

SOFIA SUMMIT 2020

TAKEAWAYS AND LESSONS LEARNT



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Authors:

Ana Krstinovska, ESTIMA

Ardian Hackaj, Cooperation and Development Institute

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Cooperation and Development Institute

“Milto Tutulani” Street, Building No. 6, Entry 8, 3 & 4, 1019, Tirana, Albania

E-mail: info@cdinstitute.eu

Website: www.cdinstitute.eu

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I. FROM BERLIN TO SOFIA¹

The year 2020 marked the 7th cycle of events and activities organized under the Berlin Process (BP) label. In the lack of imminent EU accession perspective for the SEE6, what started as a general vision of the German Chancellor to keep the region closer to the EU, has transformed into a broad and complex dynamics that brings together regional cooperation and connectivity in a context composed by institutional reforms and enlargement conditionality. Such a large scope makes necessary the involvement of many different stakeholder groups, beyond the traditional inter-governmental one.

Its multi-layered structure which nowadays combines many connectivity dimensions² - infrastructure, economic, political/institutional, people to people (P2P) and the Europe-wide dimension³ - has evolved over time to cover all the aspects not fully covered in the formal EU integration process and to provide the latter with the much-needed bottom-up component. More importantly, through the regional cooperation pillar, the BP contributed to raise awareness about the need for the countries in the region to start appeasing recurrent tensions and work together on a common future, based on the EU values, rules and standards as a common denominator. It also provided a setting for constant exchange at the highest political level and a forum to discuss and mitigate occasional bilateral frictions.

The last high-level event in the framework of the BP – the Leaders’ Summit, co-hosted by Bulgaria and North Macedonia in November 2020, took place in the midst of the 2nd wave of COVID-19 pandemic. The unprecedented sanitary crisis is likely to entail long lasting economic consequences and to impose the need to re-conceptualise ways of doing business, government practices, individual and societal priorities etc, leading to a recentring exercise from the global to the regional and local level. In that respect, the Sofia Summit could be seen as a turning point towards a more decisive and ambitious plan for the SEE6 joint future, based on the concepts of resilience, sustainability, digitalisation and regionalization.

Furthermore, the year 2020 will come to an end without the long-awaited intergovernmental conferences for North Macedonia and Albania to officially start accession negotiations with the EU, dealing yet another blow to one of EU’s former success stories and transformative tools - enlargement. Despite the standstill in recent years, the unwavering determination of all WB countries to join the Union proves that for the SEE6, the EU remains a strategic choice and a role model to follow in the process of societal reform and modernization.

In that context, the BP provides a much-needed practical framework to continue the work on adapting the SEE6 production system to the new post-covid19 scene, and at the same time to continue with the reform agenda to maintain the enlargement pace. The new enlargement methodology⁴ through the second cluster (internal market) and the fourth cluster (green agenda, sustainability and connectivity) and IPA III provide the rails and incentives for the countries to further align and comply with their obligations stemming from the EU agenda by properly rewarding them for the achievements with funding to implement tangible projects and attain measurable outcomes. The increased envelope allocated to connectivity through the Western Balkans Investment Framework⁵ (WBIF) illustrates the EU support.

¹ This paper builds on the discussions within the stakeholder event “[Takeaways from Sofia Summit on Growth, Sustainability and Resilience in SEE6](#)”, organised by CDI with the support of HSS, on 17.11.2020. The program of the event is in Annex 1.

² <https://warsawinstitute.org/wp-content/uploads/2020/12/Implementation-of-Berlin-Process-in-the-Western-Balkans-countries.pdf>

³ BP creates the conditions for bringing the WB and participating EU countries closer together at regular summits. There is no other official forum, in which by default all WB and many EU MS sit down together to talk at the highest level.

⁴ https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

⁵ <https://wbif.eu/>

II. RATIONALE FOR DECISIVE ACTION: “ALL IN THE SAME BOAT”

The key takeaways adopted at the Sofia Summit reflect the many lessons learned from three decades of reforms and a raising awareness that the common SEE6 challenges could be best addressed together. They also strive to address a double evolution - in the SEE6 and in EU - in the recent years which would redesign the EU accession. While building on the need to act upon the long-standing challenges, they also take into account the new priorities and can be streamlined as a reaction to the following challenges that each of the SEE6 countries face.

II.1. Slow socio-economic convergence with the EU

There is a high level of economic interdependence with the EU in terms of trade, investments and P2P mobility⁶. However, due to structural weaknesses, internal and external shocks, the real convergence has been relatively slow⁷. Moreover, despite the common sense that the SEE6 countries should have a high degree of economic exchange among each other, their exchanges with EU have grown quicker than among themselves. A high degree of market fragmentation, persistence of non-tariff barriers and recurrent protectionist tariff measures still impact intra-regional trade, despite the CEFTA agreement. Political skirmishes complicate this tableau further.

Such a situation acts as a serious impediment⁸ for the region to present itself as a common market and reap the benefits of an increased market size and economies of scale when it comes to attracting foreign companies and investors. The region scores relatively low in terms of market sophistication, innovation and digitalization and faces serious mismatch between the labour demand and supply.⁹ This leads to brain drain¹⁰, especially among young people who often choose to leave towards Western destinations offering better study opportunities and jobs.

Moreover, due to the low quality outcome of policies in the areas of health, education, employment, human security and equality, all the countries perform rather poorly in the Human Development Index¹¹ (HDI), with Montenegro being the best ranked SEE6 country - at the same level of the worst ranked EU member states, Bulgaria and Romania, and North Macedonia ranking even 30 positions lower.

The current open-ended sanitary and economic crisis, made visible the fragility of the SEE6 development model as, while largely dependent on the EU's economy, it remains outside of the EU's policy making and recovery mechanisms. For example, Albania and Montenegro have been mostly affected through the tourism industry, while North Macedonia, Serbia and BiH have been suffering due to severe disruptions in supply chains related to their export-oriented industries. In addition to the general recession estimated at 5-6% of the real GDP¹², the soaring public deficit and debt levels are likely to further inhibit the economic recovery by redirecting funds from structural and productive reforms towards emergency and rescue measures. Thus, out-of-the box thinking and solid economic and policy craftwork is needed for the region to start making more important strides in its socio-economic development.

⁶ <https://www.iai.it/sites/default/files/iaip2004.pdf>

⁷ <https://doi.org/10.2478/jcbtp-2018-0018>

⁸ https://www.iemed.org/observatori/arees-danalisi/arxius-adjunts/anuari/med.2019/Balkan_Economic_Integration_Milica_Uvalic_IEMed_MedYearbook2019.pdf

⁹ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20201006-communication-on-eu-enlargement-policy_en.pdf

¹⁰ Ibid.

¹¹ <http://hdr.undp.org/sites/default/files/hdr2019.pdf>

¹² <http://documents1.worldbank.org/curated/en/606131588087679463/pdf/The-Economic-and-Social-Impact-of-COVID-19-Western-Balkans-Outlook.pdf>

II.2. Low level of infrastructure development

Another obstacle to the economic catching-up process is the infrastructure gap¹³ between the SEE6 countries and the EU average, visible in transport, energy and digital infrastructure. Some SEE6 capitals lack mutual highway connections and a high-speed rail remains a desired objective for all the countries.

The energy supply remains contingent upon obsolete fossil fuel plants (with the exception of Albania) and still suffers from a fragmented regional energy and electricity market. Mobilising the necessary funds to address infrastructure gaps largely exceeds what the SEE6 countries can allocate for capital investments and what is available with the current donor support. The financial muscle available through IPA III and the Connectivity Agenda loans, cannot be compared with the firepower available through Cohesion Funds provided to other South East Europe countries such as Croatia, Bulgaria or Romania.

Other structural weaknesses are the result of scarcity of mature projects available for financing and the level of institutional good governance in SEE6¹⁴. In that context, a process of smart prioritisation of the available funds is required to single out the projects with the biggest transformative and productive potential, that have an impact not only on the infrastructure but that contribute to the overall socio-economic framework of the countries in question.

II.3. Environmental degradation

The SEE6 are considered to be a “pollution hotspot”¹⁵ in Europe. Polluting industrial facilities, sub-standard and inefficient power plants, highly-polluting diesel and petrol car fleets and household heating systems depending largely on low-quality fossil fuels, contribute to severe air, water and soil pollution. Practice has shown that without serious commitments and external (EU) pressure, national governments are not likely to devote the necessary funding and political capital to resolving these issues in the short to mid-term. The EU pressure to tackle environment is more tangible in the SEE6 countries that have opened the chapter 27.

However, chapter 27 in the EU accession negotiations is considered to be one of the most difficult chapters¹⁶ due to its highly technical nature, vested interests and alignment costs incurred both by public and private entities. In that respect, tackling environment issues and climate change at an early stage, for SEE6 countries represents a huge challenge that needs to be addressed with a range of instruments: legal, institutional, political and budgetary. As this takes time, frontloading environment even before the start of the accession negotiations has the potential to address one of the most important issues for SEE6.

The latest declaration¹⁷ on the Green Agenda adopted at the Sofia Summit illustrates this early focus. Without waiting for the official negotiations to be opened it provides the rails where SEE6 countries

¹³ https://www.eib.org/attachments/efs/infrastructure_investment_in_the_western_balkans_en.pdf

¹⁴ <https://cdinstitute.eu/2020/04/29/connectivity-agenda-and-structural-weaknesses-of-eu-candidate-countries/>

¹⁵ <https://www.aa.com.tr/en/environment/western-balkans-air-pollution-hotspot-in-europe/1736292#:~:text=%22The%20Western%20Balkan%20countries%20of,powered%20by%20fossil%20fuels%20and>

¹⁶ <http://www.eu.inf.mk/wp-content/uploads/2020/07/%D0%98%D0%BD%D1%82%D0%B5%D1%80%D0%B0%D0%BA%D1%82%D0%B8%D0%B2%D0%B5%D0%BD-%D0%B2%D0%BE%D0%B4%D0%B8%D1%87-%D0%B7%D0%B0-%D0%BF%D1%80%D0%B5%D0%B3%D0%BE%D0%B2%D0%BE%D1%80%D0%B8-1.pdf>

¹⁷ <https://www.rcc.int/download/docs/Leaders%20Declaration%20on%20the%20Green%20Agenda%20for%20the%20WB.pdf/196c92cf0534f629d43c460079809b20.pdf>

should advance, creates the conditions for a regional cooperation approach in tackling the environmental challenges, and at the same time makes available considerable financial resources.

II.4. Governance issues

A horizontal issue which spans across all sectors and countries and has the potential to “*make or break*” the socio-economic and political convergence of the region with the EU is the quality of SEE6 institutional governance and political will. International commitments or regional agreements are not always properly implemented due to the inexistence of political will or the missing of adequate and efficient “transmission belts” that would follow-up through the implementation and ensure the intended impact of political decisions¹⁸.

The lack of administrative capacity is another obstacle to the swift and efficient process of approximation with the EU acquis and the implementation of the obligations stemming from the accession reforms. Already under strain because of their small pool of specialists, SEE6 countries - with the difference of Serbia - have small populations, suffer from high emigration rates and endure relatively large turnover rate for civil servants following political rotations.

Moreover, policy-making is anchored in an administrative culture which does not create an enabling environment for the business community and civil society to significantly influence the process, nor there are regular cycles of monitoring, evaluation and thorough analysis to ensure a process of continued and targeted policy improvement.

Teamed with a lack of far-reaching strategic vision, such a policy culture also adversely impacts the planning and preparation of strategic projects and the absorption capacity of national institutions in the implementation of large (especially infrastructure) projects. Donor-contracted technical assistance consultants have tried to plug the gaps. However, the long term and resilient institutional development remains a systemic challenge.

¹⁸ <https://cdinstitute.eu/2020/08/31/eu-enlargement-in-see6-and-country-reforms-the-justice-reform-in-albania-as-a-case-study/>

III. REGIONAL RESPONSE TO NATIONAL PROBLEMS

The commitments undertaken by SEE6 political leaders in Sofia have the potential to significantly contribute to address these challenges. They are framed in an all-encompassing approach with strong links and conditionality between them. The adoption of inter-related policies, endowed with important financial resources and conditioned by a close cooperation framework, creates the basis for a relevant, resilient and sustainable development for SEE6 countries and for their economic convergence with the EU.

Key documents adopted at and related to the takeaways of the Sofia Summit:

- **Common Regional Market – Action Plan 2021-2024**
- **Green Agenda for the Western Balkans**
- **Economic and Investment Plan**

III.1. Common Regional Market (CRM) Action Plan

The CRM¹⁹ initiative replicates the initial endeavours of the EU founders to enhance economic cooperation as basis for peace and reconciliation, in the hope to also replicate the immense economic benefits that the EU single market brought to the participating countries. It is based on the concept of four freedoms of movement – goods, people, services and capital.

While the creation of the EU single market was mostly a “learning-by-doing process”, the SEE6 have already a developed model to analyse and adopt, as well as the advantage to leapfrog certain steps. In that respect, in addition to the regional trade area where the four freedoms will apply, the SEE6 countries agreed to create a regional investment, digital, industrial and innovation area. In many aspects they can also build on the region-specific experience, results and lessons learnt from the activities already introduced in the Membership Action Plan for a Regional Economic Area²⁰ (MAP-REA) which has been implemented since 2017.

The Sofia Summit facilitated the creation of a 4-year action plan as a first step. The region undoubtedly holds economic potential that grows exponentially when the countries work in concert and according to the estimates, increased market integration could boost GDP growth by an additional 6.7%²¹, much needed in the aftermath of the COVID-19 pandemic. The first steps include the: i) gradual expansion of the Green Lanes and one-stop-shops at border crossings to reduce waiting times by 30%; ii) mutual recognition of Authorized Economic Operators and certificates for industrial and agricultural products; iii) the establishment of a regional e-commerce market; and, iv) inclusion in international supply and value chains. Particular attention is devoted to the digital agenda which is supposed to accelerate the alignment with the EU digital single market and integrate the region into a pan-European digital space.

The CRM Action Plan recognizes the need to go beyond economic growth and adopts a people-centred approach to economic development. Facilitating people’s mobility is a precondition for the “invisible hand” of the market to overcome the skills mismatch and reduce unemployment, but also a tool to

¹⁹ <https://www.rcc.int/pages/143/common-regional-market#:~:text=The%20Common%20Regional%20Market%20Action%20plan%20is%20a%20result%20of,to%20provide%20strategic%20guidance%20to>

²⁰ https://www.rcc.int/priority_areas/39/multi-annual-action-plan-for-a-regional-economic-area-in-the-western-balkans--map

²¹ <https://www.rcc.int/docs/543/common-regional-market-action-plan>

reconcile the desire of young people to explore career options abroad and the threat of massive brain drain out of the region. In this context, the CRM puts forward a number of measures specifically targeting youth and areas of interest to the younger generations, such as support to start-ups, innovation and new technologies.

III.2. Green Agenda for the SEE6

By committing to adhere to the Green Agenda²² as an offshoot of EU's Green Deal for the SEE6 region, national governments significantly upped their environmental ambitions and pledges. They agreed to align their efforts with the EU's goals of reaching climate neutrality by 2050, to prioritise energy efficiency as the "first fuel" and increase the share of renewable energy sources, while at the same time phasing out coal in the energy mix.

The emphasis on the transition from linear to circular economy is a much-needed novelty for the region whose economic growth is currently premised on a resource consumption largely exceeding its wealth in natural resources. Such an approach goes hand in hand with the deployment of future-proof and sustainable industrial eco-systems, agriculture and food production as well as sound waste management strategies.

Moreover, the Green Agenda establishes specific links with the EU acquis and elevates the alignment in chapter 27 beyond the national level, providing a much-needed platform for "peer pressure" when high-ranking officials will need to present the implementation results at joint meetings.

III.3. Economic and Investment Plan (EIP)

The EIP²³, presented by the European Commission one month before the Sofia Summit, is supposed to provide the basic financial stimulus for the implementation of the projects envisaged within the Berlin Process. It earmarks 9bn euros of grants intended to mobilize additional private investments through the newly-created Western Balkans Guarantee Facility, for up to an estimated additional loan amount of 20bn euros.

The financial envelope of the EIP pools together the IPA III funds intended for the areas of competitiveness, growth, connectivity, green and digital transition and allocates them for productive projects and sustainable infrastructure. At the same time, one of the key novelties in the management of the pre-accession instrument consists in national envelopes ceding place to a regional approach, including two underlying principles for project selection and funding:

- **Regional competitiveness** - strict performance measurement will favour countries that offer better projects and display more absorption capacity, as well as those with better performance in terms of the "Fundamentals". National administrations that will be unable to prepare mature projects will not obtain funding. This may constitute a "Catch22 situation" where EU money is required to improve weak institutions, while due to their weakness those institutions are unable to absorb the EU funds. The second challenge is how to practically connect the performance in Fundamentals with the technical process of approving a mature project;
- **Regional impact** – projects with potential to contribute to the regional cooperation agenda and benefit two or more countries will be given priority. While prioritising regional cooperation, this principle should be completed with the right instruments that assess the political will of participating countries.

²² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/green_agenda_for_the_western_balkans_en.pdf

²³ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf

The EIP devotes particular importance to institutional governance and its improvement as a precondition for the successful management of funds, project implementation and the fulfilment of the reform goals to be achieved in the context of the regional cooperation agenda and the CRM as a stepping-stone to EU membership. It emphasises the need to strengthen rule of law, eradicate corruption and improve the quality of the public administrations as key steps that will determine the pace at which all the other activities will unfold.

IV. THE WAY FORWARD

The Sofia Summit connects in a virtuous triangle the development of the SEE6 region (by investment connectivity infrastructure and encouragement of local production), the support for SEE6 institutional governance (by conditioning aid-disbursement on the Fundamentals) and the development of local human capital. To enter a virtuous spiral, those three poles of development should be connected through proper policy-making at EU, regional and at national level.

But, before designing and applying policy-making instruments, the following hurdles need to be dealt with.

IV.1. Political will

Without the clear guidance and coordination at the highest level, the pace of the entire process will be by far insufficient to achieve any meaningful results in near future. Having witnessed the important impact of some implemented activities within the MAP-REA, the business community is already complaining that the reforms are not progressing quickly enough. So, while the SEE6 business community and civil society see the BP as clear potential for tangible changes at the regional level, it is local politicians that drag their feet at the implementation.

Political will is also crucial to increase the ownership of the BP and make it a SEE6-owned initiative, tailored to the needs of the citizens, businesses and local communities that need to be involved in all the steps – from programming to monitoring.

The political will must also be clearly shown by the EU as well - all the countries see the regional initiatives as a stepping-stone towards EU membership. Without the firm engagement of the EU on the prospect of membership as tangible endgame, the SEE6 regional cooperation will be doomed to failure. In this regard, the inclusion of SEE6 in sectoral policy dialogues and as observers in EU-level policy making whenever possible would be a very welcome step.

IV.2. Good governance

The SEE6 countries need to acknowledge that their institutional capacity and the structures established for the implementation of the regional initiatives and of the Connectivity Agenda will be the same ones dealing with the harmonisation and implementation of the EU acquis, the management of IPA III funds and other IFI loans. They'll be the ones to assume the obligations once the countries join the EU in terms of both policy alignment and design and implementation of structural funds.

In that context, SEE6 need to engage in a process of mutual learning and explore the opportunities to jointly develop expertise that will be put to use in the implementation of regional projects. Particular attention needs to be dedicated to strengthening the capacities of line ministries that are responsible for the transposition and implementation of the acquis, as well as the implementation of large infrastructure projects where many SEE6 countries lack capacity and depend on external consultants.

Finally, in the Chair Conclusions for the first time it was mentioned the need to apply integrity compliance with the EU standards in the implementation of IPA III and in the disbursements from Western Balkans Guarantee Facility. This was a welcome signal about the consciousness of SEE6 countries regarding good governance in absorption and implementation of EU funds. It provides EU MS partners with additional assurances about the integrity of project implementation, especially of those belonging to the EU Connectivity Agenda and being co-financed by EU money. Moreover, all the SEE6 countries are already actively engaged in implementing EU standards including integrity compliance, in the framework of their Public Administration Reform.

IV.3. Funding

All SEE6 countries have just begun to prepare and adapt their budgets in a mid-term perspective, which will be particularly useful to overcome the negative effects of the COVID-19 crisis. Along this path, they also need to understand and apply “smart” spending, prioritization of growth-generating and “clean” projects which contribute to achieving multiple priorities at once. Both national and local governments need to explore alternative ways of funding to overcome debt constraints, think in terms of complementarity of national and local budgets with EU and other donor assistance and involve the interest groups, business communities and local communities in project prioritisation.

The EU must acknowledge that SEE6 convergence requires much higher financial support in the form of zero-cost capital transfers. If not able to apply EU Cohesion Funds, it must create the conditions for European companies to drastically increase their investment in SEE6 well beyond infrastructure and towards production and services.

In addition, in order to support the implementation of the regional agenda, the concept of cross-border and regional projects can be extended from the realm of EU-funded programs (IPA CBC, Balkan Med, Adrion, etc) to the level of bilateral cooperation in order to encourage governments to think about cooperating and implementing projects of interest for cross-border areas in two or more countries with joint financing and beyond the limited EU funding.

Annexes

Annex 1. Sofia Declaration on The Green Agenda for The Western Balkans

SOFIA DECLARATION ON THE GREEN AGENDA FOR THE WESTERN BALKANS

We, the Leaders from Western Balkans, gathered in Sofia on 10th November 2020, at the WB Summit under the framework of the Berlin Process initiative:

ACKNOWLEDGING the European Green Deal as the European Union (EU) new growth strategy towards a modern, climate neutral, resource-efficient and competitive economy;

ACKNOWLEDGING the need to set the basis for a major transformation of our region to turn sustainability and resilience challenges into opportunities and transpose elements of the European Green Deal in all interrelated priority sectors;

WELCOMING the Economic and Investment Plan, designed to support the longer-term green socio-economic recovery of our region and its economic convergence with the EU and the Commission Staff Working Document on the Green Agenda for the Western Balkans, laying down the key initiatives aimed at a green transition for the region;

RECALLING the Joint Statement on Clean Energy Transition adopted in February 2019 in Podgorica in which ministers of energy and of environment confirmed their will to align as swiftly as possible with the EU's energy, climate and environmental policies and the long term objectives of the Paris Agreement, by this contributing to the well-being of citizens and the sustainable development of the region;

RECALLING the conclusions of the Berlin Process Summit in Poznań in July 2019, in which we expressed our common willingness and readiness to meaningfully contribute to an ambitious Green Agenda, to concur to the leading efforts of the EU in fighting climate change, protecting the environment and to unlock the economic potential of the green, low carbon and circular economy in the region;

BEARING IN MIND the Ministerial Declarations endorsed at Podgorica (2016), Bonn (2017) and Skopje (2018) meetings convened by Regional Cooperation Council as well as the Zagreb Declaration of 6 May 2020 in which together with the Leaders of the EU and its Member States, we agreed on a prominent role of the association of the region to the EU's climate-related ambitions, in line with the Paris Agreement, to promoting the Green Agenda for the Western Balkans;

RECONFIRMING our determination to further pursue and accelerate the efforts in the EU accession process, our commitments for a major transformation of our region and readiness to properly and timely address the growing environmental and climate challenges in the Western Balkans and turn them into opportunities;

HONOURING the support provided by the European Union, Regional Cooperation Council and other international organisations to coordinating the development of a joint regional vision for a greener and prosperous Western Balkans and economic recovery in the post-pandemic period;

HAVE TODAY AGREED TO FULLY ENDORSE THE GREEN AGENDA FOR THE WESTERN BALKANS AND EXPRESS OUR COMMITMENT TO IMPLEMENT ACTIONS IN THE FOLLOWING FIVE PILLARS:

I. Climate, energy, mobility

We commit to work towards the 2050 target of a carbon-neutral continent together with the EU through mainstreaming a strict climate policy and reforming energy and transport sectors, and in particular through the following actions:

- Align with the **EU Climate Law** once it is adopted with a vision of achieving climate neutrality by 2050;
- Set forward-looking **2030 energy and climate targets** in line with the Energy Community framework and EU *acquis*, as well as develop and implement **integrated Energy and Climate Plans** with clear measures designed to reduce greenhouse gas emissions in the Western Balkans economies by integrating climate action into all relevant sectoral policies;
- Prepare and implement **climate adaptation** strategies to increase resilience through climate-proofing of investments and to ensure greater integration of climate change adaptation with disaster risk reduction;
- Continue alignment with the **EU Emissions Trading Scheme**, as well as work towards introducing other carbon pricing instruments to promote decarbonisation in the region;
- Increase opportunities for the **deployment of nature-based solutions to mitigate and adapt to climate change**;
- In view of the launch of the **European Climate Pact** consider development of a similar mechanism in the region or possibilities for the region to participate in this initiative;
- **Review and revise, where necessary, all relevant legislation** to support progressive decarbonisation of the energy sector and secure full enforcement, notably through the Energy Community;
- Cooperate in the preparation of an assessment of the **socio-economic impact of decarbonisation** at individual economy and regional level with a view to a just transition;
- Prioritise **energy efficiency** and improve it in all sectors;
- Support private and public **buildings renovation schemes**, secure appropriate financing and full enforcement of the Energy Performance of Building Directive (adapted under the Energy Community framework);
- **Increase the share of renewable energy sources** and provide the necessary investment conditions, in line with the EU and Energy Community *acquis* and target;
- Strive to **decrease and gradually phase-out of coal** subsidies, strictly respecting state aid rules;
- Actively participate in the **Coal Region in Transition initiative for the Western Balkans**;
- Develop programmes for addressing **energy poverty and financing schemes for household renovation** and providing basic standards of living;
- Support the development of **smart infrastructure**, promote fostering of **innovative technologies** and strengthening intra-regional **cooperation** as demonstrated by the Green Lanes/Corridors initiative;
- Implement the **regional action plan for rail reforms** endorsed by the regional partners in 2020;
- Define rail freight and inland waterway transport corridors and an overall strategy to **shift traffic from road to more environmentally friendly modes**;

- Ensure implementation of the EU **technical standards and digitalisation of all transport modes**;
- Actively support the implementation of the regional action plan for transport facilitation, including crossing points that connect Western Balkans economies, aiming at resource-efficient transport operations that will contribute to the reduction of CO₂ emissions;
- Implement the **road safety action plan**, as well as **the road action plan** including road maintenance and resilience and **intelligent transport systems**;
- Develop and implement **climate resilience plans** for Western Balkans economies' transport networks, and promote preparation and implementation of **Sustainable Urban Mobility Plans** for urban areas in Western Balkans;
- Define and implement **sustainable mobility solutions** at the regional level including plans for the deployment of alternative fuels and building recharging and refuelling stations. Increase **regional cooperation in the area of alternative fuels infrastructure development**;

II. Circular economy

We commit to the process of transition from linear to a circular economy being fully aware of the necessity for research and innovation system to support this transition. With the aim to further contribute in this way to the environmental protection and minimization of the amount of waste generated in the region we envision the following actions:

- **Integrate the Western Balkans into the EU industrial supply chains by:**
 - Taking decisive action to improve the **sustainability of primary production of raw materials**;
 - Applying an **industrial ecosystem approach** to attain an environmentally sustainable, balanced economic recovery across the region, in particular for key future-proof industrial ecosystems such as renewable energy, digital, mobility; and resource-intensive industrial sectors such as tourism, textile, transport-automotive and energy-intensive industries;
- Develop **circular economy strategies** looking at the entire lifecycle of products, waste prevention, modern waste management and recycling, re-use, repair and re-manufacturing;
- Make further progress in constructing and maintenance of **waste management infrastructure** for cities and regions;
- Design and implement **consumer-targeted initiatives** raising awareness of citizens on waste, separate collection and sustainable consumption;
- Conclude and implement a **regional agreement on prevention of plastic pollution**, including specifically addressing the priority issue of marine litter;
- Further implement **Smart Specialisation Strategies**, place-based, innovation-led transformation agendas for sustainability.

III. Depollution

Depollution of air, water and soil in the Western Balkans is our joint interest stemming from our primary concern for the health of our citizens. Therefore we commit to the following actions:

- Finalise the process of **ratification of Convention on Long-range Transboundary Air Pollution** and its protocols (including amendments) in each of Western Balkan economies;
- Develop and implement **Air Quality Strategies** and increase the uptake of Best Available Techniques in accordance with the Industrial Emissions Directive;
- Establish adequate **air quality monitoring system**, including through accreditation of air quality monitoring networks;
- **Implement relevant EU water-related *acquis*** (EU Water Framework Directive, Urban Waste Water Treatment Directive and Nitrates Directive);
- Modernise **water monitoring infrastructure** and reach good status for all water bodies;
- Build the necessary infrastructure for **wastewater treatment**;
- Integrate soil protection in other policy areas and establish a **regional soil partnership** in order to improve knowledge exchange and identify examples of best practice for soil protection from pollution and degradation;
- Prepare and sign **regional agreements on transboundary air and water pollution**.

IV. Sustainable agriculture and food production

We commit to work towards ensuring transformation of the agriculture sector, minimizing its negative environmental and climate impact and safeguarding affordable and healthy food for WB citizens and export markets, in particular through the following actions:

- Align the **agri-food and primary production sector with EU standards** on food safety, plant and animal health and welfare and environment, and address effluent, manure and waste management;
- Strengthen the **official sanitary controls** along the entire food chain and improve the **traceability and labelling of food products** to ensure food safety, improve consumer information and promote sustainable food;
- **Promote environmentally friendly and organic farming** and reduction of synthetic chemical products used in food production: pesticides, veterinary medicines and fertilisers;
- Cooperate with scientific, education, business and agricultural holdings to facilitate **transfer to innovative and environmentally friendly technologies** and farming methods;
- Devise actions to **reduce waste in rural and coastal areas** (along roads, in rural rivers);
- Step up efforts for **sustainable development of rural areas** with implementation of LEADER, modernisation of farm physical assets, economic diversification and rural infrastructure measures under IPARD;
- Support investments in renewable energy production and technologies as well as emissions reductions and adaptation to climate change measures in agriculture.

V. Biodiversity

We commit to work on defining post-2020 biodiversity framework and developing a long-term strategy for halting biodiversity loss, protection and restoration of ecosystems and abundant biological diversity, in particular through the following actions:

- Develop and implement a **Western Balkans 2030 Biodiversity Strategic Plan**, including the means for joint implementation, monitoring and reporting;
- Prepare nature **protection and restoration plans** including for marine areas;
- Develop and implement a **Western Balkans Forest Landscape Restoration Plan**;
- Analyse **biodiversity benefits of Nature-based Solutions** and opportunities for their integration into the development of climate and other plans;
- Strengthen the mechanisms for **regional cooperation and strategic planning** on biodiversity conservation and implementation of the commitments under the Convention on Biological Diversity, such as the SEE Biodiversity Task Force. Reinforce the engagement with the **United Nations Rio Conventions** and join efforts in preparing a regional position on a global post-2020 biodiversity agenda in line with EU strategic goals;
- Improve **knowledge exchange**, including collection, management and availability of information on biodiversity and nature conservation, enhance partnership among the WB and EU research centres and existing platforms, and explore options to set up **the Western Balkans Biodiversity Information Hub**.

IN ORDER TO ACHIEVE THESE OBJECTIVES IN A COORDINATED, SUSTAINABLE AND EFFICIENT MANNER, WE AGREE TO:

- Improve cross-sector governance and support mainstreaming of green and low carbon transition, including through public administration reform, public financial management, economic reform program and mobilisation of own resources;
- Develop programmes and undertake necessary actions to **increase administrative capacities** for implementation of the Green Agenda for the Western Balkans to monitor, promote and enforce compliance with environmental obligations and ensure effective mechanisms for public participation, access to information, access to justice in environmental matters and environmental reporting;
- Actively participate in current pan-European networks, Horizon 2020, regional organisations, macro-regional strategies and other relevant initiatives such as the Covenant of Mayors;
- Develop a plan for economy-specific and regional awareness-raising activities in all five pillars, including reflecting the Green Agenda for the Western Balkans in the reforms of the education systems;
- Invite the Regional Cooperation Council to coordinate, in close cooperation with regional sectoral organisations and relevant authorities of the WB economies in charge of policy areas covered by the Green Agenda for the Western Balkans, the preparation of an action plan with roadmaps for implementation of this Declaration and to establish an effective and efficient monitoring system.

Annex 2. Western Balkans Leaders Declaration on Common Regional Market

WESTERN BALKANS LEADERS DECLARATION ON COMMON REGIONAL MARKET

A catalyst for deeper regional economic integration and a stepping stone towards EU Single Market

Today marks an important milestone for the Western Balkans.

WE, the leaders of the Western Balkans Six (WB6), have agreed to enhance economic cooperation in the region by developing Common Regional Market, based on the EU rules and standards, to increase the attractiveness and competitiveness of the region and to bring the region closer to the EU markets. As one of the steps towards the future establishment of the Common Regional Market, and building upon the commitments and results of the Regional Economic Area, we adopted today in Sofia an Action Plan, based on the four freedoms and enriched with trade, digital, investment, innovation and industry areas. With a population of nearly 18 million people, our region is an important market for the EU and a transit area for European and international goods, with a skilled workforce for companies ready to invest.

WE are unwavering in our resolve to see WB6 as full members of the European Union and consider the Common Regional Market a step in that direction. Therefore, the steps towards the establishment of the Common Regional Market should proceed in parallel with an accelerated integration and “phasing-in” to the EU’s Single Market. The Zagreb Declaration of 6 May 2020 as well as the 2020 Enlargement Package has reaffirmed support for a closer regional economic integration bringing the region and its companies closer to the EU Internal Market. A larger regional market holds great potential for WB6 firms to integrate into the European value chains and strengthen their competitiveness in the European and global marketplace.

WE welcome EU’s support in this area, not least for introducing a comprehensive Economic and Investment Plan for the Western Balkans. The aims of the Common Regional Market will be greatly facilitated by the investments in productive sectors and sustainable infrastructure envisioned by the Economic and Investment Plan. By envisioning the establishment of the Common Regional Market, we acknowledge the complementarity with the EU Economic and Investment Plan for the Western Balkans, aimed at paving the way to a deeper economic integration with the EU market.

An overwhelming majority of our citizens and businesses welcome regional cooperation. The achievements in the areas of trade, investment, mobility, energy, transport, digital infrastructure and other sectors have made people-to-people and business contacts in the region easier and cheaper, and have created opportunities that would otherwise remain out of reach for our citizens and our businesses.

Such regional economic potential must be achieved - now more than ever - given the devastating effects that COVID-19 pandemic induced on the region. We consider the steps towards the Common Regional Market an important instrument to tackle the mid- and long-term effects of the pandemic. An enhanced market integration of WB6 could bring an additional 6.7% of GDP growth to the region. It is thus our strong conviction that the Common Regional Market agenda will generate new opportunities for our citizens and business communities. We welcome the *Communication²⁴ from the European Commission on Green Lanes* recognizing the strong need for enhanced cooperation with all neighbouring EU countries and business communities in the implementation and coordination of

²⁴ Communication from the Commission to the European Parliament, the European Council and the Council on upgrading the transport Green Lanes to keep the economy going during the COVID-19 pandemic resurgence as of 28 October 2020.

Green Lanes measures and express readiness to launch discussions with the EC and EU Member States in this regard.

WE are committed to inclusive regional cooperation in order to become fully-fledged members of the EU, equal participants in the EU policies, programmes and the Single Market, aligning further with EU rules and standards and expanding opportunities for citizens and business communities. **By implementing the CRM agenda, WB6 commit to the free movement of goods, services, capital and people;** increasing investment opportunities through harmonising investment policies with the EU standards and best international practices; integrating the Western Balkans into the pan-European digital market and transforming the industrial sectors, shaping regional value chains and integrating them into EU value chains to prepare the region for the realities of today and challenges of tomorrow.

Furthermore, in the upcoming four years, we commit, amongst other things, to:

1. Extend Green Corridor and Green Lanes to all BCP/CCPs in WB6, including the EU and the neighbouring EU Member States, so that we expand the Green Corridors/Green Lanes concept beyond intra WB6; and expedite implementation of trade facilitation measures so as to cut waiting times to 70% of the current ones;
2. Expand the network of Mutual Recognition Programmes to other goods and services, including certificates and testing results for industrial and agricultural products; professional qualifications; and licenses in tourism, selected financial services and other key services sectors;
3. Implement freedom of movement for students, researchers and professors and for individuals based on IDs and remove work permits for intercompany transfers and service providers;
4. Attract investment leads in promising sustainable regional value chains;
5. Reduce the costs of regional payments and prepare for joining the Single Euro Payment Area (SEPA);
6. Support the regional innovation ecosystem to include it in European supply chains so as to encourage the region's digital transformation, skills development and green and circular economy in particular and establish a regional innovation fund/early stage innovation scheme;
7. Provide fixed broadband internet access for at least 95% of households in each economy; cover at least one main regional corridor with 5G by the end of 2025 and key industrial cities with 5G in each WB6 by the end of 2023;
8. Establish free-roaming region and reduce roaming charges between Western Balkans and the EU.

WE are confident that a strong and thriving Western Balkans represents an indispensable contribution to European economy and security and helps shape the future of our shared continent. The Common Regional Market agenda represents a vision of prosperity for our citizens as they seek to enjoy the same freedoms as their counterparts in the European Union and as the WB6 moves closer towards integration in the European Union.

Annex 3. Common Regional Market: A catalyst for deeper regional economic integration and a stepping stone towards EU Single Market

Common Regional Market

A catalyst for deeper regional economic integration and a stepping stone towards EU Single Market

Western Balkans Six (WB6) share a common ambition: a democratic, prosperous region that promotes open societies based on shared values of pluralism, solidarity and justice, underpinned by a strong rule of law. Western Balkans is determined to work together to fulfil this ambition and rise to the economic, societal, environmental, security and political challenges faced by the region. WB6 are confident that the only appropriate answer to these challenges lies in regional cooperation and integration in the European Union (EU).

The European Union remains the region's key partner in this undertaking. The Zagreb Declaration (6 May 2020) reaffirmed the unequivocal support for the European perspective of the Western Balkans, noting that *"the EU will continue to support such inclusive regional cooperation and urges the Western Balkans leaders to fully exploit the potential of regional cooperation to facilitate the economic recovery after the crisis. This requires strong commitment by the entire region to continue deepening regional economic integration, building on EU rules and standards and thereby bringing the region and its companies closer to the EU Internal Market. Developing this dimension, including through the Regional Economic Area (REA), can help make the region more attractive for investment"*.

To this end, the WB6 aim to build a Common Regional Market, based on EU rules. It will build on the achievements of the Regional Economic Area (REA), which has been a successful initiative. Establishing the Common Regional Market will contribute to putting the region on the map for global investors seeking to reduce the distance to the EU markets and diversify their suppliers, thereby creating jobs, offering greater choices at lower prices for its consumers, and enabling people to work throughout the region. This larger regional market will be a steppingstone for WB6 firms to better integrate into the European value chains and strengthen their competitiveness in the European and global marketplace. Some estimates show that regional economic integration can generate 2.5% of GDP should the level of integration reach EFTA level and 6.7% in case of EU level of integration²⁵.

The WB6 are confident that the implementation of this agenda will have a transformative effect, shortening the time for recovery and rekindling new sources of sustainable growth for the future. A strong economic base remains a key determinant of future prosperity and places the Western Balkans firmly on the European stage. Now more than ever, the Western Balkans needs to accelerate regional economic integration and deepen economic cooperation with the EU, towards the Common Regional Market. This transformative agenda is firmly anchored in EU's own recovery effort. But more importantly, it stems from Western Balkans shared commitment to a better and more prosperous future for all Europeans.

Regional economic integration - Expected deliverables, 2021-2024

The Covid-19 pandemic has further accelerated the ambition towards a greater regional integration, showcasing the important links between markets in the region as well as between the EU and the WB6 economies. During these challenging times, the region worked together to swiftly and efficiently establish Green Lanes at critical border/common crossing points, ensuring an unobstructed flow of goods throughout the crisis. Green Lanes initiative is a successful example that motivates the region

²⁵ World Bank, Western Balkans Regular Economic Report, Fall 2019

to embark on new regional initiatives aimed at bringing the Western Balkans closer to the EU Internal Market. The Covid-19 pandemic has accelerated the twin green and digital transition at a time when the global competitive landscape is fundamentally changing. Therefore furthering the integration of the Western Balkan digital economy to the EU Digital Single Market will play a central role in relaunching and modernising the economies of the region.

In light of this, the WB6 are putting forward an **Action Plan for a Common Regional Market (CRM)** to be implemented by the end of 2024. This ambitious agenda is made up of targeted actions in four key areas:

- **regional trade area: free movement of goods, services, capital and people**, including crosscutting measures, such as the Green Lanes, to align with EU-compliant rules and standards and provide opportunities for companies and citizens;
- **regional investment area**, to align investment policies with the EU standards and best international practices and promote the region to foreign investors;
- **regional digital area**, to integrate the Western Balkans into the pan-European digital market; and
- **regional industrial and innovation area**, to transform the industrial sectors, shape value chains they belong to, and prepare them for the realities of today and challenges of tomorrow.

This agenda will bring tangible and concrete results to the benefit of citizens and companies from the region. The WB6 are committed to implement the necessary measures (detailed in the action plan here below) that will lead to the following results:

A. Closely aligning rules and regulations with the core principles governing the EU Internal Market based on the four freedoms approach through mutual recognition arrangements, removing obstacles, and cutting costs and time needed for goods, services, capital and people to move freely across the region. Growth and employment opportunities will be improved, as trade liberalisation, capital flows and mobility lead to market expansion, technology sharing, and more investments between WB6. Great potential of economies of scale will remain untapped unless transfer of goods, services, capital and people becomes unhindered throughout the region.

More specifically, by implementing actions enabling “**four freedoms**” in the regional trade area, the WB6 shall seek to:

- Introduce and implement, in line with EU *acquis*, mutual recognition of: certificates and testing results for industrial and agricultural products; Authorised Economic Operators (AEOs); professional qualifications; and licenses in tourism, selected financial services and other key services sectors;
- Establish regional e-commerce market by adopting core harmonised rules and internal market principle, by facilitating customs clearance of parcels and by removing geo-blocking;
- Adapt the Green Lanes and make services available 24/7 at expanded network of BCPs/CCPs and introduce the Green Lanes on BCPs with the EU;
- Expand and improve CEFTA Risk Management and systematic exchange of electronic data (SEED) to all agencies involved in clearance of goods;
- Establish one-stop-shops at selected crossing points and decrease waiting times at BCPs/CCPs to 70% of current waiting times;
- Introduce joint procedures on tariff monitoring and other measures facilitating parcel delivery service;
- Adopt services trade liberalisation package to, *inter alia*, enable supply of services without obligatory establishment and authorisation, in line with Chapter 3 of the EU *acquis*;

- Adopt new, more efficient rules on dispute settlement and resolution of not-tariff barriers in CEFTA;
- Reduce the costs of regional payments and prepare for joining the Single Euro Payment Area (SEPA);
- Enable mobility for students, researchers and professors;
- Introduce freedom of movement on the basis of IDs within the Western Balkans Six;
- Remove work permits for intracompany transfers and contractual service providers;
- Enable portability of social rights.

B. Increasing the attractiveness of the region for foreign investors and facilitating higher investment inflows through joint investment retention and promotion activities to foster sustainable industrial activity, trade and ultimately, jobs.

International investors increasingly operate regionally, basing investment decisions on market size, regional production and supply networks, availability of talent in Western Balkans, and infrastructure linkages. Greater regional alignment of investment policies and better coordinated investment promotion, particularly in most promising value chains, holds significant potential for the economies of the Western Balkans to increase their attractiveness for foreign direct investment (FDI). It is of utmost importance for the region to join forces in removing existing barriers to regional investment as investors look at the region and the potential of its markets as a whole. Western Balkans is particularly well positioned to offer nearshoring alternatives for EU-based investors looking to adopt a more balanced distribution and diversification of supply sources and develop means of production closer to consumers.

More specifically, by implementing actions in the priority area of a Regional Investment Area, the WB6 shall seek to:

- Conduct a regional investment promotion campaign through the cooperation of region's investment promotion agencies for the retention and promotion;
- Develop regional guidance criteria and procedures for screening mechanisms at the economy level for quick reaction to FDI concerns based on the emerging EU standards and policy and taking into account the individual economy and region's policy priorities;
- Attract new investment leads in promising sustainable regional value chains for the WB6 region;
- Conclude economy-specific International Investment Agreements (IIAs) between EU and each of Western Balkans Six.

C. Integrating the Western Balkans into the pan-European digital area by providing broadband internet access for the vast majority of households, aligning with EU Digital Single Market principles and practices, finalising the process of enabling the WB6 free roaming region, over time significantly reducing the roaming costs between WB6 and the EU, coordinating data protection approaches, introducing mutual recognition of trust services, and embarking on new challenging practices, such as Artificial Intelligence, smart cities, high-performance computing, etc.

Unleashing the potential of the digital economy in the WB6 would facilitate exchanges of goods and services and intensify trade by enabling more products and services to be exported to more markets, often by younger firms. The internet is also reducing transaction costs, offering an avenue for the WB6 to accelerate their integration within the region, as well as with the EU and other developed markets. To integrate the Western Balkans into the pan-European digital space, the region needs to remove obstacles to e-Commerce, introduce interoperability and mutual recognition of electronic identification schemes across the Western Balkans, and upgrade digital infrastructure.

More specifically, by implementing actions in the priority area of a Regional Digital Area, the WB6 shall seek to:

- Provide fixed broadband internet access for at least 95% of the households as well as at least 90% of the households with the speed of at least 30Mbps in each economy;
- Establish free roaming region and reduce roaming charges between Western Balkans and the EU;
- Establish a regionally coordinated process of spectrum harmonisation of European 5G pioneer bands and apply a coordinated approach in the process of awarding 5G radio frequencies and regional 5G piloting;
- Develop digital skills strategies to support uptake in digital skills and support digital upskilling and reskilling;
- Adopt a framework for mutual recognition of electronic signatures as well as other forms of eIDs and trust services based on the relevant EU acquis;
- Align regional actions to ensure the protection of personal data and privacy in Western Balkans.

D. Upgrading the industrial base and innovation infrastructures by supporting youth entrepreneurship, start-ups and early stage firms, introducing mechanisms for diaspora knowledge transfer, fostering green and women entrepreneurship and supporting sustainable regional supply chains and their integration into European and global networks in the context of realigned and regionalised value and supply chains. Promoting economic growth and job creation in the Western Balkans requires a shift towards a more productivity-based, export-oriented growth model in which research and innovation are integral to industrial development.

More specifically, by implementing actions in the priority area of a Regional Industrial and Innovation Area, the WB6 shall seek to progress along three areas:

1) Innovation

- Integration of the region into the European Research Area;
- Support the implementation of different actions stemming from the *Agenda for the Western Balkans on Innovation, Research, Education, Culture, Youth and Sport* which the European Commission is planning to adopt during the first semester of 2021;
- Launch regional start-up and early stage innovation support scheme, blending public and private sector financing;
- Create a regional Network of Digital Innovation Hubs;
- Upgrade regional SME online platform to support the innovation and internationalisation of SMEs.

2) Inclusion in international supply and value chains

- Conclude regional Supply Chain Protocols in select industries/value chains;
- Map out and upgrade automotive supply chains in the region to mitigate industry disruptions;
- Develop new regional value chains in green and circular economy to seize yet untapped potential;
- Develop packaged tourism offer for the region and conduct joint promotional efforts;
- Support the development of agro-food industry in the region in line with the EU standards;
- Support the development of regional creative industries;
- Enhance the competitiveness and energy efficiency of metal processing industry.

3) Human capital development and fighting the brain drain

- Create a Regional Diaspora Knowledge Transfer Initiative to tap into the potential of the region's diaspora and encourage brain circulation;
- Facilitate establishment of Green Start-up Western Balkans Network to accelerate the growth of green economy;
- Set up Regional Network of Women in STEM for the Next Decade to encourage increased participation of girls and women in STEM education and careers;
- Create Western Balkans Women Entrepreneurs Network to encourage women to pursue entrepreneurship careers.

Role of regional organisations

The implementation of this Action Plan will be carried out in cooperation with already existing regional and international structures. RCC and CEFTA Secretariats will be the leading regional organisations to facilitate the implementation of this Action Plan, while other regional and/or international structures are included in specific actions in line with their scope of work and programme.

In particular, the RCC will support implementation of actions which seek to: i) increase the attractiveness of the region for foreign investors, ii) integrate the Western Balkans into the pan-European digital area, iii) upgrade the industrial base and innovation infrastructure, and iv) advance towards free movement of people and capital.

CEFTA Secretariat will support carrying out the actions which seek to implement CEFTA 2006 and extend commitments and benefits to the EU and other trading partners. The private sector perspective and contribution will be ensured through close cooperation with WB6 CIF with a view to facilitating implementation of joint actions. At the same time, these actions will provide linkages and seek synergies with their European partners.

Each of the actions outlined in the Action Plan has a clearly identified regional structure that will serve to coordinate, facilitate and support the implementation of the regional activities in this domain and assist with the monitoring of progress, also in line with their own activity plans and work programmes. Key actions, instruments and activities indicated in the Action Plan should provide for a clear roadmap in preparing and executing detailed implementation plans in each of the respective priority areas. The regional coordinating structures are also encouraged to participate in the programming efforts related to the priority areas within their functional responsibilities.

Governance, coordination and monitoring

The successful implementation of the Common Regional Market Action Plan **requires solid governance, clear lines of communication and regular monitoring of progress**. RCC Secretariat is tasked with the overall coordination and monitoring of the Action Plan in close cooperation and consultation with CEFTA Secretariat, which is in charge of implementation of trade-related actions. To this end, detailed methodology for monitoring and reporting, including the matrix of governance structure should be developed following the endorsement of CRM 2021-2024 Action Plan.

Without creating redundant reporting requirements, the RCC will develop an appropriate monitoring tool, including by establishing a dynamic scorecard, designed to reflect changes in real time; track the implementation of measures agreed in CRM Action Plan; support policy reforms where needed and allow stakeholders, including citizens, to provide input on the effectiveness of steps taken. In such a way, transparency, visibility and inclusiveness of the implementation of the Action Plan will be further ensured.

The implementation of CRM 2021-2024 Action Plan remains within the realm of responsibility of public institutions in each WB economy, in particular ministries and institutions leading the implementation effort at the economy level.

RCC Secretariat, in cooperation with CEFTA Secretariat, is invited to review and inform the WB6 on regular basis on the progress achieved as regards the deliverables defined in the Action Plan. The regional structures charged with coordination will provide inputs for RCC's consolidated reporting to the WB6. Any obstacles identified shall be reported to the WB6 with a proposal for remedial action.

Only a shared commitment from the WB6, industry and all other relevant stakeholders in a renewed partnership, as well as the implementation of the Economic and Investment Plan for the Western Balkans, in close cooperation with the European Commission, and other relevant international financial institutions will allow the Western Balkans to make the most of the Common Market.

The Action Plan for the Common Regional Market is organised through the building blocks outlined in Figure 1. The activities, indicative timelines and coordination and implementation responsibilities under each of the above priority areas are presented in the Action Plan for the Common Regional Market.

Figure 1

Regional Trade Area based on four freedoms				
CROSS-CUTTING TRADE MEASURES	GOODS	SERVICES	CAPITAL	PEOPLE
1.1. Maintain the Green Lanes and streamline BCPs/ CCPs controls 1.2. Elimination of Non-Tariff Barriers (NTBs) 1.3. Trade related aspects 1.4. Private sector dialogue 1.5 Reduction of trade costs and transparency	2.1. Mutual Recognition Programmes (MRPs) 2.2. Risk Management 2.3. System of Electronic Exchange of Data SEED+ 2.4. Harmonisation and cooperation with the EU	3.1. Additional Protocol 6 (AP6) on Trade in Services 3.2. Tourism 3.3. Financial services 3.4 Postal services 3.5. Professional qualifications 3.6. Enabling environment 3.7. Electronic commerce	4.1 Development of a modern payment system 4.2. Strengthening regional cooperation and coordination on COVID-19 response as part of relief, recovery and resilience	5.1. Mobility of students, researchers and professors 5.2. Mobility of individuals on the basis of IDs 5.3 Portability of social rights and removal of working permits

Regional Investment Area

- 6.1. Regional investment promotion
- 6.2. Regional investment policy reforms
- 6.3. Regional investment retention and expansion

Regional Digital Area

- 7.1. Digital infrastructure and connectivity
- 7.2. Digital skills and competence
- 7.3. Digital economy in the era of new ICT technologies
- 7.4. Trust and security

Regional Industrial and Innovation Area

- 8.1. Regional innovation
- 8.2. Regional industry development
- 8.3. Automotive industry value chains
- 8.4. Green & circular economy value chains
- 8.5. Aggro-food industry development
- 8.6. Creative industry
- 8.7. Metal processing industry
- 8.8. Sustainable tourism

Action Plan 2021-2024

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
Regional Trade Area – Cross-cutting trade measures				
1.1. Maintain the Green Corridors/Lanes and streamline BCPs/ CCPs controls	1. Adapt the Green Lanes, i.e. priority system at the Green Corridor BCPs/CCPs for key products and trust-worthy economic operators and expand to other BCPs/CCPs	2021	CEFTA (supported by TCT)	Enable faster crossing for certain types of goods (e.g. perishable goods, fruit and vegetables, live animals, etc.) and economic operators (e.g. AEOs); Make services available 24/7 at all BCPs/CCPs, where this is possible to accelerate movement of goods;
	2. Harmonise working hours of the agencies involved in clearance of goods	2020-2021	CEFTA (supported by WBG)	More efficient clearance of goods and less waiting times;
	3. Establish integrated controls – one-stop-shop – to ensure all formalities can be completed in one place and to enable agencies involved in the process of clearance of goods (and other agencies present at BCPs/CCPs) from two neighbouring parties to operate from a single office, including sharing control equipment	2022	CEFTA (supported by TCT, WBG)	Simplified formalities and shorter waiting times will be achieved on selected BCPs/CCPs upon the agreement of the Parties;
	4. Set up appropriate BCP/CCP lane management system at selected BCPs/CCPs, with supporting equipment and infrastructure allowing for separation of cars, busses, and trucks, and for accommodating traffic flows during peak times	2021	TCT (supported by CEFTA)	Accelerated flow of goods; shorter waiting times;
	5. Establish full connectivity between SEED+ and electronic queuing management system (eQMS) if put into operation, to maximise the benefits of both systems for the economic operators	2022	CEFTA (supported by TCT)	In case one or more Parties introduces eQMS, this measure will enable full interconnectivity between the IT systems making them interoperable and enabling exchanging of data in real time; simplified and accelerated procedures at BCPs/CCPs;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	6. Expand Green Lanes to the BCPs with the EU	2021	CEFTA/TCT/EC	Simplified formalities and shorter waiting times for certain types of goods in trade between the EU and CEFTA;
1.2. Elimination of Non-Tariff Barriers (NTBs)	1. Adopt efficient and effective Dispute Settlement Mechanism	2021	CEFTA (supported by GIZ and UNCTAD)	More effective mechanism of resolving trade disputes between the Parties; enhanced transparency of trade issues;
	2. Institutionalise practice of annual reports on NTBs			
1.3. Trade related aspects	1. Set up CEFTA Body to deal with competition and state aid	2023	CEFTA (supported by EC)	Enhanced transparency on competition and state aid;
	2. Establish regional cooperation in the area of public procurement	2023	CEFTA (supported by EC)	Established intra-CEFTA regulatory cooperation in the public procurement and first instance appeal bodies; enhanced transparency in public procurement and other regional measures based on the EU <i>acquis</i> ;
	3. Establish regional cooperation of consumer protection and market surveillance authorities	2022	CEFTA (supported by EC)	Increase trust of consumers in regional market by harmonising key rules and strengthening regional enforcement and cooperation between consumer protection and market surveillance authorities;
	4. Expand the scope of the statistical data exchanged between the Parties	2023	CEFTA (supported by Eurostat)	More data exchanged and higher quality of data based on the agreement between the Parties; timely gathering of information; promoting portal as information tool for the wide public, policy makers and businesses in the Parties;
	5. Establish regional cooperation on trade-related environmental issues (i.e. CO2 measurement, taxonomy, etc.) in line with the EU best practices	2023	CEFTA (supported by EC)	Regional cooperation established with a view to promote development of regional trade in a way so as to contribute to the objectives of sustainable development;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
	6. Adopt regional framework on trade related aspects of intellectual property and related rights	2023	CEFTA (supported by EUIPO)	The framework should set up the harmonised rules or minimum standards of legal protection in different areas of IPR, as well as enforcement rules taking into account EU and global (TRIPS) practices; strengthened cooperation between IP offices;
1.4. Private sector dialogue	1. Establish cooperation with the representatives of business community and other stakeholders to improve evidence-based policy making and support policy output take-up	2020-2024	CEFTA (supported by the WB6 CIF and other associations)	Improved awareness of economic operators on trade opportunities; improved access to relevant information supporting the decision-making process by the policy makers; bringing trade benefits closer to the SMEs through tools, such as market access databases;
1.5. Reduction of trade costs and transparency	1. Adopt notification procedure linked with CEFTA Services Regulatory Database to enhance Transparency Pack	2021	CEFTA (supported by ITC and GIZ)	Sustainable and up-to-date mechanism for exchange of information on key measures affecting trade in services in most important sectors; maintain and enhance exchange of data through Transparency Pack;
	2. Start exchanging information on fees and charges and review fees and charges with a view to reducing their number and variety	2021	CEFTA (supported by WBG)	Better access to information on fees and charges for businesses and other interested parties;
	3. Start exchanging data on average release times, including the methodologies used	2021	CEFTA (supported by WBG)	More efficient and effective identification of bottlenecks in trade;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
Free movement of goods				
2.1. Mutual Recognition Programmes (MRPs)	1. Adopt the MRPs for industrial products in line with the EU acquis (for example toy safety, low voltage, GPSD, machinery)	2021 2022 2023 2024 ²⁶	CEFTA (supported by GIZ, EC)	Facilitated movement of industrial goods through reduced formalities (e.g. acceptance of certificates and testing results), cutting red tape and trade related costs, improved security and safety, optimisation of procedures;
	2. Adopt the MRPs for agricultural products (veterinary) in line with the EU acquis	2023	CEFTA (supported by GIZ, EC)	Facilitated movement of agricultural goods through reduced formalities (e.g. acceptance of certificates and testing results) and improved security and safety in trade and cutting red tape and trade related costs; optimisation of procedures; shorter waiting times at BCPs/CCPs;
	3. Implement existing MRPs AEOS ²⁷ fruits and vegetables ²⁸	2023 2022	CEFTA (supported by GIZ, WBG, EC)	Reduced formalities (e.g. acceptance of testing results) and improved security and safety in trade without hampering trade flows; optimisation of procedures; shorter waiting times;

²⁶ At least one MRP per economy will be adopted

²⁷ Authorised economic operators for security and safety

²⁸ The JC Decision on facilitation trade in fruits and vegetables No. 1/2020

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
2.2. Risk Management	1. Implement CEFTA Customs Risk Management Strategy by introducing mutual recognition of controls, common risk profiles and supporting domestic authorities, including deployment of new ICT solutions for customs	2024	CEFTA (supported by GIZ, EC)	Common risks profiles developed and results shared, mutual recognition of controls, reduced controls at the BCP/CCPs without hampering safety and security, thus reduced waiting times and facilitated trade. The actions, among others, include establishment of Risk Management Standard Operating Procedures by the Parties; concluding agreements with supply chain actors and stakeholders and customs agencies for cooperation on data exchange to improve risk management capabilities; defining Joint Risk Management Actions dealing with joint BCP/CCP approach based on mutual recognition of controls and cooperation and implementation of common risk criteria together with other competent authorities for full range of risks associated with goods movements;
	2. Extend scope and improve CEFTA Risk Management following EU best practices to involve all agencies dealing with clearance of goods	2024	CEFTA (supported by GIZ, WBG EC)	Extension of risk management from customs to all agencies involved in clearance of goods will extend benefits of risk management to entire clearance procedure. Namely, common risk profiles will be developed, and results shared, mutual recognition of controls will be enabled to result in reduced controls at the BCP/CCPs without hampering safety and security, reduced waiting times and facilitated trade;
2.3. System of Electronic Exchange of Data (SEED+)	1. Adopt legal and regulatory framework for inter-agency cooperation needed for electronic exchange of information and promotion of paperless trade in line with the EU <i>acquis</i>	2022	CEFTA (supported by EC)	Optimisation of procedures; streamlined controls, promotion of paperless trade based on data exchanged and risk assessment;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	2. Expand systematic data exchange to all agencies involved in clearance of goods within each Party and between the Parties	2022	CEFTA (supported by EC)	Interoperability and data exchange extended from only customs authorities to all agencies involved in clearance of goods; support to paperless trade; CEFTA TRACES NT operational;
	3. Supply data to CEFTA regional databases as provided for in the AP5 ²⁹ (AEOs, certificates/licenses/ permits management, unsafe/noncompliant products, etc.) and other CEFTA provisions	2022	CEFTA (supported by EC)	A number of operational regional databases accessible to authorities and public facilitating safe and free movements of goods, CEFTA risk management, paperless trade and transparency and shortening waiting times;
2.4. Harmonisation and cooperation with the EU	1. Ensure implementation of common rules of origin within CEFTA and uninterrupted cumulation of origin with the EU and other trading partners	2021	CEFTA (supported by EC)	Benefits of CEFTA and SAAs maximised for economic operators;
	2. Initiate MRP(s) between CEFTA, EU and other trading partners based on EU best practices	2021	CEFTA (supported by EC)	Benefits of MRP(s) extended to the EU market and other trading partners, e.g. BTIs, AEOs, etc.;
Free movement of services				
3.1. Additional Protocol 6 (AP6) on Trade in Services	1. Adopt review of AP6 to further liberalise trade in services to, <i>inter alia</i> , enable temporary service supply without establishment and authorisation requirement in line with the Chapter 3 of the EU <i>acquis</i>	2023	CEFTA (supported by ITC, GIZ and EC)	Further elimination of trade barriers beyond current AP6 commitments by extending MA and NT commitments and by enabling companies that offer temporary supply of services in other Parties to do it without obligation to set up local commercial presence and licence and other authorisations as in relevant Chapter 3 of the EU <i>acquis</i> , including its restrictions and derogations;

²⁹ Additional Protocol 5

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	2. Adopt Regional Disciplines on Domestic Regulation based on the EU position in the WTO	2021	CEFTA (supported by ITC, GIZ and EC)	Joint rules on authorisation schemes and technical standards across CEFTA to facilitate operating in multiple CEFTA markets;
3.2. Tourism	1. Adopt CEFTA framework for trade in tourism services addressing key barriers, including mutual recognition of licences	2021	CEFTA (in cooperation with RCC, supported by ITC, GIZ and EC)	Addressing key trade barriers on the basis of reciprocity, including: licenses, insurance requirements, establishment requirement, technical standards, etc.;
	2. Align and adopt voluntary quality of service standards for adventure and cultural tourism among WB6 and with relevant EU/international guidelines and standards	2023-2024	RCC (in cooperation with CEFTA)	Common or mutually recognised voluntary standards of services, product delivery guidelines, self-regulatory industry guidelines and requirements;
3.3. Financial services	1. Scanning of financial markets of the Western Balkans, covering <i>inter alia</i> : feasibility of an EU-compliant mechanism for market integration (such as passporting, equivalence, internal market treatment) of relevant markets and/or products with the objective of regional market integration and closer cooperation with EU; feasibility of cooperation in insurance sector; elaboration of a common regulatory framework for the development of Fintech	2021	RCC CEFTA, WBG	Availability of long-term finance increased; Expedited establishment and service supply enabled through 'passporting' or similar trade facilitation system; Decreased insurance related costs of movement of people, goods and services in the region; Making financial markets more attractive for investments;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	2. Development of selected, regional financial markets and/or products, with appropriate EU-compliant mechanism for market integration, with the objective to achieve both regional market integration and closer cooperation with EU, on case by case basis.	2023-2024	WBG, RCC, CEFTA	Based on the assessment, the Parties will select specific markets/products, as well as appropriate mechanism for selective market integration in the region and possibly with the EU;
3.4 Postal services	1. Agree on joint procedures on tariff monitoring and other facilitating measures for regional parcel delivery service, in line with EU <i>acquis</i> and best practices	2022	CEFTA (in cooperation with GIZ, EC and WB6 CIF)	Enabling cheaper, more efficient and better quality intra-CEFTA parcel delivery service; facilitate intra-CEFTA electronic commerce;
3.5. Professional qualifications	1. Adopt and implement framework for recognition of professional qualifications for 7 professions based on the EU system of automatic recognition	2022	RCC CEFTA	Recognition of professional qualifications for nurses, midwives, doctors, dental practitioners, pharmacists, architects, and veterinary surgeons;
	2. Adopt framework for recognition of professional qualifications based on the EU general system of recognition in pilot sector and gradually extend to other sectors	2022	CEFTA RCC	Recognition of professional qualifications in pilot sector to be agreed by 2022, and gradual extension every year to include other sectors covered by EU general system of recognition;
3.6. Enabling environment	1. Enable electronic exchange of documents between regulatory authorities by extending SEED+ to trade in services	2022	CEFTA (supported by EC)	Promotion of paperless trade in key services sectors; Facilitation of mutual recognition agreements and other regional measures facilitating trade in services; Supporting administrative cooperation between regulatory authorities and simplifying their work;
	2. Adopt framework for mutual recognition of electronic signatures as well as other forms of eIDs and trust services based on the relevant EU <i>acquis</i>	2022	CEFTA RCC	Enabling use of electronic signatures and other trust services;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
3.7. Electronic commerce	1. Adopt framework to harmonise key regulatory rules and set up key principles for regional electronic commerce based on the relevant EU <i>acquis</i>	2021	CEFTA (supported by GIZ and EC)	Simplified and more efficient intra-CEFTA electronic commerce in line with EU standards;
	2. Adopt regional trade facilitation measures for parcels based on EU practices (e.g. VAT e-commerce package) and WCO standards	2023	CEFTA (supported by GIZ and EC)	More efficient and cheaper customs clearance of parcels in CEFTA, generated by regional electronic commerce;
	3. Adopt regional measures against geo-blocking	2022	CEFTA (supported by EC)	Levelled up portable rights of access to online goods and services for consumers across the region;
Free movement of capital				
4.1. Development of a modern payment system	1. Align domestic legal/regulatory framework pertaining to payment services and instruments with that of the EU <i>acquis</i> in order to create equal playing field for the regional payment system and adopt and implement domestic instant payments and enable linkages of those systems in the region	2022-2024	EC, WBG, RCC, CEFTA	Development and implementation of the EU <i>acquis</i> in the area of payment fostered (i.e. Payment Accounts and Payment Services Directives, the E-Money Directives and the Settlement Finality Directives); Cost-efficient payments (including remittances) within the economies of Western Balkans and with the EU through the Single Euro Payment Area (SEPA) facilitated;
	2. Establish cost-efficient payments within the economies of Western Balkans and with the EU and set up regional framework seeking to limit cost of intra-CEFTA payments based on the relevant EU <i>acquis</i>	2024	EC, WBG, RCC, CEFTA	Limiting the cost on intra-CEFTA payments;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
4.2. Strengthening regional cooperation and coordination on COVID-19 response as part of relief, recovery and resilience	1. Enhance regional coordination and cooperation on topics such as partial credit guarantees and use of public financial institutions; pre-insolvency and insolvency frameworks; NPL resolution; and other topics of joint relevance for the region, stemming from development of banking and non-banking finance to agriculture financing, invoice financing, sustainable & impact finance (e.g. green financing)	2021-2024	WBG, RCC, CEFTA, EIB, EBRD, Vienna Initiative	Exchange enabled on development of products or solutions focusing on areas of market failure and opportunities for market creation; Use of available EU funds and IFI funding to provide support to local institutions actively explored/enhanced; Adaptation and further progress on insolvency reforms, including financing; Exchange of experiences on exit strategies and repercussions of various borrowers' measures that have been implemented as part of COVID-19 response; Cooperation enabled at the regional level as part of COVID-19 measures through exchange of policies, practical solutions, and products;
Free Movement of People				
5.1. Mobility of students, researchers and professors	1. Western Balkans Framework Agreement on Access to Study	2023	RCC, EC ERI SEE, ETF	Regional assessment and guidelines for legal adjustments completed; Recommendations endorsed and implemented; WB Working Group on Access to Study established; Western Balkans Framework Agreement on Access to Study signed; Number of students with equal access to study within WB increased;
	2. Recognition of academic qualifications in the Western Balkans and enhanced quality of recognition of academic qualifications	2022	RCC, ERI SEE, EC	Feasibility study for recognition of primary and secondary level qualifications completed, including guidelines for possible legal adjustments; Feasibility assessment for recognition of VET completed; Regular meetings and trainings for ENIC/NARIC Centres; Expansion of Joint Information System (JIS) and Regional Recognition Database (RRD);

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
				<p>Expert guidelines on domestic qualifications framework (NQF) to facilitate recognition of academic qualifications implemented;</p> <p>Expert recommendations on pre-Bologna qualifications and third cycle academic degree's implemented;</p> <p>Fast track recognition of higher education qualifications (expanded Regional Recognition Database (RRD) and developed joint procedure to verify qualifications within 2 weeks) enabled;</p> <p>Negotiations on WB Agreement on Recognition of Academic Qualifications (based on draft text circulated by Albania) facilitated, including the proposal for introduction of DiploME system on automatic recognition of academic qualifications;</p> <p>WB Agreement on Recognition of Academic Qualifications signed;</p> <p>Academic qualifications in WB automatically recognised;</p>
	3. Support all Western Balkans Quality Assurance Agencies for membership in ENQA and EQAR	2024	RCC, EC, ERI SEE, ETF	<p>External Quality Assurance performance demonstrating compliance with the European Standards and Guidelines (ESG) completed;</p> <p>The ESG, key Bologna process commitments for quality assurance, and those of the European approach for quality assurance for joint programmes implemented;</p> <p>Monitoring progress in aligning with ESG completed;</p> <p>Quality Assurance Agencies bilateral and multilateral exchanges with partners with mature quality assurance systems increased;</p> <p>Participation of Western Balkans Quality Assurance bodies in European and regional networks and associations increased;</p> <p>Operational guidelines and procedures for quality assurance (accreditation and re-accreditation of institutions and programmes) completed;</p>

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	4. Encourage participation of the Western Balkans in the European Higher Education Area (EHEA), while preparing the region to benefit from the European Education Area (EEA): European Universities Initiative open to Western Balkans Universities	2023	EC, RCC, ERI SEE	Possibility to open the European Universities Initiative to Western Balkans Universities announced; Number of Western Balkans Universities applications and participation in EUI increased;
5.2. Mobility of individuals on the basis of IDs	1. Western Balkans Agreement on Freedom of Movement and Stay	2021	RCC, EC	Regional WG on Freedom of Movement and Stay established; Agreement on Freedom of Movement and Stay signed; Regional simplified administrative procedures for entry, movement and stay enforced;
	2. Western Balkans Agreement on Freedom of Movement of Third Party Citizens	2021	RCC, CEFTA, EC	Regional WG on Freedom of Movement of Third Party Citizens established; Agreement on Freedom of Movement of Third Party Citizens (coordinated removal of visas or multiple economy visa for long haul visitors) signed; Regional procedures for coordinated removal for long haul tourist/visitors established and operationalised;
5.3 Portability of social rights and removal of working permits	1. Western Balkans Agreement on Social Insurance	2022	CEFTA RCC, CIF,	Feasibility Study/Assessment of current state of play completed; Regional WG established; Western Balkans Agreement on Social Insurance signed; Regional procedures adopted; Number of people benefiting from the Agreement increased;
	2. Western Balkans Agreement on Removing Work Permits for intracompany transfers and service suppliers	2022	CEFTA, RCC, WB6 CIF, EC	Agreement on Removing Work Permits for intracompany transfers and service suppliers concluded; intracompany transfers in the WB increased; facilitated inter-Party supply of services;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
Regional Investment Area				
6.1. Regional investment promotion	1. Develop regional value propositions for 2-3 priority target sectors/value chains, including a regional promotional webpage (www.investinsee.com), under the proper denomination and labelling of each economy	1 st half of 2021	RCC, WB6 CIF, WBG, EBRD	2-3 strategic sectors/value chains selected based on clearly defined criteria to be agreed upon by the JWGI; Developed work programme on regional investment promotion which will be done through Sub-working group on Investment Promotion which will be established under JWGI;
	2. Implement a regional investor lead generation campaign, including investment roadshows in key target markets, participation in relevant global and regional industry events, and one-on-one meetings with potential investors	2022	RCC, WB6 CIF, WBG	A set of regional promotional materials completed, including online sector brochures, investor presentations, pitch books; Regional promotional webpage established in line with international best practice standards; New investor leads in targeted priority sectors/value chains generated; the lead generation campaign will target firms in priority sectors/value chains and take into account the specificities and differences among the WB6 economies; New FDI attracted in targeted priority sectors/value chains; Visibility of the region increased in key target markets for investment attraction as measured by media mentions;
	3. Organise a high-level investor conference in the WB6 region to promote the region to targeted multinational corporations (MNCs)	2023	RCC, WB6 CIF, WBG	Concreted business and investment opportunities in the region presented to at least 50 key decision makers from MNCs in targeted priority sectors/value chains; Three investment conferences to promote foreign investments into the region organised;
	4. Promote investment opportunities in the region to investors from the region to increase intra-regional investments and support the	2023	RCC, WB6 CIF, WBG, EBRD	Intra-regional investments increased to support the expansion/ revitalisation of targeted priority regional value chains;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
	expansion of existing and revitalisation of strategic regional value chains			
6.2. Regional investment policy reforms	1. Negotiate economy-specific International Investment Agreements (IIAs) between EU and each of Western Balkans Six economies based on the Regionally Accepted Standards for IIA negotiations	2024	EC, WBG, RCC	Enhanced alignment with the investment standards of the EU; Modernised investment policy framework in line with the EU standards; Enhanced investor confidence as measured by various international reports;
	2. Develop regional guidance criteria and procedures for screening mechanisms at the economy level for quick reaction to FDI concerns based on the emerging EU standards and policy, and taking into account the individual economy and region's policy priorities	2023	EC, WBG, RCC	Enhanced alignment with the investment standards of the EU; Modernised investment policy guidance, taking into account as much as possible EU standards;
	3. Deepen regional cooperation and peer-to-peer exchange for capacity building in international investment treaties, ISDS and other relevant topics for investment policy reforms	2024	WBG, RCC, GIZ	Enhanced capacities of investment experts in the region;
	4. Develop a regional database of investment incentives to enhance incentives transparency	2022-2023	WBG, RCC, CEFTA	Enhanced transparency and predictability of incentive policies;
6.3. Regional investment retention and expansion	1. Establish regular exchange of information between Investment Promotion Agencies (IPAs) with the aim to increase resilience to global shocks and facilitate re-investments in strategic sectors/value chains	2021	WBG, RCC, WB6 CIF	Strategic anchor investments de-risked and retained in targeted sectors/value chains; Re-investments in regional value chains increased;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
	2. Review COVID-19 response measures taken by the WB economies for possible mid- to long-term ISDS risks and other legal risks	2021	WBG, RCC	Risk mitigation enhanced, leading to lower risk of costly investor state disputes (ISDS);
	3. Lower the risk of costly investor state disputes (ISDS) by strengthening (improving/establishing where non-existent) the grievance mechanisms and building on RIRA/IRAP activities	2021	WBG, RCC	Enhanced investor confidence and re-investments;
Regional Digital Area				
7.1. Digital infrastructure and connectivity	1. Provide fixed broadband internet access for the vast majority of households	2024	RCC, EC, IFIs	Upgraded digital infrastructure, including through increased uptake in WBIF funds and other potential instruments with particular focus on covering white areas; Fixed broadband internet access for at least 95% of households in each economy provided; Fixed broadband internet access for at least 90% of households with the speed of at least 30Mbps in each economy provided; Fixed broadband internet access for at least 75% of households with the speed of at least 100Mbps upgradable to 1Gbps in each economy provided;
	2. Establish Broadband Competence Offices (BCOs) in WB (where they do not exist) and strengthen their capacities to support broadband deployment	2021	RCC, EC	Strengthened capacities of WB BCOs including through setting up one-to-one cooperation with EU BCO, their mutual cooperation and greater integration in EU BCO network;
	3. Interconnection of academic and research networks in WB6, with the support and cooperation of GEANT	2022	RCC, EC	Interconnectivity of academic and research networks in WB6 achieved; Regional collaboration and innovations encouraged;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	4. Develop 5G roadmap for Western Balkans and ensure effective implementation in line with the timeline defined therein	2023	RCC, EC	5G strategy(ies)/Action Plan(s) developed in each economy; Agreed regional actions (example: aligned time and steps in harmonisation and assignment of European 5G pioneer bands, coordinated approach on selected aspects of 5G awarding, i.e. minimum licence duration, use of harmonised spectrum, etc.); Cover at least one main regional corridor with 5G by the end of 2025 Cover key industrial cities with 5G in each WB6 by the end of 2023
	5. Reduce roaming charges intra-WB6 and EU-WB through implementation of WB Roaming Agreement and the Roadmap for lowering the roaming charges between EU and WB			
	5.1. Complete the final phase of the Regional Roaming Agreement	2021	RCC, EC	Zero retail roaming charges within WB6 as of 1 July 2021;
	5.2. Finalise the Roadmap for lowering the roaming charges between EU and WB and effective implementation in line with the timeline defined therein	2021	RCC, EC, WB6 CIF, telecom operators	Reduced roaming charges between WB and EU in line with milestones agreed in the Roadmap;
7.2. Digital skills and competence	1. Develop digital skills strategies and agree on short and mid-term regional actions for digital upskilling	2022-2023	RCC, EC, ITU, ETF, ERI SEE	Regional actions to support closing of digital skills gap defined; Gaps/needs for digital skills for targeted groups (citizens, start-ups, youth, women, public administration, etc.) mapped;
	2. Establish a repository of courses and other training programmes developed by different organisations, including MOOCs with established	2022	RCC, EC, ReSPA, ERI SEE, ETF,	Increased digital skills for targeted groups (i.e. start-ups/youth, adults, basic digital skills for citizens, etc.); Pilot upskilling activities to address ICT market needs conducted by 2021;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	universities based on WB gap analysis and digital skills needs for targeted groups		WB6 CIF	At least 50 people per economy trained annually;
	3. Develop Digital Education Action Plans and promote equality in access, in particular for disadvantaged groups and minorities, particularly Roma	2022	RCC, EC, ERI SEE	Aligned actions in digital education in the region; Aligned standards with EU Digital Competence Framework;
7.3. Digital economy in the era of new ICT technologies	1. Organise regular high-level meetings, including Annual Digital Summit, to ensure digital agenda stands at the forefront of regional transformation	Annually	RCC in cooperation with all partners	High-level government-business collaboration on digital transformation challenges maintained through Annual Digital Summit; Competitive, innovative digital ideas and solutions based on regionally agreed targets/business needs promoted;
	2. Align standards for metadata for open data at regional level based on EU standards to be implemented throughout the region and foster open data principle	2023	RCC, CEFTA, EC, ReSPA	Standards for open data based on EU applied at regional level; Use of data for governmental and wider public sector needs and research enabled;
	3. Reach an agreement on regional interoperability of toll services in WB	2022-2024	RCC, TCT, WB6 CIF	Regional interoperability of toll services enhanced; Data exchange criteria and rules agreed; Shortened travel time for citizens and transport operators while crossing throughout the region;
	4. Agree on principles and standards used for smart cities, based on EU standards, with a view to ensure data and services interoperability	2023	RCC, EBRD, NALAS	Improved exchange of standards applied for key services, best practices, etc.; Established network of smart cities across WB;
	5. Undertake regional actions to promote Artificial Intelligence (AI) in selected aspects and based on EU practices	2024	RCC, EC, WB6 CIF,	WB High-level Group on AI established; Aspects of AI agreed at regional level; Action plan prepared for the agreed aspects;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
			ITU, ISO, UNESCO, OECD	Synergies with EU-led activities on AI ensured;
	6. Undertake regional activities to facilitate participation of WB in EU HPC	2023-2024	RCC, EC, WB6 CIF	All WB economies connected with EU HPC by 2024; Increased uptake of WBIF for HPC projects and investments;
	7. Undertake regional activities to improve availability, analysis and monitoring of high quality digital economy statistics, building on EU's DESI and ITU's ICT Development Index	2022	RCC, Eurostat, EC ITU	Progress regarding regional digital competitiveness tracked; Priority areas for data collection to calculate DESI indicators identified; Use of data collection for reporting purpose enhanced;
	8. Regional cooperation in regard to exchange of good practice in the field of digital transformation, in particular e-government	Annually	RCC	New and improved already existing forms of partnerships established, based on the dissemination of knowledge and mutual strengthening of capacities needed for digital transformation and support for the development of e-government; At least 2 regional events organised annually;
7.4. Trust and security	1. Agree on minimum technical standards and specifications to allow an exchange of data and documents, and conduct pilot activities	2021 Pilots 2022-2023	RCC, CEFTA, EC	Facilitated movement of services across the region; Exchange of data and documents piloted;
	2. Align regional actions to ensure the protection of personal data and privacy in Western Balkans, based on EU standards	2023	RCC, EC	Protection of personal data and privacy in a uniform manner throughout the region ensured;
	3. Develop mentoring programmes for WB CSIRTs and other institutions as longer-term cooperation with advanced CSIRTs and other partners	2023	RCC, EC	Upgraded capabilities of economy and other authorities (primarily CSIRTs) to prevent and detain cyber threats, to deal with cyber incidents and attacks and ensure quick recovery process in case of incidents;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	4. Strengthen cybersecurity capacities in the WB region through cooperation with ENISA	2021-2024	RCC and ENISA and interested EU Member States	Increased capacities of CSIRTs, technical education and training, common methodology of assessment, strengthened cooperation and information sharing to protect infrastructure and networks from cyber threats; Joint events organised, information sharing and regular assessment of progress ensured;
	5. Enhance resilience of cyberspace in the WB through increased participation of business community in strengthening cybersecurity capacities in WB	2022-2023	RCC, WB6 CIF, SOCs	Increased support and cooperation with the private sector, cyber specialists and other stakeholders to support information sharing and knowledge exchange; Cooperation models developed to better and adequately address cyber security in the region;
Regional Industrial and Innovation Area				
8.1. Regional innovation	1. Introduce Western Balkans Innovation and Research Platform	2021-2024	RCC, EC, EUREKA, WB6 CIF, WEF	Integration of the region in the European Research Area; Facilitated establishment of regional centres of research excellence; Encouraged alignment with the EU Open Science practices; Assistance extended to the WB6 economies to develop and implement their smart specialisation strategies; Regional cooperation promoted between the quintuple helix actors to boost economic sustainability and transition towards green economy; Facilitated exchange of information and good practices with the European Institute of Innovation & Technology; Development of entrepreneurial universities in the region fostered; Annual regional foresight reporting and linking with the future EU-wide Foresight Network enabled;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	2. Support development of regional innovation infrastructure	2021-2024	RCC, EC, EUREKA, WB6 CIF	A Regional Network of Digital Innovation Hubs created; Facilitated growth and establishment of incubators and accelerators; Networking of technology transfer offices of research organisations in the region encouraged;
	3. Establish Regional Diaspora Knowledge Transfer Initiative	2022	RCC, EC, EUREKA, WB6 CIF	Existing initiatives at economy levels to tap into considerable potential of the region's diaspora scaled up; Encouraged brain circulation; Diaspora experts encouraged to transfer knowledge and build capacity to foster innovation and entrepreneurship; Deepened regional economic cooperation and integration in the EU Internal Market owing to transfer of knowledge from the WB diaspora residing in the EU Member States;
	4. Launch Regional Early Stage Innovation Funding Scheme	2021	RCC, EC, EUREKA, WB6 CIF	A new model of support to start-ups and MSMEs with innovative ideas in attractive niches such as green economy, clean energy production & manufacturing, safe food production ensuring Europe's food self-sustainability, etc. created and implemented; Private capital from businesses in the region and beyond mobilised; MSMEs recruited through quality pipeline for existing equity-based expansion financing and guaranty schemes financed under WB ENIF;
	5. Set up Regional Network of Women in STEM for the Next Decade	2021	RCC, EC, EUREKA, COST, WB6 CIF	Encouraged increased participation of women in STEM fields by 2030 through: Awareness raised on the importance of women participating in STEM for sustainable economic development; A deeper STEM talent pool created in the region; Girls guided towards tech careers by giving role models and teaching future-proof skills;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
8.2. Regional industry development	1. Conclude Regional Supply Chain Protocol as a result of a regional supplier development programme within the Regional Investment Area	2021	RCC, CEFTA, WB6 CIF	Regional economic interconnectedness fostered by overcoming enterprise supply chains challenges in the post-COVID era; The effects of coronavirus on the region's businesses mitigated; Safeguarding supply chains against the future disruptions; Enabling complex collaboration between enterprises in the region;
	2. Upgrade existing regional SMEs online platform www.wb6cif.eu including creation of market intelligence database for key product/market portfolios	2022	WB6 CIF, RCC, EBRD	Important information provided to WB SMEs to be able to compete internationally; Support provided to WB6 CIF members in delivering services supporting internationalisation and innovation of SMEs fostered in the region; Joint database created and used by at last 300 companies by the end of 2022; Regional automotive industry database developed;
	3. Support growth of SMEs in niche markets by fostering cluster cooperation and networking of women and youth	2021- 2024	WB6 CIF, RCC, EC, EN Contact points, EBRD	Pilot projects based on regional industrial niche strengths supported; Mapping of manufacturers clusters in the Western Balkans economies; Establishment of Regional Manufacturers Cluster facilitated; Western Balkans Women Entrepreneurs Network established;
	4. Implement a regional supplier development programme to facilitate linkages of domestic suppliers and multinationals between Western Balkans Six in targeted sectors/supply chains	2023	WBG, RCC, WB6 CIF, EBRD	Increased number and value of international/regional supplier contracts through enhanced supplier linkages and opportunities for domestic suppliers between Western Balkans Six; Technical assistance provided to SMEs in WB6 to support their integration in European and global value chains (by WB CIF); Joint participation of WB6 SMEs in three fairs/business events and three B2Bs and B2F events organised to facilitate linkages within supply chains (by WB CIF);

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
8.3. Automotive industry value chains	1. Create regional automotive digital training plan	2022	WB6 CIF, RCC	Links with the global automotive industry partners established to co-create automotive specific digital training modules and increase employability and competitiveness;
	2. Map existing/establish regional automotive cluster initiatives	2021	WB6 CIF, CEFTA, RCC	Clustering in regional automotive industry fostered; Regional automotive industry's competitive advantages developed; Automotive value chains upgraded to absorb key upcoming trends in automotive industry, such as electric and autonomous driving; Encouraged relocation of production to the region.
	3. Introduce Regional Automotive Manufacturing Fair	2022	WB6 CIF, RCC	Development of regional automotive industry fostered by promoting the existing automotive industry potential in the region; Direct regional cooperation encouraged, aimed at entering more demanding global markets; Facilitated multiplier effect and linking with upstream and downstream industries;
8.4. Green & circular economy value chains	1. Establish Regional Framework on Common Standards in Circular Economy/ sustainable production and consumption	2022	WB6 CIF, RCC, EIB	Green and sustainability standards as a tool for effective implementation of circular economy principles promoted; frameworks and support tools related to the implementation of circular economy projects developed;
	2. Create Regional Green & Circular Economy Roadmap	2023	WB6 CIF, RCC, EIB	Regional green & circular economy mapping completed; Green & circular economy platform of stakeholders established; Green & circular economy monitoring mechanisms aimed at encouraging environmentally sustainable economic growth introduced;
	3. Reach a common agreement on Green & Circular business value chains in the Western Balkans through an MoU	2022	WB6 CIF, RCC	Support provided in identifying and building of green & circular regional value chains to seize untapped economic potential aimed at supporting transition towards green & circular economy;

<i>Priority area</i>	<i>Regional actions</i>	<i>Timetable</i>	<i>Supporting organisation</i>	<i>Expected results</i>
				Green & Circular Industry Advisory Council of the Western Balkans created to spur investments in green technologies; WB6 integrated into EU raw materials supply chains; Innovation along raw materials value chains, in particular at extraction, processing and metallurgy stages, supported for more sustainable and greener production;
	4. Facilitate establishment of a regional Green Start-up Network based on already existing domestic start-up programmes	2022	RCC	Existing start-up ecosystems to identify key business pitfalls and help ease business networked; Start-up coordination committee established; WB6 Forum for start-ups established;
8.5. Agro-food industry development	1. Align key processes with the EU's Farm to Fork Strategy	2021-2024	WB6CIF, RCC, EC	"Farm to Fork" regional roadmap developed; Increased public awareness in the WB6 on sustainable food production and consumption, in line with the EU Green Deal and the EU Farm to Fork Strategy; Environmental standards promoted through sustainable food production and processing;
	2. Support marketing of EU quality standards in the agro-food industry	2021-2024	WB6CIF, RCC, EC	Branding and promotion of regional products strengthened; Increased regional awareness about the EU food quality standards; EU quality standards introduced and implemented in order to foster export potential of regional products to the EU market;
	3. Strengthen agro-food education and innovation systems	2021-2024	WB6CIF, RCC, EC	Increased incentives for regional innovation and technology diffusion for increased productivity; Technologies and techniques that increase productivity promoted;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
				University partnerships with public and private entities related to agro-food established, both within and outside the region; Regional key gap areas in agro-food development identified and addressed;
8.6. Creative industry	1. Support development of creative industries	2021-2024	WB6 CIF, RCC, EC	Film industry encouraged; Increased contribution of film industry to overall growth and jobs creation; Investments into the creative industries infrastructure fostered; New sources of financing of creative industries developed; Increased number of regionally-based business suppliers able to provide quality services to the industry; Online regional knowledge bank created;
8.7. Metal processing industry	1. Support competitiveness in European value chains	2021-2024	WB6 CIF, RCC	Partnerships with the EU partners established; High-quality secondary and higher education curricula that meet the demands of metal industry (design, product engineering, use of carbon capture and storage technologies, energy management, recycling, etc.) developed;
	2. Encourage investments in energy-efficient and modern technologies to ensure transition towards green economy	2021-2024	WB6 CIF, RCC	Energy management systems to improve metal processing industry's energy efficiency implemented;
8.8. Sustainable tourism	1. Sustainable regional tourism development and management framework	2024	RCC	Common regional framework for sustainable tourism development and management developed and adopted; Sustainable tourism road maps for pilot destinations (6) developed and under implementation; Sites and facilities certification with internationally recognised sustainable tourism schemes adopted/agreed on;

Priority area	Regional actions	Timetable	Supporting organisation	Expected results
	2. Integrate existing and new sustainable transnational tourism products into EU tourism route and promote trail networks, including branding and promotion of regional tourism product in the EU and international markets	2021-2024	RCC (supported by CEFTA)	Certification with EU tourism route networks initiated (i.e. CoE European cultural routes, Leading Quality Trails) - at least three routes integrated; Common regional identity (brand) developed and implemented; Regional product promoted at international markets; Increased awareness of the regional tourism destination and increased number of tourists from the EU;
	3. Establish Western Balkans Tourism Crisis Committee (WBTC) and develop Tourism Emergency Plans and Crises Management Strategies	2022	RCC	Tourism Emergency Plans and Crisis Management Strategies developed for each WB6 economy (mutually complementary) and emergency/crisis protocols of cooperation adopted;
	4. Establish informal regional tourism forum to support digital transformation and exchange of good practices, boosting the innovation capacity of entrepreneurs and SMEs	2022-2024	RCC	Informal forum (virtual) established, built upon the regional Joint Platform for Tour Operators and Services (JPTOS initiative enabling quick exchange of best practices, cooperation opportunities and strengthening industry digital capacity);
	5. Develop common occupational standards for tourism	2023	RCC, CEFTA, ERI SEE,	Mutual recognition of qualifications and skill certifications for tourism industry enabled;
	6. Pilot mutually-recognised practical training programmes	2022-2024	RCC, ERI SEE	
	7. Improve regional tourism data and statistics	2022-2024	RCC (supported by CEFTA)	Tourism data and statistics improved; Exchange of data protocols adopted; Improvement in data collection, analysis and sharing towards establishing an environment that would support introduction of TSA, once the domestic conditions are met.

Annex 4. Chair's Conclusions

Chair's Conclusions

The Sofia Summit, as the main event of the 2020 Berlin Process Joint Chairmanship by the Republic of Bulgaria and the Republic of North Macedonia, builds on the previous Summits (Berlin, Vienna, Paris, Trieste, London and Poznan) in reaffirming the Berlin Process' importance as a catalyst for high-level cooperation between the Western Balkans and their EU peers participating in Berlin Process, in the light of their European integration prospects.

The Leaders agreed that the idea of a Joint Chairmanship, a pattern for the first time employed within the framework of the Berlin Process, envisaging a Co-Chairmanship by an EU member state and an EU candidate country from the Western Balkan region represents a clear signal of a strengthened regional ownership and adds to the efforts aiming at enhanced political and socio-economic convergence and cohesion with the EU.

The Leaders expressed their concerns about the unpredictability and increased pace of COVID-19 and its negative impact over the regional economies, public health, and human security. They praised the Joint Chairmanship's timely adaptations to the existing circumstances, designing an agenda that fits its purpose, while corresponding to the imposed realities.

The Leaders underlined the importance of regional cooperation and pledged their continuous support to different collaborative initiatives and mechanisms to boost the regional potential for strengthening the economy, people-to-people contacts and good neighbourly relations. They agreed that regional cooperation remains an important factor on the way to EU membership, not its substitute, reconfirming the longstanding view that the future of the entire region lies within the EU.

The Leaders commended the European Commission's (EC) Economic and Investment Plan for the Western Balkans accompanied by a Green Agenda for the Western Balkans, which are intended to spur the long-term economic recovery of the region building on Green and Digital transition through a substantial investment package leading to sustained economic growth, implementation of reforms required to move forward on the EU path, and bringing the Western Balkans closer to the EU Single Market. They also welcomed that the Commission aims to mobilize up to €9 billion of grant funding under the future Instrument of Pre-Accession Assistance (IPA III) to support the socio-economic convergence of the region with the EU. It will be complemented by the new Western Balkans Guarantee facility, which should be raising investments of up to at least € 20 billion. This process should be done through integrity compliance with EU standards and reliable project implementation process.

The leaders welcomed the new package of connectivity projects presented by the EC under the Western Balkans Investment Framework. It constitutes the first step in the implementation of the flagship projects of the Economic and Investment Plan, while at the same time completes the delivery of the EU's 2015 pledge to deliver €1 billion in support of connectivity in the region. The leaders acknowledged that sustainable mobility for people and freight, multi-modal mobility solutions, as well as reform measures to ensure best value from modernised transport infrastructure, is important for regional cooperation and integration.

Building on the deliberations of the Ministers of Foreign Affairs at their meetings held on March 10 in Skopje and virtually on November 9, 2020, as well as of the meetings of the Ministers of Interior, of Health, of Economy, of Information Society, on Roma issues, held during October and early November all held also in an online format, the Leaders of the Western Balkans renewed their sustained commitment to adhere and promote the core European values: democracy, rule of law, fundamental

rights, which also provide transformative incentive, and are engines of economic integration and the essential anchor for fostering regional reconciliation and durable stability.

Common Regional Market

In the spirit of regional cooperation, the Leaders of the Western Balkans agreed on the Declaration on Common Regional Market (CRM) - *A catalyst for deeper regional economic integration and a stepping stone towards EU Single Market* and adopted an Action Plan for the period 2021-2024, which is based on the EU four freedoms and enriched with digital, investment, innovation, and industry areas. While welcoming the achievements obtained in the implementation of Multi-Annual Action Plan for a Regional Economic Area (MAP REA), the Leaders acknowledged the necessity to deepen economic cooperation with the EU amidst the post-pandemic recovery efforts.

MAP CRM will be a cornerstone document and a vision reflecting regional economic interests, enhancing economic cooperation in the region by developing Common Regional Market, based on EU rules and standards. Emphasizing the role of the Regional Cooperation Council (RCC) and the Central European Free Trade Agreement (CEFTA) in its development and future monitoring, the Leaders agreed that the implementation of the Plan will contribute to significantly reduce the distance to EU markets, while leading to a more attractive and competitive region.

The Western Balkan Leaders pledged their full support to the Common Regional Market, while underscoring the importance of investments in the productive sectors and sustainable infrastructure envisioned by the Economic and Investment Plan for the Western Balkans recently published by the European Commission. The complementarity of these two documents will pave the way to a deeper economic integration of the region with the EU single market and speed up the economic convergence with the EU. To this end, the Western Balkans expressed support to regional initiatives aiming at strengthening political and socio-economic convergence, reaffirming the principle of all-inclusiveness.

Green agenda for Western Balkans

The Western Balkan Leaders welcomed the Guidelines for the Implementation of the Green Agenda for the Western Balkans accompanying the Economic and Investment Plan launched by the European Commission in October 2020, that show readiness and a clear commitment of the EU to supporting the Western Balkan region in its endeavours for a comprehensive overhaul towards modern, resource efficient, competitive and climate neutral economies, where economic growth is decoupled from resource use and greenhouse gas emissions. This process should turn a new page in the economic development of the Region, address the main environmental and health challenges, and offer a new blueprint for action and huge potential for growth and creation of new jobs.

Expressing their own readiness to take decisive measures and swiftly and resolutely align with the relevant EU policies setting the flagship goal of achieving climate-neutrality by mid-century, the Western Balkan Leaders endorsed the Declaration on the Green Agenda for the Western Balkans expressing gratitude to the Regional Cooperation Council for coordinating its preparation.

The Declaration aims at unlocking the economic potential of the green, low-carbon, and circular economy and at addressing and curbing the main drivers of climate change. Through its five pillars, the Declaration strives to support transformation of the energy, transport and agriculture sectors, enhance resilience to the impacts of climate change, facilitate transition from linear to circular economy, strengthen efforts on de-pollution and intensify activities on nature and ecosystems protection including halting biodiversity loss. By this Declaration, the Western Balkan Leaders recognized the importance of the regional cooperation and confirmed their determination to work

towards improving the well-being of Western Balkan citizens through joining the EU's efforts in fighting climate change.

Regional Agreement for Free Movement with ID Cards

The Leaders welcomed the Chair's Conclusions of the Berlin Process Meeting of Ministers of Interior held in Skopje on October 16. Removing remaining barriers to the free movement of people is an important dimension of the Common Regional Market.

They supported the initiative for signing a Regional Agreement for free movement with ID cards as an opportunity for a closer and better-connected region and acknowledged the role of the RCC as a facilitator of this process. They reiterated the Minister's call upon all parties for an effective engagement to swiftly finalise this process.

Regional Response to COVID19-related Challenges

The Leaders commended the decision of the Co-Chairs to organise for the first time in the framework of the Berlin Process a meeting of Ministers of Health, which took place in Skopje on October 22, 2020, thus fostering the efforts for a streamlined and coordinated regional approach in tackling the Covid-19 pandemic.

The Leaders welcomed the Chair's Conclusions of the Berlin Process Meeting of Ministers of Health and supported a reinforced regional health response in fighting the COVID-19 pandemic. They agreed that in the medium and long-term, regionally, and internationally coordinated policies and measures can faster facilitate socioeconomic recovery and help better prepare for the future risks and pandemics. The Leaders commended the EU solidarity with the region in fighting the pandemic, demonstrated by the unmatched support for the region totalling 3.3 billion Euros announced on April 29. At the same time, they reiterated the Ministers' call for continuation of EU's, WHO's and other international organizations' support for the Western Balkans in fight against the pandemic and minimizing its impact on their health systems, economies and societies.

Related to COVID-19, but also to other threats and challenges of different natures and origins, the Joint Chairmanship held a VTC workshop on September 18 in Sofia, dedicated to Risk Monitoring, Risk Prevention and Forecast Simulation modelling and dealing with specific innovative approaches applicable to various EU policies. The Leaders took note of the discussions at the Workshop and the importance of coordinated risk management response.

Extension of the WB6 Green Corridors/Lanes Initiative to the EU

The Leaders echoed the Ministers of Economy recognition of the achievements realized through the Green Corridors to minimise the devastating COVID-19 effects. The corridors played valuable role for unimpeded regional trade flow, providing the region with basic medical and food supplies without bottlenecks in the transit of goods.

The Leaders welcomed the current region-driven Green Corridors/Lanes Initiative and the work of CEFTA, RCC and the Transport Community in facilitating this process. With the successful establishment of "green lanes" within the region, inclusive regional cooperation was shown at its best.

The Leaders supported the Joint Chairmanship's Initiative to promote the proposal for a WB6 Green Corridors/Lanes extension to the EU, and acknowledged its potential to have an important positive impact on the economic recovery of the WB and to further mitigate severe economic consequences of the pandemic. The Leaders called on all relevant stakeholders to further explore the proposal, to ensure wide consensus and adequate political decisions for the way forward. This initiative is also reflected in the Common Regional Market action plan.

Digital Transformation

The 3rd Western Balkan Digital Summit, a flagship event of the regional economic integration agenda, was held 26-28 October, followed by a Ministerial meeting on 2 November 2020 to build upon the achievements from the last Digital Summit and commit to new challenges ahead. Acknowledging the progress in roaming charges reduction, Western Balkan Leaders committed *to duly and efficiently establish roaming-free region by 1 July 2021*. They welcomed the signing of the *Memorandum of Understanding on regional interoperability and trust services in the Western Balkans Region* and the *Memorandum of Understanding on 5G Roadmap for the digital transformation of the Western Balkans region*, based on EU standards and mirroring the best practices in EU.

Recognizing the transformational potential digitalization would bring to the region, with the development of a regional digital area being a key element of the Common Regional Market, the Western Balkan Leaders committed to investing their best efforts to deliver on all agendas in an inclusive and transparent manner aiming to integrate into the pan-European digital area, roaming, 5G, cybersecurity, innovations, interoperability, trust services, e-government and e-health.

The Leaders also committed to integrating the Western Balkans into the pan-European digital market and transforming the industrial sectors, shaping regional value chains, and integrating them into EU value chains; and to an inclusive regional cooperation in order to become fully-fledged participants in the EU policies, programmes and the Single Market, aligning further with EU-compliant rules and standards and expanding opportunities for companies and citizens.

Roma Integration

Building on the Declaration of Western Balkans Partners on Roma Integration within the EU Enlargement Process, endorsed last year in Poznan, the Leaders acknowledged the need for a joint commitment to step up the efforts in integrating the Roma population, as one of the most vulnerable groups in the region. The Western Balkan Leaders welcomed the conclusions of the Ministerial meeting on Roma Integration held in Tirana on 27 October 2020. It was co-organized by the Government of Albania and the Regional Cooperation Council, with the purpose to discuss the progress made in achieving the objectives set forth in the Declaration and determine the path towards further joint regional actions for improving the situation of Roma.

While welcoming the achievements so far, the Leaders acknowledged the high necessity for data collection on the socio-economic status of Roma, which must be dealt with according to EU standards. The Leaders also reaffirmed that certain processes must be accelerated for achieving greater results, in particular related to improving the housing situation of Roma by mapping informal settlements, as well as developing roadmaps for the purpose of ending statelessness among Roma. Finally, the Leaders welcomed the related aspects of the EC Economic and Investment Plan for the WB, which recognizes the need to improve the access to education and labor market for Roma, measures which will be dealt with in the upcoming period, while taking into consideration the Roma responsive budgeting guidelines and principles.

The Leaders agreed to continue assessing the progress of implementation of the Declaration targets at the next Leaders' Summit.

Youth and Youth-Related Policies

The Leaders reemphasized the critical role of young people for the prosperity of the whole region. While remaining concerned of the reinforced pace of brain drain and scarcity of opportunities for young people in the region, the Leaders commended the decision of the Joint Chairmanship to treat youth-related issues and policies as a horizontal dimension of its priority agenda.

The Leaders agreed that there is a growing need for a structured approach in tackling the brain drain issue and a necessity for greater engagement and involvement of young people in policymaking. Targeted policymaking is needed to reflect young people's needs and interests, providing favourable grounds and incentives for keeping young minds and talents in the region. The Leaders commended the work of RYCO and underscored that the organization is an important regional stakeholder promoting educational, cultural, and other positive relevant exchanges as well as reconciliation and good neighbourly relations. The Leaders reaffirmed their support for RYCO.

The Leaders also welcomed the Agenda for the Western Balkans on Innovation, Research, Education, Culture, Youth and Sport ("Innovation Agenda for the Western Balkans")

announced by the European Commission, which should serve as comprehensive, long-term strategy for cooperation in these fields with the Western Balkans. It will be essential for enhancing human capital development, stopping brain drain and encouraging brain circulation, as well as fostering the development of a long-term sustainable innovation ecosystem and the transition to a knowledge-based economy. It will lay the foundations for evidence-based policymaking and promote inclusive and high-quality education and training systems, thus providing better perspectives for the young people in the region.

They also welcomed the Youth Guarantee, instrument which should be implemented by Western Balkan governments in line with the EU Youth Guarantee.

Think Tank and Civil Society

Building on the previous patterns, especially in the light of the last year's exchange in Poznan, the Leaders welcomed the continuous structured approached and reinforced exchange between policymakers and representatives of think-tank and civil society community. The Leaders commended the Joint Chairmanship approach in motivating a structured dialogue between the stakeholders, while taking note of views and insights by the think-tankers and civil society representatives.

The Leaders applauded the structured interaction that took place at the meetings of Ministers of Foreign Affairs held on March 10 in Skopje and on November 9 in Sofia. Despite the extraordinary circumstances, the Leaders welcomed the decision to have a Civil Society Forum that was held in online format and took note of the discussions and exchanged views; and further committed to the support of think-tank and civil society communities in providing policy solutions in the light of the European integration of the region.

Education, Science, Research, and Innovation

The Leaders take note that due to the COVID-19 pandemic, the physical meeting of the Berlin Process Joint Science Conference planned to take place this year in Warsaw (Poland) has been postponed to 2021. They support the national academies, universities, and research organizations to continue their common work within the Berlin Process Joint Science Conference.

Furthermore, the parties underline the necessity to use scientific advice and evidence from research both in tackling the COVID-19 pandemic and for the post-pandemic recovery in the Western Balkans. For this, national mechanisms of scientific advice are essential, as already recommended by the Berlin Process Joint Science Conference in 2019. Such mechanisms or structures shall proactively pursue international and regional collaboration.

The Leaders welcome the introduction of the "Agenda for the Western Balkans on Innovation, Research, Education, Culture, Youth and Sport" in the Commission Communication entitled "An Economic and Investment Plan for the Western Balkans". Progress in these sectors is essential for the European path of the Western Balkans and for better regional cooperation in South East Europe. They would welcome the Western Balkans Research Fund to be integrated into the "Innovation Agenda for

the Western Balkans”, as a targeted measure for Brain Gain towards the Western Balkans and EU-Western Balkans Brain Circulation.

Delivering on Multiannual Action Plan for Regional Economic Area

Following up on the commitments of the Multi-Annual Action Plan for a Regional Economic Area, the *Protocol on Open Access to Research Infrastructures in the Western Balkans* has been endorsed, with the aim to encourage mobility of researchers and scientific collaboration in the region. The Protocol is going to enable, inter alia, the establishment of the Network of Open Research Infrastructures in the Western Balkans by the end of 2020 and foster regional cooperation among various stakeholders and contribute to the overall economic development.

In addition, the Western Balkans economies endorsed the *Regionally accepted standards for negotiation of International Investment Agreements (IIAs)* as guidance for negotiating or re-negotiating IIAs to promote regional economic integration efforts, bringing the region closer to the alignment with the EU standards through the creation of dynamic regional investment area.

Future of the Berlin Process

The Joint Chairmanship has shown that bestowing of ownership of the process could produce more regionally driven response to concrete needs and interests. The Berlin Process remains an instrument aiming at regional cohesion, while also providing convergence with the EU single market. While on the one hand aiming to further promote good-neighbourliness, it is an accelerator of regional connectivity and various collaborative processes, facilitating the overcoming of the existing disparities, and contributing towards convergence between Western Balkans and the EU MS. Aiming at concrete projects and initiatives, it has systematically served as a platform supporting the regional course of action in the light of European integration. This is the added value of the Berlin Process, which besides the project-related activities aiming at improving the quality of life of the citizens in the Western Balkans, facilitates a structured dialogue leading to important political and socioeconomic processes that should continue in the future under the EU’s overarching umbrella.

The Berlin Process has been an efficient instrument to raise and solve bilateral issues, while constructively supporting and promoting process of reconciliation in the region. This has been done with determination to focus on the future while making sure our future will have solid foundations. In this sense, the leaders commend and expect full respect and implementation of pledges made by all signatories of the Joint Declaration on Regional Cooperation and Good Neighborly Relations in the Framework of the Berlin Process; Joint Declaration on Missing Persons in the Framework of the Berlin Process; and Joint Declaration on War Crimes in the Framework of the Berlin Process, adopted on 10 July 2018 in London.

The Joint Chairmanship commends the vision of Chancellor Merkel and the German stewardship of this process. As a multi-stakeholder initiative, it brings together different interested parties adding quality to the regional cooperation. This approach is much needed, especially in the context of COVID-19 and its long-term repercussions over the regional economies. The Joint Chairmanship also underscores the role of the EU/EC, as well as the regional organisations, such as RCC, CEFTA, TC, RYCO, WBF and others for their contribution to this process and moreover to the fulfilment of the overall mission and priorities of the Berlin Process.

The Leaders welcomed the invitation by Chancellor Merkel for a next Summit in Berlin in 2021.



SOFIA SUMMIT 2020- TAKEAWAYS AND LESSONS LEARNT

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Cooperation and Development Institute
"Milto Tutulani" Street, Building No. 6, Entry 8, 3 & 4, 1019, Tirana,
Albania
E-mail: info@cdinstitute.eu
Website: www.cdinstitute.eu