



BiEPAG

Background Paper
**Culture of Regional
Cooperation in
Southeast Europe**

AUGUST 2015

Balkans in Europe Policy Advisory Group

Culture of Regional Cooperation in Southeast Europe¹

Authors: Dimitar Bechev, Filip Ejdus and Dane Taleski

¹ This background paper was written for the Civil Society component of the Vienna Western Balkans Summit 2015

Executive Summary

Regional cooperation in Southeast Europe started as an externally driven initiative, dominated by security concerns in the 1990s, but has now been locally appropriated. When considered an integral part of the EU and NATO agenda in the region, these externally started initiatives that were appropriated by local actors have delivered significant results in regional cooperation, for example in justice and security affairs. On the other hand, the early logic and structuring of regional cooperation has neglected the economy, energy and infrastructure, and social development. Thus, regional cooperation in these core policy areas is lagging behind. Even though regional cooperation between governments is dominant and expanding, leading to a multitude of local and top-down initiatives, for example in parliamentary cooperation, the results still do not match the announced high expectations. Greater political will and more commitment would be beneficial to sustaining and deepening local top-down initiatives and to increasing their capacities. Local and bottom-up initiatives have significantly intensified and contributed to a growing culture of regional cooperation. Local bottom-up initiatives working toward common goals, like overcoming past conflicts, promise robust cooperation; however, they face challenges in financing and in managing large regional coalitions of civil society actors. On the other hand, local bottom-up initiatives of regional groups who share a common interest, for example building human capital, bring forward focused and results-oriented regional cooperation.

Introduction

Regional cooperation in Southeast Europe (SEE) has undergone a fundamental shift over the past decades. If in the late 1990s, when the process took off in earnest, it was mostly about strengthening security in the wake of violent conflict, nowadays the principal goal is to kick start economic growth and development in times of prolonged crisis. However, if in the 1990s, conflict was the alternative to regional cooperation, then now the alternative is to have frequent meetings between government officials, which do not necessarily impact or improve the every day life of people. Governments in the region are the main consumers of regional cooperation, while at the individual level, consumption of benefits deriving from regional cooperation is still lacking. On the other hand, citizens are highly supportive of regional cooperation. According to the Regional Cooperation Council's Balkan Barometer 2015, 60% of citizens in the region want to see more regional cooperation and 76% believe that improved regional cooperation can positively affect the economy.¹

Policy priorities in regional cooperation in SEE have similarly shifted. The initial outset from stability- and confidence-building has moved to headline initiatives such as the SEE 2020 Strategy. A continuation of Brussels' own policies to re-energise the European economy, its goal is to “improve living conditions in the region and bring competitiveness and development back in focus”.² The key premise is that the SEE countries already find themselves deeply integrated into the EU, and therefore exposed to the ongoing Eurocrisis, so that regional economic integration is embedded into larger schemes promoted by the European Commission and other EU-level bodies. The claim is that growth in the region has to be integrated, smart (i.e. focused on education, R&D, digital opportunities), sustainable and inclusive, and that it needs improved governance (i.e. delivery of services, tackling corruption and improving justice). The SEE 2020 strategy is the main focus

1 RCC. Balkan Barometer 2015. Public Opinion Survey, Analytical report. (available at http://rcc.int/pubs_archive).

2 Regional Cooperation Council (RCC). *South East Europe 2020. Jobs and prosperity in a European perspective*, November, 2013.

of the Regional Cooperation Council (RCC).³ Most of the Council's modest budget is spent on it, that is 3.4 million Euro or 72.3% of the total budget.⁴

It is not just the content. The players have also changed. Following the end of the Kosovo War (1999), institutions such as the Stability Pact for Southeast Europe (SP) opted for an inclusive approach, binding together all post-communist countries of the region, Romania, Moldova and Bulgaria included, as well as on the donor side, a motley coalition involving the EU, its member states, International Financial Institutions (IFIs), a host of Western governments, and even Russia. By the time, SP morphed into the Regional Cooperation Council (RCC), the "region" was already shrinking. Romania and Bulgaria left with their 2007 accession to the EU. Croatia was to follow suit in July 2013. In consequence, "regional cooperation" zoomed in on the so-called Western Balkan Six (WB6), that is Albania, Bosnia and Herzegovina (BiH), Kosovo, Macedonia, Montenegro and Serbia.

The "Balkans redux" approach entails both advantages and disadvantages. It is certainly a plus that we have a cluster of countries that is more tightly knit and homogenous compared to the past; the core of ex-Yugoslavia together with Albania, which is now better connected to Kosovo, Montenegro and Macedonia. What is more, all the countries concerned are subject to EU pre-accession conditionality, which promotes regional cooperation as a top objective. On the negative side of the ledger, many of the cross-cutting and functional issues to be tackled with joint effort do not map neatly into formal-institutional divisions. The floods of 2014 did not discriminate between EU member Croatia and its next-door neighbours BiH and Serbia. In a similar way, energy interdependence bridges the divisions between "ins" and "outs" in Southeast Europe. As a renowned expert says, "the pipelines and the electricity grids do not stop at EU borders". Rather than viewing the Western Balkans as a regional "ghetto", we should think of it as a piece in a bigger puzzle (wider Southeast Europe; the EU-sphere; post-communist Europe; Eurasia, etc.).

3 RCC. Strategy and Work Programme, 2014 – 2016. Sarajevo, 25 April, 2013.

4 The second supported area is promoting Justice and Home Affairs and Security Cooperation (1 million Euro or 21.7%) and cross-cutting other issues come third (0.3 million Euro or 5.8%).

The interplay between flexible, open-border forms of regional cooperation and initiatives taking a more restricted, WB6-focused approach is a healthy reminder that in contrast to past times, the EU is no more the only actor promoting regionalism in the Balkans. Other players, like Russia, Turkey or even China and the Gulf have claimed a stake, though their economic presence and capacity to steer multilateral schemes is still dwarfed by that of the EU. Russia uses its energy clout to gather friendly governments, from Greece and Macedonia all the way to Hungary, around the negotiations table. Turkey has reached out to Muslim and Turkish communities across the region. Each year China convenes the so-called “16+1” summits featuring the leaders of all Central and Eastern European (CEE) countries as well as the Western Balkans (most recently, in December 2014, Belgrade was the host capital). The point is that from the perspective of all those alternative power centres, the “region” takes a different shape – as does indeed regional cooperation.

How successful is regional cooperation nearly 20 years after it made its first inroads into the Balkans? What are the impetuses and approaches that drive regional cooperation forward? What are the promises it has thus far failed to fulfil – and why? Is it (still) a top-down, government-to-government affair bankrolled and facilitated from outside, or has it taken a life of its own giving rise to countless bottom-up initiatives, linking a plethora of actors such as businesses, municipalities, civic associations, NGOs, citizens, etc. in a ever denser network of ties? In other words, what kind of culture of regional cooperation do we have today in SEE and what is there to be done to make the most of regional cooperation?

The paper first draws on impetuses (external and local) and approaches (top-down and bottom-up) to deliver a framework to analyse and illustrate the culture of regional cooperation. The second part analyses regional cooperation in some policy areas (justice and security, energy and infrastructure, and social development) to highlight specific challenges that support or impede regional cooperation. The conclusion offers a summary of the main findings and some broad policy recommendations.

1. Regional Cooperation in SEE: Impetuses and approaches

Regional cooperation in SEE has been moved forward both by external and locally owned initiatives. Some of the regional cooperation initiatives have been proposed, and to a large extent supported, by international actors, namely the EU and EU Member States; other initiatives, meanwhile, were proposed by actors in the region, be it governments or civil society actors. On the other hand, it is also useful to distinguish between top-down initiatives and bottom-up initiatives in SEE. While the top-down initiatives are mainly political and implemented by governments, the bottom-up initiatives can consist of cooperation between governments, if they were externally motivated, or cooperation between civil society actors, if it was a case of a local bottom-up initiative. Taking the impetus, external or local, and the approach, top-down or bottom-up, for regional cooperation, one can establish an analytical framework to analyse the development of regional cooperation in SEE. Table 1 presents the analytical framework with some illustrative examples.

Table 1. Impetus and approaches to regional cooperation in SEE

	External	Local
Top-down	Stability Pact	SEECF
Bottom-up	CEFTA, Energy Community, MARRI	Igman initiative, RECOM

The Stability Pact for South Eastern Europe (SP) is by now a classic example of an externally driven initiative for regional cooperation, while on the other hand the South-East European Cooperation Process (SEECF) is an example of a locally owned regional cooperation initiative. At the same time, both are examples of top-down approaches to regional cooperation. One should acknowledge that the impetus to start some regional cooperation initiatives was external; however, local ownership was later assumed, like in the cases of CEFTA, Energy Community in SEE and MARRI. Also, regional cooperation

initiatives can be locally owned and bottom-up from the start, like in the cases of the Igman Initiative and RECOM.

The culture of regional cooperation in SEE has moved from external to more locally owned; notwithstanding that in the mid-1990s there was competition between external and local initiatives. For example, South-East European Cooperation Process (SEEC) was launched in Bulgaria in 1996 as a regional answer to the external Stability Pact, with the aim to improve trust and stability in the region, and to contribute to good neighbourly relations. It is an inter-governmental cooperation platform to improve political cooperation and economic relations and to contribute to democracy, rule of law and the fight against organised crime. In 2008, the Stability Pact, which aimed to strengthen peace, democracy, human rights and the economy, was transformed in the Regional Cooperation Council (RCC), at a meeting of the Ministers of Foreign Affairs of SEEC. The RCC now works under the political guidance of SEEC and provides operational capacities to promote regional cooperation and Euro-Atlantic integration of SEE. RCC is the main pivotal point for coordination of regional cooperation in SEE.

Local top-down approaches to regional cooperation are dominant and expanding. This can be seen in the area of parliamentary cooperation.⁵ For example, recently, in May 2014, a Parliamentary Assembly of SEEC (SEEC PA) was created; notwithstanding that SEEC has had a parliamentary dimension of cooperation since 1997. SEEC PA has a clear institutional structure and rules of procedure. It has the highest potential to be the main platform for parliamentary cooperation. However, the competences overlap with other parliamentary cooperation initiatives, like the Western Balkans Conference of the Committees on European Integration/Affairs of the States participating in the Stabilization and Association Process (COSAP) and the Conference on Foreign Affairs Committees (CFAC). COSAP was established in 2005, as a regional forum to exchange views on the Stabilization and Association Process, to promote regional cooperation and EU integration. The Conference on Foreign Affairs Committees (CFAC) was established in

5 For more detailed information see, European Commission “Study on Parliamentary Cooperation. Mapping and Analysis of International Parliamentary Institutions and Parliamentary Networks in the Western Balkans and South East Europe”, February, 2015.

2012 by the countries participating in the “Igman Initiative” to improve parliamentary cooperation and coordination on foreign policy issues.

Even though there is an increase of local ownership in top-down political cooperation, there is also a lack of commitment and a lack of political will to deepen the cooperation. For example, parliamentary cooperation initiatives are not institutionalised, they do not have secretariat or staff, and they do not have an independent budget. Host countries, taking rotating chairmanship, organise conferences, and national delegations cover their own costs. There are no political or regional factions. Parliamentary cooperation initiatives mainly have consultative powers. They serve as platforms to exchange ideas and have a low impact on policy making. However, their contribution to increasing regional cooperation should not be underestimated. They bring senior parliamentarians together and serve as platforms to diffuse ideas, to enhance regional cooperation and local ownership, and to push for EU integration. Also, some of the locally driven top-down initiatives are used as political show-off initiatives to promote individual countries’ support for regional cooperation.

At the same time, there are several externally started parliamentary cooperation initiatives that have been sustained by local actors. Some have a latent impact on the culture of regional cooperation. Take, for example, the Adriatic Ionian Speakers of Parliament and the Danube Parliamentary Conference. Both initiatives follow EU strategies for the Adriatic Ionian and Danube region, respectively. These initiatives do not offer deepening regional parliamentary cooperation in SEE, but add a parliamentary dimension to the implementation of the EU’s strategies in the respective geographical regions. However, they bring structured cooperation, involve SEE countries in implementation of EU strategies, and develop a sense of “Europeanness” among SEE countries by allowing the region to be perceived as an integral part of Europe.

On the other hand, some externally started but now bottom-up regional cooperation initiatives have a clear focus and structure; however, their results are limited. For example, in 2009, the Network of Parliamentary Committees on Economy, Finance and European Integration of WB (NPC) was established as a follow up of an OECD/GTZ project. The Westminster

Foundation for Democracy supported a three-persons regional secretariat, which brings together parliamentary committees on economy, finance and EU integration. Their goals were to promote competitiveness, growth and EU integration; however, their impact on policies is very limited. Similarly, The Regional School of Public Administration (RESPA), supported by the European Union, was opened in Danilovgrad, Montenegro, in 2010. The goal is to improve regional cooperation in public administration, and to strengthen and improve administrative capacities in line with EU integration processes. However, it is unclear whether RESPA's training can tackle the problems of politicisation and non-merit based appointments, overly present in public administration across the region.

CEFTA, the flagship of regional trade, is another similar example of externally driven, bottom-up, regional cooperation initiatives, which has limited results. The Visegrad countries initiated the original CEFTA in 1992, and once countries join the EU, they leave CEFTA. An agreement to extend CEFTA to Western Balkan countries was signed in 2006. Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and Kosovo (represented by UNMIK) are members. The aim is to fully liberalise trade in the region. However, on the one hand, the project ran into political obstacles. Kosovo changed customs stamps from UNMIK in 2008 and trade blockades from Serbia and Bosnia and Herzegovina followed. The Kosovo government retaliated and imposed a blockade on imports from Serbia. A chain of escalating events led to clashes at border posts in 2011.

On the other hand, even though there was a rapid increase of trade within the region, it did not lead to higher trade integration as compared to CEE countries.⁶ One of the reasons was that non-tariff barriers (e.g. sanitary and phito-sanitary standards) appeared as obstacles. Also, the countries trade mainly goods, while integration of labour markets and increased labour mobility is still not in sight. This limits the expansion of regional trade. Another thing is that there is variance of how much regional trade matters to individual countries.⁷ Moldova has almost no trade and Albania has

6 Handjiski, B. et al. "Enhancing Regional Trade Integration in Southeast Europe", *World Bank Working Papers*, 2010

7 For more see "CEFTA Trade Statistics, 2014" (http://www.cefta.int/sites/default/files/Cefta_trade_statistics_2014.pdf)

low trade with the region, while Kosovo's main exports are in the region. Trade with CEFTA is a substantial part of Montenegro's and of Bosnia and Herzegovina's trade patterns. On average, trade with the EU outweighs, by far, the intra-regional trade. The EU accounts for 75% of the region's total trade.⁸ However, for the EU, imports from WB countries are below 1% of the volume in imports from extra-EU trade, and the exports make up less than 1.5% in extra-EU trade.

Grass-root regional cooperation rests on strong sentiments of a shared culture, on the one hand, uniting countries of former Yugoslavia, and on the other, bringing closer Albanian-speaking parts of the region. Local and bottom-up regional cooperation initiatives are usually started by networks of civil society actors, which have common goals or common interests. Local bottom-up initiatives based on common goals (e.g. dealing with the past) promise more robust regional cooperation. The focus on goals involves communication and involvement of different stakeholders.

However, there are problems with managing large-scale coalitions and there are issues with financing (i.e. donor dependency), which can be reasons for the initiative's success or failure. For example, the Regional Commission to determine and disclose the facts about war crimes committed in the former Yugoslavia (RECOM) is a grass-root initiative of civil society groups to face the past. RECOM advocates a regional approach to transitional justice in the Western Balkans. It was initiated in 2006, and after a series of consultations in different Western Balkans post-conflict countries, a Regional Coalition for RECOM was formed in 2008. The goal of RECOM is to establish the facts about war crimes and human rights violations in the former Yugoslavia from 1991 to 2001, to complement the inadequate work of the judiciary in the countries in the region, and also that of The Hague Tribunal. RECOM grew into a large regional initiative supported by 1,500 organisations. Even though RECOM received public support from the former president of Serbia, Boris Tadic, and of Croatia, Ivo Josipovic, it was not able to secure the cohesion in the coalition, to maintain commitment from all parties, and to raise sufficient funds to make a wider public impact.

8 European Commission, Trade Policy <http://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans/>

On the other hand, the Igman Initiative has a mission to encourage and normalise relations among the countries involved in the Dayton Agreement.⁹ It is one of the well known and successful political initiatives with a long-standing reputation and history in the region. This umbrella association of grassroots movements has fostered economic and political cooperation and reconciliation for the past 20 years. It has secured funding (from Freedom House), clear organisational structure and rules of procedures. It brings together over 140 NGOs from Serbia, Croatia and Bosnia and Herzegovina that have successfully implemented projects that deal with the past, with citizenship issues, but also with improvement trade and economic cooperation, and with free movement of labour. The Igman Initiative brought together six heads of states in the region in different conferences, which resulted in four signed Initiative statements. The Igman Initiative model was applied to Kosovo, to connect NGOs and to foster the civil society dialogue between Serbia and Kosovo.

Local bottom-up initiatives based on common interests yield advancement of regional cooperation in a specific area (e.g. education) and they bring a promise to deliver tangible results. For example, the South East European Centre for Entrepreneurial Learning was formed in 2009, following an initiative from National Coordinators of the Charter of Small Enterprises from SEE. The Centre is financed by the EU through the IPA Multi-beneficiary Program and by the Ministry of Economy of Croatia. The Centre offers structured cooperation in SEE on lifelong entrepreneurial learning in order to improve the economy and to be in line with EU policies and practices. It won the RCC's award for best regional cooperation initiative in 2014.

Also, the Novi Sad Initiative brings together higher education institutions and authorities from the region, with European organisations and independent experts to increase institutional reforms' efforts. The goals and policies of the Novi Sad Initiative are in line with European Higher Education Area. The idea is to support higher education reforms and to foster the exchange of best practices, according to EU standards, to work toward common standards for qualifications frameworks and qualifications systems development, and to identify common qualifications. Also, 13 faculties from

9 For more see <http://www.igman-initiative.org/>

six countries have formed a Southeast Europe Law Schools Network. They aim to institutionalise the exchange of legal academic know-how, and to improve capacities for legal education and publications.

The Balkan Civil Society Network is another example of a local bottom-up initiative that advances common interests. It is a regional network, which brings together 15 organisations from 10 countries in the region, aiming to influence policies at the EU level but also to support its members in trying to influence policies at the local level. This Network managed to develop a set of standards for civil society in the region, to complement democratic reforms in line with *EU acquis*, in 2012. Also, the civil society's role as watchdog is very important for developing institutions capable of ensuring the rule of law, which is one of the key conditions for EU accession. However, in some of the countries in the region, the safety of journalists and civil society members remains a concern. Governments must adopt legislative and policy measures to ensure the safety and protection of journalists and civil society members.

Local bottom-up initiatives contribute to community building and foster cross-border cooperation. They advance people-to-people communication and bring the cultures closer together. Thus, they contribute to peace building and reconciliation. The EXIT festival is one prominent example. It started in 2000 as a student movement fighting for democratic changes, then evolved into a festival and through the years became one of best music festival in Europe. EXIT was the first place where youth from different countries of the former Yugoslavia met after the conflict, thus proving that culture connects people. Every year EXIT hosts 200,000 visitors from 60 countries including a strong regional audience.

Civil society organisations provide continuous efforts to sustain regional cooperation. These efforts often extend beyond the mandates of acting governments and tackle politically contested issues. Oftentimes they were the necessary first steps to build confidence, and without confidence there is no future for regional cooperation. Civil society organisations have exemplified deep and honest will to advance regional cooperation, sometimes long before there was a political will, and have actually worked to amass the political will. The culture of regional cooperation is such that local bottom-up initiatives

bring more commitment and focus on results in regional cooperation. They are fruitful avenues to promote genuine results-oriented regional cooperation, and it seems that they are more likely to yield results if they are based on common interests rather than on common goals. However, managing regional coalitions of different stakeholders and securing funding remains a challenge for local bottom-up initiatives.

On the other hand, local top-down initiatives have the resources to improve regional cooperation, but are unwilling to commit them. Local top-down initiatives are more dominant and expanding. Even though there is high local ownership, there seems to be a lack of political will to deepen regional cooperation and to make it more meaningful beyond using it for political promotions and for paying lip service.

Externally driven top-down approaches to regional cooperation are a thing of the past. However, there is still an external impetus to increase regional cooperation, which becomes appropriated by local actors. External bottom-up initiatives are well structured and focused; however, they show mixed results. If the EU is involved in the cooperation initiative, then there is value infusion and a perception that SEE countries are part of a wider European region. This has a latent impact for the culture of regional cooperation in SEE. However, if external bottom-up initiatives are left only to local actors, then they yield limited results for improving regional cooperation. It seems that for local actors, to advance regional cooperation is less of priority than to service domestic political needs and interests.

2. Regional Cooperation in Some Policy Areas

In the next sections, we explore regional cooperation in several policy areas, to map policy-specific challenges and perspectives of regional cooperation.

2.1. Cooperation in Justice and Security

Regional cooperation in Justice and Home Affairs (JHA) is very developed and institutionalised.¹⁰ JHA cooperation in the region is also very high on the EU agenda. This is part of long-standing EU efforts to bring more stability and rule of law to the region. Front-loading of chapters 23 and 24, early in the accession negotiations of WB countries, illustrates that EU conditionality is heavily applied for cooperation in JHA. Therefore, cooperation in JHA has high political relevance and support from national political leadership.¹¹ National political leaderships are interested in cooperating in JHA because they see it as an essential element in their country's EU agenda. For example, when Ivica Dacic was prime minister of Serbia and minister of internal affairs, he personally participated in the work of JHA regional cooperation activities, with the aim to show commitment to regional cooperation as a key element for EU integration.

The main priorities in regional JHA cooperation, are fighting trans-border organised crime, combating corruption, cooperation on migration, asylum and refugees, protection of fundamental rights, cooperation in civil and administrative matters, protecting children, and harmonising regional activities. The intensive cooperation has led to increased information pooling (e.g. collection and exchange of cross-border intelligence, risk and threats analyses), but also to legislative harmonisation and more cross-border cooperation. Some of the regional initiatives in JHA have their own secretariat, staff and regular financing. Contributions come from states in

10 For more information see SEECP, Strategy and Action Plan on Justice and Home Affairs, 2011 – 2013.

11 For more see Dehnert, S. and Taleski, D. *Monitoring Regional Cooperation in South East Europe*, Berlin: Friedrich Ebert Foundation, 2013.

the region and other participating partners (e.g. EU and EU's member states, the United States,, Switzerland, etc). The cooperation is in different formats. There are regional centres, networks, international projects and initiatives dedicated to implementation of certain treaties. The secretariats and centres are based in different SEE countries. There is wide participation, dynamic and close cooperation between partners, and high local ownership. On the flip side, cooperation is still heavily externally driven (i.e. external bottom-up cooperation), mainly by the EU, and is to some extent donor-dependent. Also, SEE countries do not assign the same value and commitment to all initiatives. If the initiative functions and delivers results, then SEE countries are more likely to be actively engaged and contribute to it.

There are four law enforcement initiatives that were established by the Stability Pact: Migration, Asylum, and Refugee Regional Initiative (MARRI), Regional Anticorruption Initiative (RAI), Southeast European Cooperation Initiative – Regional Centre for Combating Trans-border Crime (SECI Centre) and Southeast European Prosecutors Advisory Group (SEEPAG). Three of these are today institutionalised international/regional organisations, with their own secretariat, staff and budget. The MARRI centre is based in Skopje, RAI in Sarajevo and SECI in Bucharest. These centres help regional cooperation in JHA to be sustained and advanced.

There is also close regional police cooperation. For example, the Southeast Europe Police Chiefs Association (SEPCHA) facilitates regional police cooperation and supports the transformation of police. One of the outcomes is the Women Police Officer Networks (WPON) advancing women in police and gender mainstreaming of police practices. Also, there is a Secretariat that follows the implementation of the Police Cooperation Convention for Southeast Europe. The Convention was signed under the Austrian presidency of the EU in 2006 with the aim of enhancing police cooperation (e.g. joint threat analysis, hot pursuit, witness protection, cross-border surveillance, undercover and other forms of investigations). Further, the Geneva Centre for the Democratic Control of Armed Forces (DCAF) has a project for technical assistance in border security.

Judicial cooperation is also well advanced. There are periodic meetings of Ministers of Justice, Presidents of Supreme Courts, High or Superior Judicial

/ Prosecutorial / Magistracy Councils, Training Institutes for Judges and Prosecutors, and Training Institutes for Judicial Clerks. Also, the Southeast European Prosecutors Advisory Group (SEEPAG) provides legal assistance, advice and guidance to the SECI Centre in investigation of trans-border organised crime. The work of SEEPAG is financed by the United States, and the Council of Europe supports the Western Balkans Prosecutor's Network. Greater coordination between the two regional initiatives for prosecutors' cooperation is needed.

There is also security cooperation in human security and in "hard" security issues. The cooperation is closer and delivers more results in "hard" security issues than in "soft" ones. This is a consequence of the early logic of externally driven regional cooperation in SEE, when defence cooperation was a priority and the aim was to support stability and security in the region. Now there is structured cooperation that delivers operational results on "hard" issues, while human security cooperation is lagging behind.

For example, the Disaster Preparedness and Prevention Initiative aims to develop a cohesive regional strategy and regional framework for SEE countries to develop programmes and projects for natural and man-made disaster management. However, the initiative so far has focused on capacity-building activities and not on joint operations, as exemplified by the floods in 2014 in Serbia, Bosnia and Herzegovina, and Croatia. Each of the countries dealt with their own problems, even though a concerted regional action would have been helpful to alleviate the consequences.

On the other hand, the South East Europe Defence Ministerial (SEDM) is one of the oldest regional cooperation initiatives. It dates back to 1996, when the main ideas were to strengthen political-military cooperation in the region and to enhance stability and security. The close cooperation in security matters led to formation of South-Eastern Europe Brigade (SEEBRIG), which contributes to regional and worldwide security and stability. The South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC), a joined project of RCC and UNDP, assists SEE governments in implementing the 2001 regional plan for Combating the Proliferation and Impact of Small Arms and Light Weapons.

There are three other initiatives that support security cooperation. The Adriatic Charter is a U.S.-backed initiative. The founding document was signed in 2003 in Washington. The aim of the charter was to lead the countries of the region in NATO. However, there is a potential for overlap between the scope of the Adriatic Charter with SEDM, RCC and South Eastern European Clearinghouse (SEEC). The South Eastern European Clearinghouse was established in 2004. The goal of the initiative was to coordinate the efforts of allied and friendly countries that offered assistance to NATO aspirants and PfP Countries. SEEC is a platform for discussing and exchanging information on bilateral assistance and multilateral security programmes. SEEC led to enhanced cooperation in training for peace support, media training and nuclear, biological, and chemical defence. Also, there is a Centre for Security Cooperation, which is the successor of the Regional Arms Control Verification and Assistance Centre (RACVIAC), based in Rakitje, Croatia. It is a regional, independent, non-profit organisation with an academic orientation. The goal of the centre is to be the most important regional platform for fostering dialogue on security cooperation. The centre tries to push forward ideas for cooperative security, capacity building and the introduction of innovative ideas for regional security cooperation.

The conventional arms control in WB is one of the best examples of how well advanced cooperation is regarding “hard” security issues. The process was externally initiated following the war in BiH, and over the years grew into a highly effective locally owned cooperative scheme. In fact, the sub-regional conventional arms control in the Western Balkans is much more successful than the Conventional Forces in Europe Treaty (CFE), which served as its role model. Even more than that, it is one of the most effective arms control regimes ever established and therefore deserves due attention as a success story of regional cooperation.

The Dayton Peace Treaty laid down the cornerstone not only of the future Bosnian state, but of regional stability in the Western Balkans as well. The latter was elaborated in the Annex 1B to the Treaty, in which parties acknowledged that “balanced and stable defence force levels at the lowest numbers consistent with their respective security” and “the establishment of a stable military balance based on the lowest level of armaments will be an essential element in preventing the recurrence of conflict” (Article I). To

that end, in Article IV of Annex 1B, the parties agreed to start negotiations under the auspices of OSCE on the sub-regional arms control regime, based on the Conventional Forces in Europe (CFE) Treaty, within 30 days.

After five months of negotiations, the “Agreement on Sub-Regional Arms Control” was signed on 14 June 1996 in Florence, hence it is also known as the “Florence Agreement” or the “Article IV Agreement”. It was signed by the Federal Republic of Yugoslavia (FRY), the two entities of Bosnia and Herzegovina and Croatia and witnessed by contact group countries (France, Germany, Russia, Italy, UK and U.S.). The Article IV agreement aimed at creating military balance between the parties through obligatory reductions in heavy weapons.

The Agreement set ceilings in five categories of conventional armaments such as battle tanks, armoured combat vehicles, artillery, combat aircrafts and attack helicopters. The Florence Agreement drew upon provisions of Article IV of the Dayton Peace Accords, which defined the ratio of 5:2:2 for the balance of military forces between FRY, Bosnia and Herzegovina and Croatia.¹² More concretely, in Article IV each party was called to reduce its conventional armaments up to a certain percentage of the baseline defined as “determined holdings of the Federal Republic of Yugoslavia” in 1996. This percentage was 75% of the baseline for the FRY, 30% of the baseline for Croatia and 30 % of the baseline for Bosnia and Herzegovina.¹³ This ratio and the percentages were further specified in the Florence Agreement by setting precise numerical ceilings for each of the five categories of conventional armaments.

In order to ensure compliance with the provisions, the agreement introduced verification systems through notification, exchange of information and an intrusive inspection regime. Information was to be exchanged annually by December 15 each year while each party had “the right to conduct and the obligation to accept within the area of application, inspections” (Article 9, section 1) with the aim to verify and monitor the compliance and implementation of the agreement. According to the Florence Agreement,

12 The ration was established according to the size of population.

13 “the allocations for Bosnia and Herzegovina will be divided between the Entities on the basis of a ratio of two (2) for the Federation of Bosnia and Herzegovina and one (1) for the Republika Srpska” Article 4, section 3, clause 5.

parties also created the Sub-Regional Consultative Commission (SRCC) composed of representatives of each party as well as the Personal Representative (PR) of the OSCE Chairman-in-Office tasked to monitor the implementation.¹⁴ Finally, the parties also agreed to convene Review Conferences at least once every two years.

Already during the first 16 months of the “reduction phase”, parties reduced 6,580 armaments and managed to reach their set ceilings. By November 1997, provisions from Article IV of Dayton Peace Agreement, a regional balance of forces was fully implemented. However, the parties decided to carry on with the further reduction and exchange of information, as it was beneficial for confidence, transparency and stability in the Western Balkan region. In sum, in the past 19 years, more than 10,000 pieces of heavy armaments have been destroyed, including 1,414 battle tanks, 688 armoured combat vehicles, 7,754 artillery, 170 combat aircraft and 19 helicopters.

An important facet of the process from the very beginning was a gradual transfer of authority from the international community to the parties. Already in December 1998, the parties took over from OSCE the responsibility of chairing SRCC.¹⁵ A decade later, parties expressed readiness to consider strengthening their ownership of the agreement in accordance with the regional trend towards more local ownership. In June 2009, the OSCE PR for Dayton Article IV proposed a multiyear plan to transfer technical and administrative responsibilities to Article IV parties (“Ownership plan”).¹⁶ The first phase of the plan, which finished in 2011, consisted of transferring technical functions previously provided by PR and OSCE mission in Bosnia and Herzegovina to parties.¹⁷ The second phase, which encompassed the

14 Chairmanship of the SRCC was rotating alphabetically. Its decisions are taken by consensus.

15 Jopp, Heinz Dieter, “Regional Arms Control in Europe: The Arms Control Agreement under the Dayton Agreement (Mid-1997 until Mid-1999)”, in: Institute for Peace Research and Security Policy at the University of Hamburg (ed.), OSCE Yearbook 1999, Baden-Baden 2000, p. 344

16 Both parties and Russia’s representative in the Contact Group expressed reservations regarding the pace and costs of the proposed plan. However, the Personal representative soon managed to get them on board.

17 Those were, for example, formulating inspection plans, monitor results, annual data exchange, interpretation and administrative support etc.

development of full autonomy of parties in implementing the agreement, ended in December 2014. On 4 December 2014, foreign ministers of Serbia, Bosnia, Montenegro and Croatia have signed the Amendments to the Agreement on Sub-Regional Arms Control thus taking over full responsibility for the process.¹⁸ In sum, the process was externally started but was then gradually and quite successfully transferred into the hands of regional policy makers.

How can such success be explained? First and foremost, from the very outset, the sub-regional arms control in the Western Balkans was a continuation of military intervention with other means. The overwhelming hard power of NATO and the magnetic attraction of the EU ruled out the recurrence of war in the region. As a consequence, the strategic utility of possessing a huge quantity of conventional weaponry significantly decreased for all countries in the region. Second, sub-regional arms control in the Western Balkans, in the past 17 years, has been heavily supervised by international actors such as the OSCE, Contact Group and NATO. As Brigadier General Costanzo Periotto, former Personal Representative of the OSCE Chairman in Office, put it:

Certainly, one of the reasons why the Dayton Peace Accords, especially their arms control regime, have been so successful is that the international community stood behind the process all along and that, in shaping the region's future, the Parties directly concerned were not left to their own devices.¹⁹

Finally, the progress in the implementation of the Dayton Peace Treaty, including its arms control provision, has been strongly linked with political and economic assistance as well as with the prospects of Euro-Atlantic integration from the very beginning. As a result of all this, security, political as

18 OSCE, Bosnia and Herzegovina, Croatia, Montenegro and Serbia take ownership of regional arms control, Dayton Peace Agreement Article IV Annex 1/B: Mission accomplished, 4 December 2014. <http://www.osce.org/cio/129436> [accessed on 20 April 2015].

19 Report to the Permanent Council, Implementation of the Agreement on Sub-Regional Arms Control (Article IV, Annex 1-B, Dayton Peace Accords) 3 September 2009, Vienna, Brigadier General Costanzo PERIOTTO (Italian Army) Personal Representative of the OSCE Chairman-in-Office., p. 6.

well as economic incentives of the parties to comply with the provisions by far exceeded potential advantages that could be gained by non-compliance. Over the years, the norms of conventional arms control have been internalised by military professionals across the region and a veritable culture of trust and cooperation among them seems to have taken root. Nevertheless, this has yet to trickle down to Western Balkan societies where inter-ethnic relations are still all too often characterised by mutual mistrust and intolerance.

2.2. Energy and Infrastructure

Energy is a critical area where the countries of the Western Balkans – and, more broadly, South East Europe - have been working together. What we have is a region that is poor in energy resources (all countries apart from Bosnia and in some years Serbia import electricity). With the EU in the driver's seat, the governments from the region have committed to joining forces in order to improve cross-border connections, reform legislation to bring it in line with the *acquis*, bring in investment, and build a regional market to the benefit of producers, traders and consumers of energy. Policymakers and pundits view such an outcome as essential for speeding up the region's European integration but, more importantly, for fostering growth and development in times of stagnation.

As elsewhere, energy has growingly become a very politicised sector of the economy where various actors and dynamics – domestic, regional, international - intersect. Starting from the end of this decade, the Western Balkans is set to become a transit route for imports of gas into the EU. The Trans-Adriatic Pipeline (TAP) will deliver 10 billion cubic meters (bcm) of gas on an annual basis to Italy via Albania. The saga around the South Stream pipeline has highlighted the region's exposure to Russian influence, with companies like Gazprom Neft, Zarubezhneft and Lukoil already established in Serbia, BiH (Republika Srpska) and Macedonia. Local elites have discussed their countries' inclusion into various schemes, most recently the so-called Turkish Stream which is presently being sold by the Kremlin as a replacement to the now defunct South Stream.

Despite Russia's rising profile, the EU remains the main catalyst and anchor for regional cooperation. There is a dense web of institutions and rules

underwriting the process. Albania and the Yugoslav successor states outside the EU are part of the Energy Community, a Vienna-based organisation established in 2006, which also comprises Ukraine and Moldova. Its principal function is to be a transmission mechanism for legislation originating from Brussels to countries that aspire to join the EU. A case in point is the commitment of the Community members to adopt the legal instruments forming the so-called Third Energy Package on “unbundling” production, trading and distribution of gas and electricity. The Western Balkans participates in a number of technical bodies: the European Network of Transmission System Operators for Electricity (ENTSO-E), an association of Europe’s transmission system operators (TSOs). Macedonia’s Gama is inside ENTSO-Gas too. The EU’s Agency for Cooperation of Energy Regulators (ACER) is involved in steering the Energy Community’s Regulatory Board (ECRB).

With the Energy Community as a sort of a transmission belt, the Western Balkans will increasingly feel the impact of the EU’s emergent Energy Union. Proposed by the European Commission in February 2015, it promises to diversify imports and slash high prices charged by Gazprom to the whole of post-communist Europe. The initiative aims to benefit consumers by facilitating ambitious projects like the Southern Gas Corridor and promises to mobilise and channel additional resources invested into the interconnection and technological upgrade of national electricity and gas grids. There are furthermore important provisions on transparency, with the European Commission stating intentions to vet *ex ante* the Intergovernmental Agreements (IGAs) and the related commercial agreements between EU member states and external suppliers for compliance with the *acquis*. In all likelihood, accession hopefuls will be closely monitored, similar to current EU member states. The EU Energy Commissioner Günther Oettinger, at the time, set an important precedent by taking over the renegotiation of Serbia’s IGA with Russia on South Stream in December 2013.

In fairness, the Energy Community has only partly fulfilled its objective to narrow the gap between EU members and accession countries – and advance regional integration in the process. It missed its own deadline for the implementation of the Third Energy Package (1 January 2015). The Community’s Secretariat did not approve the Energy Law passed by

Serbia in late December 2014 to overhaul Srbijagas, a state-owned utility. In all other countries, the process has lagged behind. The Secretariat's annual implementation report for 2014 finds that regional integration and modernisation has moved slowly in the field of electricity, because of the tendency to regulate heavily electricity prices as a proxy social policy and extensive state domination in the market.

The exclusive focus on gas, both in Brussels and in the Western Balkans, poses further complications. As demonstrated by the former South Stream, TAP and the cancelled Nabucco, SEE governments are keen to host and build infrastructure. In 2013, Energy Community members adopted a list of 10 gas projects of "community interest" to be presented to potential funders – including LNG terminals at the Croatian island of Krk and in Albania, five interconnectors linking Croatia, BiH, Serbia and Bulgaria, TAP and the proposed Ionian-Adriatic-Pipeline. Their ostensible aim is to promote flexibility and spur competition. In reality, apart from TAP serving the Italian market, prospects are far from certain. Public funding is scarce, while feeble growth and a negative demographic outlook in the region limit the interest by private investors.

Yet, contrary to widespread perceptions, gas is not a key issue in the region, aside from the rent-seeking opportunities that large-scale infrastructure furnishes. Coal-fuelled thermal power plants and hydropower take the lion's share in electricity production, with miscellaneous hard fuels (lignites, wood, pellets) used for heating. Unlike in the Baltics, Central Europe or the CIS, gas accounts for a minuscule share of local energy consumption, with the possible exception of Serbia (11%, 2.3 billion m³ a year). The petrochemical industry is far from important, and household gasification is not advanced. The Energy Union could push for liberalisation and improve connectivity but will hardly usher in major structural change.

The two areas where the Western Balkans have indigenous potential and can derive benefits from cross-border integration are renewables and energy efficiency.²⁰ Hydropower already corresponds to about a third of electricity

²⁰ The Western Balkans countries are at the top of the table in Europe in energy intensity – e.g. the amount of energy for a unit of production.

generation, with countries like Albania reaching close to 100%. Multilateral lenders such as EBRD, the European Investment Bank and the World Bank have identified additional development opportunities in solar, wind, biomass and geothermal power. Technological advancement helps bring down the costs of putting new facilities on-stream as well as slashes prices charged to end consumers. A turn to renewables will moreover offset current dependence on coal, bring down carbon emissions and tackle pollution.

EU and national governments can add value by attracting large-scale investment in the modernisation of distribution systems and storage facilities.²¹ Such projects will deliver maximum benefit if carried out at the cross-border, rather than national, level, because of the economies of scale and the need to balance more efficiently the electricity grids -- a common challenge concerning renewable energy.

Neither the EU-only Energy Union nor the Energy Community provides an optimal platform for cooperation. To function well, a regional strategy spearheaded by the European Commission has to bring on board both the Western Balkans and their neighbours such as Bulgaria, Romania, Greece and even Italy and Turkey. This is justified by patterns of interdependence already in place. Bulgaria traditionally exports electricity to energy-hungry Turkey as well as to Greece, Serbia and Macedonia, while Romania supplies Serbia. Serbia is therefore the principal conduit, as it lies between net exporters and net importing countries in SEE. Italy is constructing a 1,000 MW cable under the Adriatic to Montenegro, with another one projected to run to southern Albania. The Energy Union can make a difference only if it brings together the whole of wider SEE and facilitates joint integration projects such as a regional electricity exchange.

Building and upgrading roads, railways and bridges, expanding air links and modernising maritime ports and waterways are perhaps the most popular part of regional cooperation. Large-scale infrastructure projects have always scored high with EU officials, Balkan politicians and their voters alike. One can hardly be against them. They are visible and good for political ratings. Second, as elsewhere, they promise investment and jobs, a key priority

21 The poor condition of electricity grids results in up to 40% loss.

amidst the lingering economic crisis and high levels of unemployment. Starting with the Stability Pact, which had the rebuilding and expansion of cross-border connections as top goal, a lot of ink has been spilled about the difficulty of travelling from one Balkan country to another. But things have moved on. In 2011, for instance, a 137 km – long motorway linking Albania to Kosovo was completed, reducing travel time from Tirana to Prishtina from six to two hours. A year prior to that, Cargo 10, a joint venture by the Serbian, Croatian and Slovene railway companies, started carrying freight. In December 2014, Air Serbia re-launched the connection between Belgrade and Zagreb, after a gap lasting a full 23 years.

As in other areas, the EU is indispensable for getting local countries to work jointly. Brussels has been the main provider of expertise and funds. The so-called Berlin Process, involving periodical summits of the Western Balkan Six, some EU member states and the Commission, puts a great emphasis on infrastructure, while IPA II has earmarked 1 billion Euro over the period of 2014 to 2019. Funding is furthermore available through loans from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) along with other financial institutions. Commissioners Johannes Hahn (Enlargement) and Violeta Bulc (Transport, originally from Slovenia) have been closely involved, setting 2030 as a goalpost for completing all connections linking up the Western Balkans with the EU, as well as internally.

The EU supports the Belgrade-based Southeast European Transport Observatory (SEETO), originally set up in 2004. It oversees the implementation of the so-called Regional Core Network which covers road connections, railways, waterways, airports and maritime ports, and is an extension of the EU's own TEN-T template.²² The Western Balkan prime ministers endorsed an updated version of the regional core network at the summit in March they held together with Commissioners Hahn and Bulc, as part of the Berlin Process.

All of the European Commission's press releases, reports by SEETO as well as the RCC register constant progress. Some Balkan governments are upbeat

22 The famous corridors elaborated back in the 1990s.

too. Serbia says that Corridor 10, running from the north to the border with Macedonia in the south, with an offshoot to Bulgaria, is to be completed by 2016. In fairness, it is much more complex at closer inspection. There are a myriad of practical concerns to do with political, economic and institutional shortcomings and challenges that inhibit infrastructure development and, by extension, regional cooperation.

To start with, funding is scarce, and with budget deficits and public debt running high and FDI in short supply, there are limited financial resources to complement EU allocations, other than money loaned by the IFIs. Significant projects have been carried out with help from outside investors drawn in by local governments. Air Serbia was able to set a network only after Etihad Airways of the United Arab Emirates decided to take over JAT. Similarly, the Turkish firm TAV took over, expanded and modernised Skopje and Ohrid airports in 2010, while Limak, another outfit from Turkey, runs Prishtina's airport on a 20-year Build-Operate-Transfer contract. However, major undertakings, particularly in the area of road transport, such as the projected motorway from Nis to Prishtina, are yet to attract financing.

Secondly, though physical connections may be improving, progress in terms of regulatory alignment, e.g. common standards in areas such as transport firms' licensing, on road safety etc., is slow and uneven. As EU Enlargement Commissioner Johannes Hahn noted in March 2015, at a Western Balkan 6 summit in Prishtina,²³ the software is as important as the hardware. In civil aviation, this has already been achieved, as the Western Balkans have been included, since 2006, in the European Common Aviation Area (ECAA), an arrangement which also involves the EU member states, Norway and Iceland. The agreement to establish a Transport Community, signed back in 2010, is delayed, blocking the extension of EU's Internal Market rules into the Western Balkan accession countries.

Outstanding political issues bottleneck the process too. In Bosnia and Herzegovina, the project to build a motorway between Republika Srpska's capital of Banja Luka and Travnik, with possible extension to Sarajevo (Route 2a under the TEN-T classification) is dependent on the adoption of

23 Where Serbian Foreign Minister Ivica Dacic took part as well.

a transport strategy at the state level along with an action plan. Though such a road connection is sure to carry symbolic, and perhaps practical, value by tying together the two entities, it competes with plans to build a motorway from Banja Luka to Doboj, a segment of the EU's Corridor 5.

One should not lose sight of issues such as good governance (or lack thereof), transparency and accountability. Anywhere in the world, politicians like big infrastructure, because the construction sector generates handsome rents that are then distributed to political and business clienteles. There have been a number of high-profile cases of corruption, often crossing national borders: e.g. the recent investigation in Greece against AKTOR ADT, a construction company, for bribing authorities in Macedonia to be awarded a contract for a 28-km stretch of motorway running along Corridor 10, paid mostly with money from IPA, EIB and EBRD. The 2 billion Euro "Patriotic Highway" linking Tirana and Prishtina was awarded to a consortium of Bechtel and Turkey's ENKA and came under heavy criticism by local observers and international institutions for failing to comply with tendering regulations, amongst other irregularities.

2.3. Cooperation in Social Development

Regional cooperation in social development policies is low on the priorities lists of political leadership in SEE countries;²⁴ notwithstanding, that it has the highest potential to bring tangible and positive impact on people's every day lives. Social development cooperation spans several policy areas, from rural development all the way to cooperation in culture and building a digital society, with labour and social policies, health and education in between. The cooperation in social development is a mix of external and local impetuses and top-down and bottom-up approaches.

For example, the Regional Rural Development Standing Working Group of SEE is an intergovernmental organisation that promotes sustainable agriculture and rural development. The group is a product of the increased cooperation among ministries of agriculture. The group is also involved in

24 Dehnert, S. and Taleski, D. *Monitoring Regional Cooperation in South East Europe*. Berlin: Friedrich Ebert Foundation, 2013.

regional development projects, and invites and cooperates with international development organisations. The Centre of Public Employment Services in SEE countries is a rotating, regional non-profit organisation, which unites public institutions in charge of implementation of labour market policies. The Centre supports the exchange of information related to labour market reforms, providing services for employers and job seekers, and capacity building.

On the other hand, the SEE Trade Union Forum brings closer cooperation among trade unions in the region. Also, it is among the first regional cooperation initiatives. It was established in 1999. The SEE Trade Union Forum brings together the heads of trade unions to promote the social dimension in economic reforms. On the other side of the table is the Adriatic Region Employers' Centre (AREC), established in 2008 and based in Zagreb. The centre develops projects of cooperation and exchange of views among organisations of employers in the region. The goal of AREC is to promote a business-friendly environment for local and international investors.

There is regional cooperation in health policies. The SEE Health Network was established following a pledge made in Dubrovnik in 2001. It is one of the institutionalised regional cooperation initiatives with a secretariat in Skopje. The network's aim is to increase regional leadership and ownership in improving health policy and services. The SEE Health Network has delivered a couple of successful projects; for example, the network supported the creation of a Regional Centre for Mental Health in Bosnia and Herzegovina and the enhancing of capacities for kidney transplantation in Montenegro.

Also, RCC has launched two task forces to increase regional cooperation in social development. One is the RCC Task Force for Fostering and Building Human Capital. It provides a framework for building human capital, by linking education, research and policy making. The task force tries to utilise human capital to increase sustainable economic and social development. The second is the RCC Gender Task Force. Its aims are to increase political participation of women, to foster cooperation among women across party lines, ethnic groups and states, to support cooperation among NGOs, parliaments and governments, and to promote and advocate greater representation of women through grassroot and media campaigns.

Regional cooperation in culture takes place at a very high level in SEE. The Council of Ministers of Culture of South-East Europe (CoMoSEE) was created in 2005. It is the main platform for regional cultural cooperation. In a joint action with the Council of Europe and the European Commission to rehabilitate cultural sites in SEE, the Council developed the Regional Program for Culture and Cultural Heritage in South-East Europe. This led to the Integrated Rehabilitation Project Plans/Survey of Architectural and Archaeological Heritage. This in turn contributed to the creation of a common understanding of the architectural and archaeological heritage of the region, and better preservation of it. Also, the RCC Board established the RCC Task Force on Culture and Society in 2010. The goal is to promote regional cooperation in culture and to create a platform for dialogue for relevant stakeholders. Members are high-level officials from SEE governments, RCC, Council of Europe and European Commission. The task force has a secretariat based in Cetinje. The secretariat technically manages the work of the task force, and implements and follows projects.

Last but not least, regarding social development, are the regional initiatives aiming to build a common digital society. RCC has a goal to promote a single, open and competitive regional ICT market. This is in line with RCC's strategy "SEE 2020" and the efforts to have smart growth. There are several different initiatives contributing to the creation of a common digital society. There is a Centre for eGovernance Development (CeGD), which was established in Ljubljana in 2008. It is a decentralised regional network, formed through a private-public partnership for training, education, consulting and research issues connected to e-governance. There is also an eSEE Initiative. It was launched in Istanbul in 2000. Nowadays, the eSEE secretariat is hosted by the UNDP country office in Bosnia and Herzegovina. The aim of eSEE is to develop a regional information society in order to better integrate SEE countries in the global knowledge base economy. Also, there is a broadband SEE task force that formed a Memorandum of Understanding on Development of Unified Market of Broadband Networks, which was signed at a Ministerial Conference in Thessaloniki in 2005.

The mix of impetuses and approaches, however, has not delivered many tangible results in regional cooperation in social development. It is the policy area where cooperation is the lowest. There has been no significant follow

up of external bottom-up initiatives. Also, they are not as neatly interwoven in the EU agenda as JHA and security cooperation are. There is lack of political will to sustain local top-down initiatives. They lack basic resources and finances. Even success stories, like regional cooperation in health, are not seen as attractive or useful for showing off politically. Local bottom-up initiatives, similar to what was seen in the previous discussion about education initiatives, bring a focused and results-oriented cooperation based on common interests; however, they often lack resources and management capacities.

3. Conclusion and recommendations

The culture of cooperation has moved from externally driven top-down initiatives (e.g. the Stability Pact) to local top-down initiatives (e.g. SEECF). On the other hand, external bottom-up initiatives – initiated externally and appropriated by local actors – deliver better results if they remain closely linked to the EU and NATO agendas in the region. This is shown in regional cooperation in JHA, security and energy, notwithstanding that other international actors have a high potential to influence regional cooperation in energy. Even though local top-down initiatives have intensified, for example in parliamentary cooperation, they still need to deliver more tangible results. Also, local top-down initiatives in big infrastructure projects raise corruption concerns. Local bottom-up initiatives have intensified pushing forward common goals or common interests of civil society actors. While it might be a challenge to manage and finance large civil society regional coalitions that work toward a common goal, regional groups working to advance their interests bring forward focused and results-oriented cooperation.

It seems that the culture of cooperation in SEE follows a different logic than the development of cooperation in the EU. Cooperation in the EU moved from policy areas of “low” politics (i.e. economy, coal and steel) to policy areas of “high” politics (i.e. security and defence). In SEE, one finds that there is more cooperation in “high” politics (e.g. security, justice and home affairs), while regional cooperation in “low” politics areas (e.g. energy, infrastructure, social development) is lagging behind. This is a consequence of the early structuring of regional cooperation.

Improving security and guaranteeing stability were the main motives for initiating regional cooperation in the early 1990s. The agenda was strongly pushed by international actors and was embedded in the EU integration process. There were strong political incentives for national political leadership to commit to improving security and stability in the region. This is a major contribution to regional cooperation, and it resulted in significant local ownership and willingness to implement regionally designed policies. This is most visible in

regional cooperation in justice and home affairs. Cooperation in these fields is dynamic, coherent and even though it rests on concerted inter-governmental efforts, there are several regional centres which sustain and develop the cooperation further. Also, the focus on security cooperation remains high. The regional regime for conventional arms control is a great achievement. It started as an externally driven process; however, it resulted in high local ownership and has provided results that are better than the EU's regime for conventional arms control. Arms control in SEE is a transparent process that significantly contributed to stability and confidence building in the region. It also helped to create a culture of trust and cooperation among military professionals.

A regional approach seems to be the best solution for SEE, an energy-dependent region, for finding investments in energy infrastructure and building a common energy market. Regional cooperation would yield the highest returns. It would tackle most of the cross-border issues and would expand the markets. At present, energy cooperation brings foreign political influences, mainly from Russia and the EU. However, while Russia is the main supplier of resources, which are often bundled with political aims, the EU is the main supplier of institutions and regulations, for example through the Energy Community. However, implementation of the Energy Community's targets is lagging behind. States dominate the electricity markets and price regulations serve as a social policy measure.

Even though gas projects are the main focus of national governments, household gasification in SEE is not advanced. Most of the electricity is produced in coal-fuelled thermal power plants and hydro plants, while a variety of hard fuels (e.g. wood, pellets, lignites) are used for heating. In the future, structural changes will most likely continue to present a major challenge. On the other hand, energy from renewable sources is under-utilised, despite the high potential – mainly in using hydropower, but also in exploitation of solar, wind, biomass and geothermal power. To make use of renewable sources, more investment in technical capacities, distribution systems and storage facilities is needed, and positive consequences are expected, such as offsetting dependence on coal and decreasing pollution.

Regional cooperation in building infrastructure is very popular in the EU and the region. It brings political benefits, in terms of positive views of electorates,

and a promise of investment and jobs. There is some improvement in road infrastructure, railways and plane transport. However, it would not be doable without the EU's financial and expert support. There is an ambitious goal to complete all connections linking the region with EU, and internally, by 2030. However, significant challenges remain. There is a scarcity of funding for large-scale infrastructure projects, and national governments are faced with high public debt. Also, some outstanding political issues impede projects, and often there are problems deriving from the lack of good governance.

Regional cooperation in social development can make the most tangible impact on the everyday life of people. Increasing regional cooperation in social development is an essential element of the agenda to bring sustainable and integrated growth in the region. However, it remains low on the agenda of policy makers. On the other hand, there is dynamic cooperation among civil society organisations. Bottom-up regional initiatives are the forerunners in efforts to build human capital, to exploit digital opportunities and to introduce labour-market policies. Concerning the latter, an enhanced dialogue between the regional association of employers and unions is needed.

In conclusion, one can point out that a culture of regional cooperation is developing in SEE. Local bottom-up initiatives – focused on common interests – seem highly supportive of enhanced regional cooperation. Also, external bottom-up initiatives, especially if they are linked with the EU agenda, support the strengthening of regional cooperation. While external top-down initiatives are a thing of the past, one should not consider that local top-down perspectives create impediments. Regional cooperation in SEE is still mainly inter-governmental. However, political leaders seem to be an unwilling partner in regional cooperation. They are pushed forward by the EU. EU integration is their principal motive to support regional cooperation. In that respect, it is beneficial that regional cooperation is an important part of the EU conditionality in the region. When left to their own, national political leaders in SEE are still mainly caught up in issues like national sovereignty and bilateral problems. In most regional cooperation initiatives, there is high local ownership, but with insufficient commitment from national governments. Donor support and international financial support remain an important variable in fostering regional cooperation.

On the other hand, different local bottom-up initiatives contributed to vibrant cooperation in social development. These initiatives are not burdened with political impediments, and are mainly focused on resolving and removing common obstacles. The social development initiatives aim to exchange best practices in terms of transformation and reform processes, to reach common standards and to raise the quality of services. This is a useful lesson for policy makers -- how to work together and not against each other.

Civil society regional initiatives bring people and cultures closer together. They intensify communication and contribute to creating a sense of togetherness. In that way, they help generate political will and public support for regional cooperation. Bottom-up regional cooperation contributed to post-conflict confidence building and opening dialogues, first between Bosnia and Herzegovina, Croatia and Serbia, and recently between Serbia and Kosovo. Bottom-up initiatives were able to articulate an alternative agenda, often pushing politically contested issues that underpin interests and needs of citizens. Also, civil society organisations have contributed to the monitoring, impact assessment and evaluation of regional cooperation. However, there is a lack of funding for bottom-up initiatives and a lack of awareness for civil society to be included as an equal partner in regional cooperation. The valuable existing and functioning networks that yielded tangible results deserve greater support. Furthermore, it would be beneficial to create new regional coalitions to act as watchdogs, for example to monitor rule-of-law reforms, EU integration and democratic reforms, and thus, support regional cooperation.

About the Balkans in Europe Policy Advisory Group

The Balkans in Europe Policy Advisory Group (BiEPAG) is a co-operation initiative of the European Fund for the Balkans (EFB) and Centre for the Southeast European Studies of the University of Graz (CSEES) with the aim to promote the European integration of the Western Balkans and the consolidation of democratic, open countries in the region. BiEPAG is composed by prominent policy researchers from the Western Balkans and wider Europe that have established themselves for their knowledge and understanding of the Western Balkans and the processes that shape the region. Current members of the BiEPAG are: Florian Bieber, Dimitar Bechev, Milica Delević, Dane Taleski, Dejan Jović, Marko Kmezić, Leon Malazogu, Corina Stratulat, Marika Djolai, Jovana Marović, Nikolaos Tzifakis, Natasha Wunsch, Theresia Töglhofer, Mirna Vlašić Feketija, Milan Nič and Vedran Džihić.

www.biepag.eu

About the European Fund for the Balkans

The European Fund for the Balkans is a joint initiative of European foundations that envisions, runs and supports initiatives aimed at strengthening democracy, fostering European integration and affirming the role of the Western Balkans in addressing Europe's emerging challenges.

The up-to-date programme strategy is based on three overarching areas – Capacity Development, Policy Development and Regional Cooperation - and channelled via flagship programmes and selected projects, complemented with a set of actions arising from EFB's regional identity as a relevant player in its fields of focus.

Their synergetic effects are focussed on continuous “Europeanisation” of the policies and practices of the Western Balkans countries on their way to EU accession, through merging of the region's social capacity building with policy platform development, and a culture of regional cooperation.

Contact:

IGOR BANDOVIĆ

Senior Programme Manager,
European Fund for the Balkans
igor.bandovic@balkanfund.org

+381 (0) 69 62 64 65

European Fund for the Balkans
Resavska 35, 11 000 Belgrade, Serbia

Phone/Fax: +381 (0)11 3033662

www.balkanfund.org

About the Centre for Southeast European Studies, University of Graz

The Centre for Southeast European Studies was set up in November 2008 following the establishment of Southeast Europe as a strategic priority at the University of Graz in 2000. The Centre is an interdisciplinary and cross-faculty institution for research and education, established with the goal to provide space for the rich teaching and research activities at the university on and with Southeast Europe and to promote interdisciplinary collaboration. Since its establishment, the centre also aimed to provide information and documentation and to be a point of contact for media and the public interested in Southeast Europe, in terms of political, legal, economic and cultural developments. An interdisciplinary team of lawyers, historians, and political scientists working at the Centre has contributed to research on Southeast Europe, through numerous articles, monographs and other publications. In addition, the centre regularly organizes international conferences and workshops to promote cutting edge research on Southeast Europe.

Contact:

UNIV.-PROF. DR. FLORIAN BIEBER

Professor of Southeast European Studies

florian.bieber@uni-graz.at

+43/316/380 6822

Centre for Southeast European Studies,
University of Graz,

Universitätsstraße 15/K3 A-8010 Graz

www.suedosteuropa.uni-graz.at

An abstract graphic design featuring four large triangles that meet at a central point. The top-left triangle is light blue, the bottom-left is dark blue, the bottom-right is orange, and the top-right is white. The text 'www.biepag.eu' is centered in the white area.

www.biepag.eu