, there ought to be many opportunities where Swedish actors could take advantage of their respective core competences. For example, elaborating reliable

⁴¹ See Evaluation of Support to the civil society in the Western Balkans, Sida, 2010

⁴² Swedfund has only made two investments in the region during the last 5 years (none of the investments were done regionally).

gender statistics (as a part of a SCB project) could be used by Swedish partners (e.g. CSOs or other government agencies) in dialogue with local partners. Some government agencies may need specialist support on issues that are not their core competencies (e.g. RBM, environment, and gender).

Sida and the Swedish embassies in the region, which have an overview of ongoing and planned initiatives, would have a key role in facilitating dialogue and promoting cooperation between Swedish partners. A closer cooperation between the partners could also crystallise stronger support between Sida and the embassies in their dialogue with local partners. Increased contacts of this kind could also be used to intensify an exchange of experiences at the regional level. Sida could state in procurement and contract procedures that cooperation with other Swedish actors must be sought or required.

The selection of a few main thematic areas and cross-cutting issues of support in a region provides advantages of scale and possibilities to secure professional Swedish input - that would enable a more intensive dialogue not only at the national level but also at the regional level.

7.3 REGIONAL FUNDS

One possibility to promote regional cooperation is through a regional fund. Sida has not used this instrument in the Western Balkans. One of the few bilateral donors that has done so is the German Development Cooperation (GIZ former GTZ) that has since 2007 managed a fund named “Open Regional Funds for Eastern Europe”. Under this scheme, the Southeastern European countries submit their project proposals and GIZ helps to put them into practice. The main benefit with this modality is, according to GIZ, that the process is fast and flexible with minimal bureaucracy. The only prerequisite is that each project must involve cooperation between partners from at least three countries and should support their efforts to move closer to the EU. Hence the project proposals are screened if they are relevant to the Stabilisation and Association Agreements with the EU *or* if they promote compliance with the EU Acquis. The four priority areas are foreign trade, energy efficiency, modernisation of communal services and judicial reform. Priority is given to supporting management issues, networking, knowledge management and communication among the implementing partners.

One lesson learnt from the fund is the importance of flexibility. When the fund started the approach was advertising for calls for proposals, which resulted in too-rigid relationships with the implementers. In the current phase, interested parties also submit their proposals but these are subsequently developed further through close dialogue and collaboration with GIZ. This more flexible approach has proven to provide better possibilities for developing projects that promote regional cooperation.

Regional funds could be feasible and lead to further results if the networks that are created could speak with a common voice towards, for example, EU or other actors. In sum, regional funds seem to be a feasible way to promote cooperation based on the

demands of actors in the region. However, the scheme requires that personnel at the embassies are engaged in dialogue with partners.

7.4 INTERNATIONAL TRAINING PROGRAMMES

Sida's International Training Programmes are useful on a regional level. The ITP courses follow a certain format with (normally) one part of the training in Sweden and a follow-up session in a region.

There are many advantages to focusing on a region instead of setting up global training programmes. In a recent evaluation, it is questioned if there is value for money for some of the global ITPs, which include much traveling, and where the network building (which is one of the comparative advantages of ITP) on both the national and regional levels have not been sufficiently targeted. Often, the Global ITPs are too spread out in too many countries trying to cover overly large areas. Hence, in order to have an (potential) effect, the programmes need to be much more focused on certain sectors in certain regions; this also holds true at organisational and societal levels.⁴³

There are several advantages to having an ITP at a regional level. For example:

- Will it be governed by the strategy for the region (and not the strategy for capacity development which puts certain requirements on the setup and goals for such programmes)?
- Could the programmes, with targeted recruitments over 3-5 years, create a critical mass of more than 20 key persons within specific sub-sectors that Sweden would like to support?
- Could strengthened ties to Sweden be a natural entry point for the dialogue for both the embassies and Sida?

Although the ITP format has developed into a more functional tool for change⁴⁴, the instrument needs to be further developed in order to suit the purposes to promote regional cooperation in areas that Sweden prioritises. In fact, to avoid confusion they could be called Regional Cooperation Programmes (RCP) to more clearly describe what they should promote. RCPs within the sub-sectors that Sweden decides to promote will be a unifying link between the implementation of regional or similar national projects. In fact, the projects that the participants are working on should include

⁴³ See Klas Markensten, Internationella utbildningsprogram - baserade på erfarenheter i Sverige, Stockholm 2009-12-08.

⁴⁴ The current ITP format consist of a following phases a) preparatory/recruitment phase b) 3-4 weeks training in Sweden c) intermediary period where the participants work with their change projects d) follow-up phase including 1-2 week seminar in one of the participating countries e) concluding phase. All ITPs has a change focus where participants should be selected foremost on his/her ability to make change happen.

a regional component. In order to further increase the regional components, seed money for study visits and cooperation during the implementation of the programme could be availed. In order to increase the effects of such training, the Embassies should be further involved in targeting specific change agents and should take an active part in the recruitment process

Countries in the region that have already joined, or are joining, the EU should be encouraged to share their experiences and be used in trainer/coaching roles. In most aquis-related processes, both Slovenia and Croatia have recent experience. The selection of topics for RCPs could, for example, be based on following criteria: a) crucial areas for the EU accession process, b) areas where Sweden has a particular competence c) areas where Sida supports other processes e) areas where Sweden likes to focus its dialogue with the countries in the Western Balkans.

8 Alignment to IPA II

The Swedish government's 2013 Budget Bill clearly states that Sweden, as one of the largest bilateral donors, should more actively coordinate bilateral support to the IPA, which is relevant in the Western Balkans. Support through IPA has long planning horizons and long decision-making processes. It has been described by several interviewees (also in Brussels and at the EU delegations) as a large super tanker that is difficult to stop and change course after its direction has been set. This is also well understood among officials in Brussels; and in order to compensate for heavy administration, the EU sees a need for complementary bilateral (speed boats in this analogy) projects that can change direction, solve upcoming problems and take on opportunities that arise.

In December 2011, the European Commission made its proposal for the *new IPA II regulation* for the period of the multi-annual financial framework 2014-2020. “IPA II aims to ensure a closer link with the priorities of the enlargement strategy, including strengthening democratic institutions and the rule of law and more focus on socio-economic development. It will provide for reinforced support to sector strategies, with increased flexibility and simplified procedures.”⁴⁵

The IPA II is still in the drafting process. In February 2013, DG Enlargement is expected to have the Common Strategic Framework for IPA II, including a budgetary framework, in place.

However, the strategy time frame is expected to be more long-term than previous strategies. According to the people working with development of the instrument, there will be targets specified for “where the countries should be expected to be” as a result of support to IPA II. There is also a clear will to adopt the principle of “more (money) for more (progress/achievements) and less for less”.

The DG enlargement claims that they have learnt from previous mistakes and see many advantages with a programme approach that gives more responsibility and ownership to the beneficiaries of IPA⁴⁶. The ambition is to also increase the programme approach for regional contributions. However, as described in section 4.2, a programme-based approach for regional contributions poses a particular problem since there is no regional organisation that has the political mandate to take the lead (and ownership), thus making a programme-based approach difficult to pursue.

⁴⁵ Here from Enlargement strategy, 2012-2013.

⁴⁶ The discussions are very much in line with the aid effectiveness discussions in the Paris Agenda.

8.1 POSSIBLE ENTRY POINTS INTO IPA II

Given the fact that the regulatory framework of IPA II is still (as of October 2012) being developed, there are several possibilities to influence the IPA, both with respect to content and process. However in order to do this, there is a need to soon be clear as to what Sweden wants to achieve, but also as to how different Swedish actors could be instrumental in this process.

Given the complexity of IPA II and its political implications, there is an evident need that MFA and Sida clearly define the main desired points of influence and their different roles, and then use their respective channels and networks to implement this. The following proposals are to be considered as tentative recommendations on how Sweden, through MFA and Sida, could be more influential as concerns IPA II. These are valid for both the national IPA and the multi-beneficiary (regional) component of the support.

8.1.1 Strive for changes in the strategic focus of IPA (e.g. gender equality)

It is not yet decided how cross-cutting issues will be handled within the new IPA instruments. If Sweden sees, for example, gender equality as a strategic interest to promote, in both regional and national IPA support, the time is now ripe to form a clear position on *what* Sweden wants to achieve within the area of gender equality, and to give concrete recommendations on *how* this should be reflected, not only in strategy choices but also in, for example, application templates and decision-making procedures.

Mainstreaming of gender equality has been mentioned by officials, both at the EU-delegations in the countries in the Western Balkans and on the management level within the DG Enlargement, as an area where Sweden has specific comparative advantages and where the EU welcomes concrete assistance. There are also other areas where Sweden could argue for more emphasis in the IPA II such as programme support, anti-corruption measures and the environment. The important issue is to take decisions early so that influence could be attained before the present window of opportunity closes.

8.1.2 Accreditation of Sida channeling EU (IPA) funds

In the 2013 Budget Bill it is stated that Sida, in the support to Eastern Europe, should start to make use of the new option of being an EU-accredited member state, i.e. that the Commission will be able to delegate the implementation of defined parts of support to Sida.

In a dialogue with the European Commission (DG Enlargement and perhaps also DG Interegion and DG employment), Sweden through Sida could shoulder a larger *responsibility for a clearly-defined problem*. EU support for solving this problem, which is channeled through Sida, could be supplemented by funds from the Swedish aid budget.

Taking responsibility over one defined share of the cake will, most likely, also increase dialogue possibilities within these specific areas. If Sweden, with its partners, could take on this challenge within a few carefully selected areas, this appears to be a relevant and efficient way to make a difference. The leverage could be even greater if Sweden could play an active role in all the countries where Sweden has representation.

8.1.3 Adaptation to IPA activities once they are decided

Once the IPA II programmes or projects are decided, they are very difficult to change. Therefore, during the seven-year period of the next IPA programme, the main activity from the Swedish side will be to adapt to the IPA programmes being implemented. This is already a regular activity carried out by the Swedish Embassies – to always check with the EU office when planning new Swedish-financed interventions.

9 Monitoring and Follow-up of a Strategy for the Region

The strategies towards the Western Balkans and Eastern Europe will be the first results strategy at the regional level. This generates special challenges, particularly for Results-Based Management issues.

In business it is often said that “what gets measured gets done”. This often creates clear-cut incentive systems, especially if it is relatively easy to find (uncontroversial) indicators of how to measure results. However, if the measurability of results will become prioritised in the regional strategy, this ought also to affect the selection of areas (sub-areas to work in). But as Albert Einstein once formulated: “everything that counts cannot be counted and everything that could be counted does not count”. It is therefore necessary to strike a common sense balance between what is ideal and what is possible.

The Swedish results agenda promotes a certain degree of flexibility, i.e. that Sida and its implementer can change direction and methodology if that is deemed necessary by the demands of a project⁴⁷. This is fully in line with modern Results-Based Management thinking. However, it is difficult to see how this flexibility (all the way down to the implementation) will be compatible with the continuing demand to have clear baselines and measurable indicators of results for both strategy and implementation levels. It will be of the utmost importance to find adequate formulations of such baseline data and indicators. The main challenge lies in identifying expected results and indicators that both give room for a flexible way of working while at same time give clear guidance on how to assess and measure the effects of Swedish contributions. This is often problematic at the country level, but will be even more problematic at a regional level. Focusing on outcome indicators and intermediate steps towards change will most likely allow for better opportunities to adjust management and direction if necessary.

Another main challenge to a *results framework* for the regional strategy is the organisational ability to hold the “chains of results” together from the strategy level to the level of the specific contributions. This will naturally put new demands on Sida; the experiences from DFID in the Western Balkans suggest that cooperation and communication between country offices need to be further strengthened for this purpose.

⁴⁷ See for example Sida’s contribution management regulation.

The strategy will, in all probability, create regional priorities for a few sectors and cross-cutting issues. At the same time, the monitoring will mainly be done at the country level, which will then be compiled to a report for the whole region. However, having a strategy for the region implies that the reporting and results frameworks, also need to reflect new regional ambitions to some extent, e.g. some indicators also need to reflect both the quality and quantity of regional cooperation.

10 Concluding Remarks

Regional cooperation is a cornerstone of the EU's policy framework for the Western Balkans. Regional cooperation in the Western Balkans is needed as a crucial ingredient of stability to catalyse reconciliation and good-neighborliness. As described in the report, there are a number of problem areas and challenges that are common to all the countries in the region, some of a cross-border nature. Regional cooperation is also an important element helping to overcome nationalism and intolerance (which is rising in all the countries) and promoting mutual understanding, trust and political dialogue in the region.

Leaving aside the previous conflicts and current ethnic tensions within some countries, the conditions for increased cooperation among the Western Balkan countries seem to be rather favourable. Nevertheless the potential benefits of regional cooperation as a means to moving closer to the EU are generally undervalued or not properly understood by national politicians. Increased trade and cooperation within the cultural, administrative and political spheres starts from a very low level, and there is therefore plenty of room to enhance regional cooperation in all areas of support.

All the countries in the region have the same overall political aim, i.e. to move closer to, and eventually join, the EU. All countries (except Albania) share a modern history and are currently in the process of reforming and addressing the same development issues. Many of the countries share cultural habits and speak similar languages. The best argument for the benefit of more and better cooperation is the countries' geographic proximity. The conditions for regional cooperation seem, for example, better than other regions where Sweden has (or had) similar ambitions (e.g. the ex-post Soviet states in Eastern Europe or Central America).

This study has, based on previous experiences and lessons learnt, tried to identify the implications of implementing a strategy for the region. Based on experiences from Swedish regional support and from other donors, it is possible to identify a few *lessons learnt and guiding principles* for a regional approach and regional cooperation.

- One guiding principle should be that the specific problem/question to be solved should guide Sida to select which approach and instrument that is most appropriate. Hence, the nature of questions needs to govern the setup of the programme, aid modalities and the selection of which countries should be involved, and not the fact that Sweden has an aim to increase the regional proportion of its support. The general approach should be to use and select and utilise the most appropriate instruments and work in countries where feasibility and leverage is as large as possible. The selection of regional approaches or components should thus only be used when they add specific value and/or enhance the efficiency of the support. As in other Swedish coopera-

tion, expected results and value for money should guide the choice of approach.

- A lessons learnt from implementation of regional strategies is that successful regional interventions to some extent need regional counterparts that have a regional mandate to coordinate and implement the support. Without such ownership there is an obvious risk that the results will not be sustainable. However, if these organisations do not exist, regional projects and programmes need to be clearly based on actual situations and problems in the countries. Often regional components need national homes (or hubs) and to be clearly anchored in national political processes to be effective. Also, in order to follow up and evaluate results, bilateral processes and results need to be made visible.
- Some countries on the Western Balkans have tense political relations and in some cases the (ethnic) relations within some of the countries are even more tense (e.g. Bosnia, Kosovo and Macedonia). However on the professional level, there seems to be little or no tension between the participants in different regional endeavors. Rather, often the opposite is true, as professionals as described above often have a lot in common and often need to cooperate with others to develop their competence.
- Working regionally requires a regional perspective also for the donor organisation as a whole. For example, it requires formulation of regional objectives and a stronger regional programme, an adapted division of labour between the headquarters and country offices, and specially adapted system of follow-up of regional contributions and greater alignment of country offices (including staffing/ recruitment) to work towards the regional objectives.

This study has shown that there are a number of opportunities where a regional component or regional cooperation most likely could make a difference. However, this is not to say that all support would benefit from having a regional component or being regional. In fact, most likely, the majority of the Swedish-funded interventions will also in the future be implemented bilaterally.

An increased focus on regional cooperation has consequences of a number of issues only partly covered in this study. Some issues that should be further explored are for example:

- The implications of Sida's monitoring, evaluation and reporting system in relation to the overall RBM ambitions of MFA and Sida. This includes the special challenges of elaborating a feasible *results framework* for the strategy of a region. How Sida could make use of process indicators reflecting the effectiveness and efficiency of the work of Sida also needs to be further explored.
- Identifying the specific criteria for selecting specific thematic area to focus on, as well as selecting appropriate aid modalities/instruments. Another area that is to be further explored is if and how Sida could build up the strategy over time through sequencing strategy, i.e. moving from the easy and obvious to build experience and trust, into the more difficult and challenging. Also, issues of possible regional project (and cooperation) scale efficiencies could be further investigated.

- Identifying concrete methods and modalities on how to influence and utilise IPA instruments as leverage for Swedish support. This could be done with regard to both trying to influence overall priorities and the design of concrete programmes.
- An increased focus on regional cooperation implies that the organisational setup in Stockholm and in the field is structured to meet these new requirements. For example, how should the division of responsibility between Sida in Stockholm and the embassies, as well as between the embassies in the region, be organised?⁴⁸

⁴⁸ See strengths and weaknesses for Sida working more regionally for a first input on this issue.

Annex 1 – Terms of Reference

Uppdragsbeskrivning för Utvärdering av regionala projekt på Västra Balkan

Plus-ID 55020104; ärendenummer 2012-001002

BAKGRUND

Sida har fått uppdrag att – i avvaktan på regeringens kommande ställningstagande om ny strategiprocess - inleda arbetet med att ta fram ett underlag för en regional strategi för Västra Balkan (inklusive bilateralt samarbete Albanien, Kosovo, Serbien). Arbetet kommer att påbörjas under hösten 2012 och beräknas var färdigt under våren 2013.

Instruktioner för arbetet ("ingångsvärden") kommer Sida att få i ett regeringsbeslut, antagligen i september 2012. Vi vet redan att kopplingen till EUs program och till EU-utvidgningen ska vara mycket stark och tydlig i den nya strategin. Det svenska programmet ska kunna fungera som ett effektivt komplement till EU-IPA.

Den nya regionala strategin kommer att innehålla bilaterala delar för de tre ovan nämnda länderna. Den regionala delen kan förväntas bli en ökande andel av strategibudgeten under strategiperioden.

Sidas regionala insatser på Västra Balkan och i Östeuropa har 2012 en budget på 50 milj kr (konto 15680). Fördelningen på olika typer av projekt framgår av den bifogade årsplanen för regionala medel 2012 (bilaga 1) och projektlistan för konto 15680 (bilaga 2). Det beräknas att 30-35 milj kr av de regionala medlen går till Västra Balkan (Albanien, Kosovo, Serbien, Bosnien, Makedonien och Montenegro). Resterande medel går till länderna direkt öster om EU (Ukraina, Vitryssland, Moldavien, Georgien).

Generellt kan sägas att det regionala kontot 15680 har använts för

- Gränsöverskridande insatser som omfattar arbete på regional nivå.
- En organisation kan genomföra närbesläktade aktiviteter i flera länder med samordnad administration.
- Särskilda former av bistånd som inte direkt omfattas av de bilaterala samarbetsstrategierna och som av effektivitetsskäl bör administreras gemensamt (såsom twinning och partnerskapsprogrammet).

Det finns också verksamhet som inte finansieras från konto 15680, men som i mycket liknar ett regionalt program. De mest uppenbara exemplen är de svenska ramorganisationernas (Kvinna-till-kvinna, CRD, OPIC) arbete med civila samhället på Balkan. Sedan flera år är de projekten uppdelade och belastar landramarna i respektive land. Syftet har varit att öka anpassningen till den lokala kontexten och öppna möjligheter för synergieffekter i resp land. Men det finns fortfarande ett värdefullt erfarenhetsutbyte mellan länderna inom ramen för dessa projekt.

Sverige har också ett regionalt miljö- och klimatprogram tillsammans med EBRD för miljöinvesteringar i regionen, i huvudsak riktat till länderna öster om EU. Detta program finansieras emellertid inte av medel från reformanslaget utan från det globala miljöanslaget och verksamheten styrs av den av regeringen beslutade miljölånestrategin.

Enheten RES/ÖST har nyligen initierat en utvärdering av de gångna årens miljöinvesteringar, vilket innebär att den verksamheten inte ska ingå i det uppdrag som formuleras i denna uppdragsbeskrivning. Enheten RES/ÖST kommer även att låta Indevlop göra en utvärdering av det östliga partnerskapet och regionala projekt i detta sammanhang. Det är viktigt att möjligheter till samordning tillvaratas och att dubbelarbete undviks.

FRÅGESTÄLLNINGAR OCH OMFATTNING

Syftet med denna utvärdering (review) är att ge en bild av relevans och effektivitet i de regionala insatser som genomförts under perioden 2010-2012. Mervärdet med regionala insatser ska analyseras.

Fokus i uppföljningen ska ligga på Västra Balkan, men relevanta erfarenheter från Östeuropa som är också värdefulla. Relevant information från det parallella uppdraget från RES/ÖST bör om möjligt tillvaratas.

Komplementariteten mellan regionala och bilaterala insatser bör belysas. Uppföljningen bör även omfatta de regionala komponenter som funnits i bilaterala insatser, t.ex. konferenser, resor, erfarenhetsutbyte, kunskapsöverföring etc avseende deltagare från Västra Balkan.

En bedömning görs av de medverkande regionala aktörernas kapacitet och kompetens, när så är möjligt.

Lärdomar från andra regionala strategier på Sida bör inhämtas genom tillgängliga studier och rapporter. När så är relevant bör jämförelser göras med andra biståndsgivares regionala strategier. Av särskilt intresse är EU-IPAs erfarenheter av regionala projekt och program. Information och slutsatser ska göras tillgänglig för det parallella uppdraget från RES/ÖST.

En diskussion bör föras om erfarenheter och möjligheter vad gäller ägarskap i regionala insatser.

Konsulten förväntas även ge förslag till lämpliga områden där en ökning kan ske av de regionala insatserna, med bibehållen eller ökad möjlighet att uppnå resultat på ett effektivt sätt. Förslagen ska beakta följande:

- gjorda erfarenheter inom regionalt samarbete (Sveriges och andra givares dito),
- Sveriges komparativa fördelar,
- ägarskapsperspektivet och samarbetsparternas prioriteringar,
- mervärdesperspektivet,
- komplementaritet mellan regionala och bilaterala insatser,
- komplementaritet i förhållande till EU-KOMs stöd genom IPA.

GENOMFÖRANDE

Sida kommer att anlita Indvelop genom ramavtalet⁴⁹ för utvärderingar och uppföljningar. Uppdraget ska genomföras

- genom studier av befintligt dokumentation,
- intervjuer med Sida-medarbetare i Stockholm,
- intervjuer med ambassadpersonal,
- intervjuer med representanter med relevanta samarbetspartners och andra resurspersoner i samarbetsländerna.

Besök bör göras i Albanien, Kosovo, Serbien och Bosnien, samt i Bryssel. Besök i Budapest kan också övervägas. Uppdraget förväntas kunna genomföras inom ramen för 39 konsultdagar till en kostnad som understiger 460 000 kr.

TIDPLAN

Arbetet bör påbörjas senast den 15 augusti med studier av skriftligt material och intervjuer av Sida-personal i Stockholm och andra relevanta personer.

En avrapportering av delresultat bör göras i samband med Sidas regionkonferens för Västra Balkan i Ohrid under vecka 37. Under konferensen kommer utvärderaren att möta Sidas enhet för Västra Balkan och personal som arbetar med reformsamarbetet på de svenska ambassaderna i regionen. Förmiddagen 13 september är avsatt för temat regional strategi.

Besök i Tirana, Pristina, Belgrad och Sarajevo kan lämpligtvis genomföras under de två veckorna efter Ohrid-konferensen.

RAPPORTERING

Ett *final draft* av uppföljningsrapporten ska presenteras för Sida senast 1 november 2012. En slutversion förväntas inkomma den 15 november.

Rapporterna ska presenteras på ett sätt som möjliggör publicering utan vidare redigering. Ett rapportformat i Word kommer att anges av Sida.

Utredaren förväntas upprätthålla en kontinuerlig dialog med Sida under hela utvärderingsprocessen, både för förvaltningen av utvärderingen och som ett sätt att främja lärande.

⁴⁹ "Reviews of projects, programmes and strategies provide essential results information which complements ... regular monitoring. They are often of operational character, and feed into the decision-making processes of Sida -financed projects, programmes or strategies" (sida 1 av ToR för ramavtalet).

Task decided to carried out during the inception period

The following tasks have been carried out within the framework of the assignment. These tasks (that are based on the Terms of References)⁵⁰, was settled and agreed during the inception phase of the assignments.

Backward-looking tasks

- To make an assessment of the relevance and efficiency of regional contributions/projects. This will primarily been done through analyzing the *added value* of regional projects that have been carried out between 2010-2012.
- Examine to what extent (and in what way) bilateral and regional contributions have been complementary. This include an overall study of regional components of bilateral projects .
- Describe Lessons Learnt from Sida´s regional strategies in other parts of the world and from other selected donors.
- Identifying the main *success factors* for a regional strategy to be efficient successful in the long run. (efficient, relevant and sustainable)d other donors/actors regional strategies in Western Balkans.

Forward-looking tasks

- Identifying which subject areas where the regional component has a *particular added value*. And identifying which type of (aid) instruments could be suitable within these subject areas?
- Description and analysis of the real conditions for ”*true*” *ownership* for regional projects among regional actors. This includes examining partners own priorities (eg. which added value do partners themselves see with regional initiatives/ projects.
- Analysis of the *possibilities and constrains* in order to make Swedish support complementary to EU support primarily through the IPA instrument.

⁵⁰ Please see Terms of References (in Swedish) attached in annex 1.

Annex 2 – Strengths Weaknesses Opportunities and Threats

This analysis is mainly based on the mini-workshops that took place in Pristina (Sept. 16), Tirana (Sept. 17), Belgrade (Sept. 19) and Sarajevo (Sept. 20). However, interviews with other experts and recent literature on opportunities and threats have also been taken into account.⁵¹ The analysis relates to the following question: *What are the major strengths, weaknesses, opportunities and threats facing Sweden (through Sida and the Embassies) regarding the implementation of a strategy for the Western Balkan region?*

This analysis could also be used as a point of departure for a more in-depth risk analysis, and therefore a presentation that starts with, and puts a more thorough emphasis on, external opportunities and threats. The internal strengths and weaknesses mainly refer to comparative advantages and limitations to work regionally. This picture emerged from the brief workshops at the Embassy and should merely be considered as a first input for further analysis.

Opportunities (external factors)

There are a number of opportunities with enlargement (e.g. that previous Eastern European enlargements have contributed to economic and financial stability, facilitated trade and investment, and ultimately contributed to increased growth and new jobs).

Furthermore, the very fact that Croatia joined the EU “according to the book” shows that politicians and the people (at least to certain extent) have their destiny in their own hands. Or as Commissioner Füle and the Foreign Minister Carl Bildt concluded in a recent article: “We should not rush too fast. We want a quality union with quality members. But we want - and we must - continue to press for an open Europe with an ambitious expansion policy.”⁵²

More specifically, the following opportunities have been identified:

- There is strong political backing from both the European Commission and the Ministry of Foreign Affairs to promote the Enlargement agenda.
- Sida has recently been accredited to implement IPA support to make it possible to take the lead within certain areas of support. Also, the fact that Sida is

⁵¹ This list contains of issues that have been mentioned at least three times (irrespective of what others have said)

⁵² Svenska Dagbladet 10 sept, 2012

one of the few bilateral donors present in the region implies that there will be little “competition” where Sweden decides to allocate the funds.

- IPA support becomes more geared towards the Programme-Based Approach. This is an approach and method where Sweden/Sida has led and has relevant experience.
- There exists a joint platform with the EU, and a clear step-by-step model how to get there (although the time perspective is rather long). The fact that Croatia joined the EU according to the book shows that politicians and the people (at least to a certain extent) have their destiny in their own hands.
- Europhilia has been replaced by Eurorealism. This could be an opportunity because the countries now trying to become EU members have a more realistic picture of what it is like to be “inside” the Union.
- There is competition (among potential candidate and candidate countries). Experience shows that the countries in the Western Balkans closely observe what others do and how they perform. This could be used to trigger performance and competition.
- There has been increased trade between the countries as well as the construction of new roads and other infrastructure. This will definitely change the landscape and opportunities for cooperation during the strategy period. For example, will the “national road” between Tirana and Kosovo have implications for socioeconomic relations between the countries?
- With new communication opportunities through social media, the possibility for networking between Sida partners is bound to become easier and more efficient. The development of social media will also enhance Sida networking/advocacy possibilities.
- The Diaspora living in Sweden from countries in the Western Balkans is a sleeping resource that could be more actively used in cooperation in the future.
- The clear benchmarks provided by the aquis will most likely pressure governments and public administrations to recruit personnel based on what they know (merits and competence) rather than who they know. Public officials with adequate qualifications, will be important for the countries to pass the threshold set up by the EU. Better qualified public officials could, in the long run, be an important weapon against corruption and nepotism in the public sphere.

Risks (external)

Given the last four years in the European Union, with what seem to be permanent economic and political crises, there are concerns that the motor of development in the Western Balkans, i.e. the EU accession process, will fail to attract the people of the Balkans. The popularity of the EU in the Western Balkans has declined markedly in some areas, as ‘Eurorealism’ replaces ‘Europhilia’ from the previous decade; this has been confirmed in polls over the last few years. There is, for example, an increased tiredness regarding the requirements for EU membership that are perceived as increasingly difficult to pass. And when the people outside the EU see the member-states having the same (or worse) economic problems, the attraction of joining fades. This is also something that could be (and is) exploited in some candidate countries that have more nationalistic ambitions. Furthermore, the very fact that leading politicians clearly state that full membership among the countries that are now candidates

is not foreseeable in the near future might deter politicians from making necessary reforms.

Although there is temptation for the EU is to adopt a ‘wait and see’ strategy, the stability of the status quo may prove deceptive. As Dimir Bechav puts in a recent paper, “The periphery of the periphery: the Western Balkans and the euro crisis”: “a silent pact between the enlargement-fatigued and crisis-hit EU member states and rent-seeking Balkan elites who do not mind slowing the pace of reform...”

He further warns that a failure to deliver transformation in the region would hurt EU credibility in other regions, like the Middle East and Eastern Europe. He argues for example that:

- The EU *must shift its focus from a narrative based upon security, to one based upon the economy*. A Greek exit would send shockwaves through Western Balkan economies already weakened by the euro crisis, and threaten an economic meltdown.
- Stagnation and rising unemployment (especially among the young) wipe out support for the type of reformist policies that the EU supports. Reform remains essential. The Western Balkans are also struggling to cope with the crisis thanks to domestic policy failures, highlighting that ‘Europeanisation’ needs to be accompanied by deeper transformation.

In good times the EU exported prosperity to the Balkans; now in a time of crisis it is exporting instability. The EU needs to restore a sense of momentum towards enlargement and put pressure on under-performing governments. If not ambitious powers like Russia, Turkey and China will fill the gaps. In light of the economic crisis, a further orientation of Europe to its own problem could diminish political interest in pushing the enlargement agenda. If the economic crises continue, this will be a big threat to the Enlargement agenda as whole.⁵³ Furthermore, the potential (partial) breakup of the Euro zone could have severe repercussions for the entire European project and consequently, its periphery.⁵⁴

Other threats are:

- The Roma issue is crucial for sentiment regarding enlargement. With Roma seeking asylum in EU countries, this puts pressure on the migration system, which in turn has led to proposals to infringe on the freedom of all citizens in the area to travel without a visa. Infringement on the current visa liberalisation regulations will make the Roma population scapegoats for what is happening. It will also have major political effects, leading most likely to a strengthening of nationalistic forces.

⁵³ I.e. Dimitr Bechav, ‘The periphery of the periphery: the Western Balkans and the Euro Crisis, 2012; 2.

⁵⁴ In times like this it should be remembered that history could (and will sometimes) take unexpected turns. For example, two weeks before the breakup of the Soviet Union it was hardly impossible to find an “expert” around the world that anticipated it. However, afterwards it seemed all very logical.

- Corruption is widespread in all countries of the region, which is a threat to democratic legitimacy and will deter foreign investment in the region.
- With increased drug and trafficking-related organised crime, as well as corruption on a grand scale, there is a clear threat to both Foreign Direct Investments and legal cooperation among the countries.
- There is a risk of increased ethnic tension between the Albanian and Slavic population both in Kosovo and in Macedonia, as well as between ethnic groups in Bosnia-Herzegovina.

Strengths

- Sida has representation in least four countries and good, hard-working colleagues.
- Sida is considered to be results-oriented, pragmatic and able to negotiate difficult agreements between stakeholders.
- Sida has an updated modern view on results-based management instruments and their constraints.
- There is an opportunity to draw lessons from previous/current good examples of regional projects.
- There is a strong presence of bilateral cooperation with Swedish authorities such as in the fields of tax, statistics, land administration/registration.
- Sida has relevant experience of interesting modalities/instruments, (e.g. framework organisations and state institutions) that could be of interest for others.
- Sida has good experience working between Embassies, e.g. to build joint Platforms between Embassies working with a results-oriented approach throughout the entire region.
- Sida has conducted several studies, evaluations and learning studies, and has solid evidence based on lessons learnt that could be used to organise future support.

Weaknesses

- The current attitude, among Sida personnel at Embassies is not so positive towards the regional approach and projects.
- There is a lack of systemic and results-oriented experience at a regional level.
- Sida has not been able to prioritise which organisation has certain comparative advantages and leverage to work regionally. An increased focus on realistic initiatives at the regional level is needed.
- A regional approach requires a new setup and division of responsibility. Currently, Sida has limited resources to work at the regional level. Also, there are unclear divisions of responsibility between Stockholm and the field. These and other issues will become central to organising Sida to work more regionally.
- Swedish support has a rather low profile and has not been visible in spite of being one of the few bilateral donors still present in the region.

Still-low knowledge persists among Sida and Embassy personnel about the IPA in general, and about which entry points to use to align the support (both in Brussels and at the EU delegations).

Annex 3 – Different Types of Regional Organisations, Fora and Mechanisms etc.

This annex describes different types of regional initiatives on both the political level and with regard to more specific networks. As stated in the report, none of these organisations or initiatives have clear political mandates from their member states. Also, they normally lack the capacity to design, implement and follow up development projects. However, as for RCC, some of these mechanism/cooperation frameworks may be relevant as coordination bodies to get political support for initiatives within certain sectors.

General

South-East European Cooperation Process (SEECP)

This is a diplomatic and political cooperation forum whose main focus is to improve regional cooperation in the areas of (1) policy and security, (2) economic development, (3) human rights, democracy and social and cultural issues, and (4) RoL issues, organised crime, smuggling, human trafficking and terrorism. The joint projects and activities that SEECP decides on are operationalised and coordinated by the RCC and the Regional Secretariat for Parliamentary Cooperation in SEE (see below). The relationship between the SEECP and RCC is usually described as the SEECP being the "political umbrella" while RCC is "its operational arm".

SEECP was launched in 1996 by a Bulgarian initiative to promote regional cooperation and it is now also working to facilitate the countries' closer ties with Euro-Atlantic institutions. In the current situation Albania, Bosnia and Herzegovina, Bulgaria, Greece, Macedonia, Moldova, Romania, Serbia, Turkey, Croatia, Montenegro and Slovenia participate in the process.⁵⁵

At the Bucharest Summit in 2000, all member countries signed a charter of good neighborly relations, stability, security and cooperation in the region (*Charter for good-neighborly relations, stability, security and cooperation in SEE*), which now serves as the organisation's governing document. Since 2000, the charter has been amended several times, including in connection with the establishment of RCC.

The SEECP has no head secretarial/office but is instead a collaborative process led by an annually rotating presidency. In 2012 this was taken over by Serbia from Monte-

⁵⁵ Kosovo is still represented through the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244.

negro. The country holding the Presidency structures work around the summits of heads of state; meetings between foreign ministers and ongoing meetings between other ministers; meetings between the presidents of national parliaments, as well as regular sessions with a Political Directors Committee.

Regional Cooperation Council (RCC) - <http://www.rcc.int/>

The Regional Cooperation Council, or RCC, is a regional cooperative framework for the countries of Southeastern Europe, with the aim of promoting cooperation and Euro-Atlantic integration for the countries of the region and their populations. The RCC was founded in 2008 following a decision by the SEECP Foreign Ministers Meeting. RCC has and since then worked both as the operational arm of the SEECP and as a focal point for regional and international cooperation initiatives.

The RCC's membership includes 46 countries, organisations and international financial institutions, whose work is coordinated by the organisation's secretariat in Sarajevo. The Secretary General of the RCC (who is appointed by SEECP) has been the Croatian diplomat Hido Bišćević since May 2007. Bišćević's mandate was extended in June 2010. In addition to the secretariat, the RCC also has a so-called Liaison Office in Brussels.

A board consisting of contributing countries, countries in the region and the EU oversees the RCC's work and contribute with operational support. The Board meets quarterly and at a greater annual meeting.

According to the RCC's Strategy and Work plan for 2011-2012 the organisation focuses on the following priorities:

- Economic and Social Development
- Infrastructure and Energy
- Law Society and Home Affairs
- Security Cooperation
- Improve human capital and parliamentary cooperation

RCC is most visible through the many seminars, panel discussions and conferences it organises and supports. In 2011, these have included seminars on aviation safety, civil society, the investment climate, legal security, urban planning, infrastructure, health issues, etc. Often, these meetings resulted in the establishment of new regional forums for cooperation in specific sectors – in this way regular meetings for the region's Chiefs of Military Intelligence (SEEMIC) have been launched this year, as well as a forum for the Chiefs of the National Security Authorities (SEENSA), and Counter-Intelligence Chiefs (SEECIC). Likewise this autumn's conference on "Europe's Digital Divide" resulted in the establishment of the European Association of Public Service Media in South East Europe. RCC also works actively to highlight regional issues in the many strategies and working documents that govern the work of EU and IFIs in the region. Through its "pool of experts" the RCC has worked on Europe 2020, the EU Strategy for the Danube Region (EU SDRs) and others while also participating as a kind of regional voice in, for instance, CEFTA meetings.

Regional Secretariat for Parliamentary Cooperation in SEE (RSPC SEE) -

<http://rpscsee.org>

The RSPC SEE is a group for regional parliaments and parliamentarians based in Sofia, Bulgaria. SEECP held a series of meetings in 2000-2007 among the presidents of the member countries' parliaments. In order to expand this cooperation a regional secretariat was established in 2007, defined by the Stability and Growth Pact (see below) with the help of parliament in all SEECP countries. RSPC SEE is, in the current situation, the secretariat for many parliamentary initiatives launched under the SEECP.

Trade**Central European Free Trade Agreement (CEFTA) -**

<http://www.ceftatradeportal.com/>

This is a trade agreements between non-EU members in southeastern Europe. Current parties to the agreement are: Albania, Bosnia and Herzegovina (BiH), Croatia, Macedonia, Montenegro, Serbia and Kosovo (through United Nations Mission in Kosovo (UNMIK)). Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia are former members whose membership was terminated in connection with them joining the EU. The same thing will happen in 2013 with Croatia.

CEFTA's main objective is to facilitate trade in goods and services and to promote investment by establishing reliable and predictable rules. The goal is to, so far as possible, eliminate barriers to trade, establish intellectual property rights and to harmonise national laws on such issues as competition and state subsidies. The agreement also includes procedures for dispute resolution.

The presidency of CEFTA rotates annually from January 1. This year Albania took over the presidency from UNMIK/Kosovo, followed by BiH in 2013.

Public administration

The [Regional School of Public Administration \(ReSPA\)](#) is an international organisation working to improve public administration in the Western Balkans. It was originally envisaged in the Thessaloniki Agenda of 2003. The international agreement setting up the school (located in Danilovgrad, Montenegro) was signed in 2008, and the school was opened officially by Commissioner Füle and Montenegrin Prime Minister Djukanović in November 2010.

ReSPA's principal aims are to:

- help improve regional cooperation in public administration
- strengthen administrative capacities as required by the European integration process
- develop human resources in line with the principles of the European Administrative Space
- organise activities relating to the exchange of good practices.

Environment

The [Regional Network for Accession \(RENA\)](#) is the cooperation framework for the Western Balkans and Turkey in the field of the environment and climate change. RENA makes possible cooperation at the political level (ministerial meetings) and expert/technical level. Four working groups focus respectively on strategic planning and investments; climate change; cross border cooperation; and environmental compliance and enforcement.

Danube Cooperation Process (DCP)

Regional dialogue process launched in May 2002, on Austrian, Romanian and EC's initiatives. The process involves collaboration between the Foreign Ministries of the countries in the Danube river basin (Austria, BiH, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Moldova, Romania, Serbia, Slovakia, Slovenia and Ukraine), as well as KOM and RCC who also participate. DCP includes two annual Foreign Minister conferences focusing on six priority areas: economic development, navigation, environmental protection, tourism, culture and sub-regional cooperation.

DCP's work is coordinated by the Southeast European Cooperative Initiative (SECI) and SECI's office in Vienna is also the secretariat of the DCP.

Infrastructure

Officially launched in 2009, the Western Balkans Investment Framework (WBIF) is a joint initiative of the Commission, Council of Europe Development Bank, EBRD and the European Investment Bank (EIB). It is an innovative financing initiative, bringing together grants and loans from the Commission, the partner international financial institutions and bilateral donors for infrastructure projects and socioeconomic development in the Western Balkans. In 2011, the WBIF allocated €220 mio in project grants.

Energy

The Energy Community Treaty (2006) was set up to establish:

- an integrated energy market promoting energy trade in the Western Balkans
- integration with the EU market
- improved security of supply.

The Energy Community applies the core EU energy laws and focuses on market liberalisation, environment, energy efficiency, capacity building and social dialogue. It is managed by institutions mirroring those of the EU.

Transport

The future Transport Community Treaty, modeled on the Energy Community, will replace the South East Europe Transport Observatory SEETO was established in 2004 to:

- promote cooperation on development of the main and ancillary infrastructure on the SEE Core Regional Transport Network
- enhance local capacity to implement investment programmes & to collect, manage and analyse data on the Core Regional Transport Network.

Air travel: the European Common Aviation Area Agreement (2006) brings together partners from the EU and southeastern and northern Europe.

Justice and Home Affairs

Here the objectives are to strengthen regional cross-border cooperation between law enforcement agencies and judicial authorities in the fight against organised crime and corruption through:

- networking
- mutual legal assistance
- transfer of proceedings
- requests for extradition
- joint investigation teams
- witness protection programmes.

Current projects include:

- **police cooperation:** Fight against organised crime, in particular illicit drug trafficking, and terrorism prevention (DET ILECU II)
- **criminal justice cooperation:** Witness Protection in the Fight against Serious Crime and Terrorism (WINPRO)
- **fight against organised crime and corruption:** Strengthening Prosecutors.

IPA Multibeneficiary Programme

This program involves cooperation between policy services and cooperation among prosecutors

Education – Erasmus Mundus

The Erasmus Mundus programme – implemented by the Education, Audiovisual and Culture Executive Agency (EACEA) – promotes the exchange of academic staff and students at all levels. Beneficiaries include:

- higher education institutions and related associations, organisations and networks
- rector, teacher & student organisations
- ministries & governmental organisations
- other higher-education bodies.

In 2010, €12.8 mio was allocated to the two actions implemented under the Erasmus Mundus Programme.

Civil Society

Igman Initiative (II) -

Igman Initiative (II) is a non-governmental regional umbrella organisation formed in 2001 whose primary mission is to promote and facilitate local and regional dialogue in politics, economics and culture. The membership consists of over 140 NGOs from Serbia, Montenegro, Bosnia and Herzegovina and Croatia, but also of academics and the media. Representatives from the countries governments are involved as well (Boris Tadic has attended a number of meetings for example), but the main focus is still

the work done by civil society. The organisation is governed by four Presidents from Croatia, Bosnia and Herzegovina, Serbia and Montenegro - all from civil society - and a council of 20 members (five each) from member organisations.

The work of the Igman initiative has its foundation in what they call "the Dayton Triangle", in which one is working to renew and normalise interstate relations. This is done mainly through the launch and/or support of confidence-building processes of different kinds. It also has as its mandate to monitor and drive public opinion regarding national governments, partly to achieve a more rapid normalisation of their relations, but also to confront and question their policies when human rights are violated.

Among its projects can be found e.g. "The truth about the past, the foundation for the future", which established a group of experts with the objective of developing a model for reconciliation between states in the region.

Other regional initiatives

Central European Initiative (CEI) -

This is a regional cooperation forum in central, eastern and southeastern Europe with a total of 18 member States, including all of the former Yugoslav states (excluding Kosovo). CEI has its roots in the so-called Quadrilateral which Italy, Austria, Hungary and Yugoslavia signed in 1989 in Budapest, two days after the fall of the Berlin Wall. The four foreign ministers then agreed on a joint declaration to promote stronger regional policy and develop cross-border cooperation. After more countries were added, the name was changed to the Central European Initiative (CEI) in 1992.

CEI's Secretariat (CEI Executive Secretariat, CEI-ES) has been located in Trieste, Italy, since 1996 and is headed by a Secretary General (currently Austrian diplomat Gerhard Pfanzelter). The Secretariat coordinates the annual summit of Heads of Government (CEI Summit), annual meetings among Ministers of Foreign Affairs (MFA Meetings), an annual meeting with pol-managers, and regular meetings with a Committee of the National Coordinator (CNC). The Presidency during these meetings is annual and rotates between the member states. Serbia had the presidency in 2011, a role that will be taken over by Ukraine in 2012.

CEI's areas of activity include climate and the environment, the private sector and tourism information society, intercultural dialogue and the rights of minorities; transportation, science and technology, sustainable agriculture, etc. Along with RCC (see above) CEI started a Sustainable Energy Development Regional Initiative (SEDRI).

CEI's members also contribute to a number of CEI-led funds, which in turn fund projects in the region. Among these funds can be found e.g. CEI Cooperation Fund, focusing on workshops, courses and seminars; CEI Solidarity Fund, which facilitates the participation of regional experts in CEI events and meetings; Italian Trust Fund at the EBRD, which is coordinated by the CEI and includes a € 32.5 million contribution from Italy in order to allow technical cooperation in a number of areas. In addi-

tion, it runs several regional networks, such as CEI University Network and CEI Science and Technology Network.

Adriatic-Ionian Initiative (AII) –

Regional cooperation forum started on Italian initiative in 1999 within the framework of the Stability Pact. The so-called “Ancona Declaration” is underlying the work that focuses on strengthening regional cooperation in politics and economics, especially with those countries that are not yet members of the EU. With the EU Baltic Sea Strategy as a base the AII has since 2011 placed great emphasis on the development of the idea of the Adriatic Ionian basin as a macro-region. Italy and Greece have been particularly influential in the development of the AII.

The AII's decision-making body is the Ministry of Foreign Ministers (Adriatic-Ionian Council), whose agenda is prepared by the regular meetings at senior level by a special committee (the Committee of AII Senior Officials). A permanent secretariat was established in 2008 in Ancona, Italy in order to make the initiative more project-oriented. The Secretariat coordinates the work and also assists partners with implementation of the project. From 2011 the secretariat is also responsible for coordinating a number of additional regional forums with headquarters in Ancona, including the Forum of the Adriatic & Ionian Chamber of Commerce, Board of the Adriatic & Ionian Cities and Towns and UniAdrion.

The chairmanship rotates annually and Serbia takes over from Montenegro in 2012. AII works in four main areas, divided into four “Round Tables”:

1. Small and Medium Business
2. Transport and maritime cooperation
3. Tourism, Culture and university collaborations
4. Environmental and fire protection

In 2011 AII organised a series of seminars, including roundtables on maritime safety (coastguards, pollution) and tourism.

Southeast European Cooperative Initiative (SECI)

The SECI was launched in 1997 through the initiative of the United States. The initiative was modeled on the Marshall Plan, but with regional cooperation as the main focus, rather than financial assistance. Assistance from the United States and other international actors should instead be technical expertise to the regional initiative launched by the countries themselves. The SECI would essentially be a "self-help programme" rather than an aid.

The SECI's headquarters are in Vienna, and it also has a regional office in Bucharest.

The projects that SECI has managed in recent years include “Partnership for Improvement of Danube Infrastructure and Navigation”, an initiative that aims to improve the opportunities for the use of inland waterways in the region for commercial traffic.

In the area of security eight specialised working groups have been set up to combat drug trafficking (coordinated by Bulgaria), human trafficking (coordinated by Romania), financial and cyber crime (coordinated by the former Yugoslav Republic of Macedonia), stolen cars, trafficking (coordinated by Hungary), smuggling (coordinated by Albania and Croatia), terrorism (coordinated by Turkey), CSC (coordinated by Greece) and environmental crime (the decision to create this new working group was taken on 2 June 2009 on the initiative of Hungary).

Annex 4 – Persons Consulted

Sida Stockholm

Elsa Håstad, director RES

Mikael Elofsson, Director of Western Balkan and Turkey Unit

Anders Hedlund, Project Coordinator for the Regional Strategy

Thomas Kjellson, Programme Officer, Football school and statistics

Elisabeth Narrow, Programme Officer

Jessica Pellrud, Programme Officer Civ society programmes

Teresa Rovira, Programme Officer (Strategy Development)

Helena Sancho, Programme Officer ROMA-projects

Carolina Wennerholm, Gender Specialist

Ingrun Hattenbach Åslund, ITP

Birgitta Danielsson, former Head of Regional Cooperation in MENA

Ministry of Foreign Affairs

Julius Lilejström, Deputy Director (Department of Eastern Europe and Central Asia)

Kristian Lindvall, Desk Officer (Department of Eastern Europe and Central Asia)

Swedish embassy in Belgrad

Torgny Svenungsson, Counsellor/Head of Development Cooperation (Belgrad)

Tomas Nyström, First Secretary, Programme Officer

Svetlana Bascarevic, National Programme Officer

Simona Drljaca, National Programme Officer

Snezana Nenadovic, National Programme Officer

Jasmina Zoric Petrovic, National Programme Officer

Swedish embassy in Kosovo

Maria Melbing, Counsellor/Head of Development Cooperation (Pristina)

Visare Gorani-Gashi, National Programme Officer

Fatos Mulla, National Programme Officer

Mirnije Stublla, National Programme Officer

Swedish embassy in Sarajovo

Pelle Persson, Counsellor/Head of Development Cooperation (Sarajevo)

Jonathan Francis, First Secretary

Nedim Bukvic, National Programme Officer

Katica Hajrulahovic, National Programme Officer

Natasa Miskin, National Programme Officer

Slavenka Perkovic, National Programme Officer

Mario Vignjevic, National Programme Officer

Swedish embassy in Skopje

Åsa Pehrson, Counsellor

Biljana Dzartova-Petrovska, National Programme Officer

Mentor Kadriu, National Programme Officer

Swedish embassy in Tirina

Lisa Fredriksson, Counsellor/Head of Development Cooperation (Tirana)

Robert Nygård, First Secretary, Programme Officer Development Cooperation (Natural Resources and Environment)

Linda Gjermani, National Programme Officer

Rezarta Katuci, National Programme Officer

Emirjona Vukaj, National Programme Officer

European Commission (Directorate-General for Enlargement)

Yngve Engström, Head of Unit (Regional cooperation and Programmes)

Kjartan Björnsson, Head of Section (Regional Cooperation and Programmes)

Erik Illes, Civil Society Facility, Directorate General for Enlargement Unit D3

Paola Pampaloni, Head of Unit (Bosnia and Herzegovina)

Michael Aldaya, Instrument for Pre-Accession Assistance (IPA) Coordinator (Bosnia & Herzegovina)

Michela Foresti, Planning and Programming Officer (IPA: Strategy, Quality and Impact)

Johann Hesse, Programme Manager (EU policies Albania)

Tristan Le Bérigot, Policy Officer (Serbia)

Leonetta Pajer, Assistance co-desk Officer (Kosovo Issues)

Yolanda Valassopoulou, Policy Officer (Regional Cooperation and Programmes)

European Commission (European delegation)

Elisabet Tomasinec, EU Delegation (Sarajevo)

Melvin Asin, Deputy Head of Operations (Pristina)

Stefano Calabretta, Programme Manager, Civil Society and Human Rights (Delegation of the European Union to Albania)

Rea Nepravishta, Monitor & Evaluator officer (Tirana)

German Development Cooperation (GIZ)

Jutta Zinnel, Regional Director Western Balkans, Country Director Bosnia and Herzegovina and Croatia

Alexandra Hilbig, Manager, Open Regional Funds for South-East-Europe (ORF)

Statistics Sweden (SCB)

Pernilla Trägårdh, Director, International Consulting Office

Per Lyster Pedersen, Chief Advisor, International Consulting Office

Fredrik Bood, Area Manager, International Consulting Office

Elicien Gomez, International Consulting Office

Swedish Chemicals Agency

Lilian Törnqvist, Senior Adviser in International Affairs

SWEDAC/AQS

Katatrina Wenell, Former SWEDAC, currently AQS

Humanitarian Law Center

Nataša Kandić, Executive Director

Marijana Toma, Project Education for Reconciliation

Kosovar Institute for Policy Research and Development (KIPRED)

Ardian Arifaj, Senior Researcher/Programme Coordinator

Kosovo Civil Society Foundation (KCSF)

Venera Hajrullahu, Executive Director

Lantmäteriet

Andja Zimic, Director, International Services Department

Netherlands Development Organisation (SNV)

Alastair Anton, Senior Advisor, Renewable Energy & Forestry

Janaq Male, Senior Advisor, Renewable Energy & Forestry

Olof Palme's International Centre

Stina Oskarsson

Regional Cooperation Council (RCC)

Sanjin Arifagić, Senior Expert on Economic and Social Development

Stanislav Daskalov, Head of Liaison Office in Brussels

Gordana Demšer, Political Advisor

Dragana Đurica, Project Leader for the South East Europe Investment Committee (SEEIC)

Alexandru Murzac, Head of Administration

The World Bank

Rujejda Aliefendic, Finance and Private Sector Development Specialist, former head of office DFID

UNICEF

Leon Shestani, Project Officer, Social Services

Central European Free Trade Agreement (CEFTA) Secretariat

A. Umut Ergezer, Technical Adviser

Aleksandra Rakovic, Expert

Civil Rights Defenders

Goran Miletić, Programme Director for the Western Balkans

Marie Månsson, Civil Rights Defenders

Council of Europe Office

Marco Leidekker, Head of Office In Tirana

Cultural Heritage without Borders

Margareta Husén, Secretary General

Helena Reuterswärd, Senior Programme Manager

Kvinna till Kvinna

Hanna Sällström, Head of the Department of Western Balkans, Kvinna till Kvinna



Reform cooperation in the Western Balkans - regional cooperation: experiences, constraints and opportunities

The Swedish government has decided that a new strategy for the Western Balkans region will replace bilateral strategies with the countries in the region. The strategy will cover the period 2014-2020. Sida has assigned Indevlop to give inputs to the strategy process. The focus of this study has been to identify constraints and opportunities for increased regional cooperation among the countries in the Western Balkans.

The overall conclusion is that Regional Cooperation in the Western Balkans is needed as a crucial ingredient of stability as a catalyst for reconciliation and goodneighborliness. As described in the report, there are a number of problem areas and challenges that are common to all the countries in the region, some of a cross-border nature. Regional cooperation is also an important element helping to overcome nationalism and intolerance (which is rising in all the countries) and for promoting mutual understanding, trust and political dialogue in the region.

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

Postgiro: 1 56 34-9. VAT. No. SE 202100-478901

E-mail: info@sida.se. Homepage: <http://www.sida.se>

