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from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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to: Mr Javier SOLANA, Secretary-General/High Representative

Subject: Commission staff working document accompanying the Communication from
the Commission to the European Parliament and the Council
- Western Balkans: Enhancing the European perspective

Delegations will find attached Commission document SEC(2008) 288.

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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING DOCUMENT

accompanying the

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**

Western Balkans: Enhancing the European perspective

{COM(2008) 127 final}

This Annex outlines EU activities of regional relevance to the Western Balkan countries and corresponding regional activities related to the European agenda of the Western Balkans. It includes items mentioned in the Commission's January 2006 Communication on the Western Balkans¹, along with others initiated later. It covers the period since the EU-Western Balkans Forum in Salzburg in March 2006 and also lists the next steps planned.

¹ COM(2006) 27, 27.1.2006.

No	Action	State of play (progress achieved and next steps planned)
1. Moving closer towards the EU and enhancing regional cooperation		
1.01	<u>Stabilisation and Association Agreements (SAAs)²</u>	<p><u>Albania</u>: The SAA was signed on 12.6.2006³. The Interim Agreement entered into force on 1.12.2006⁴.</p> <p><u>Montenegro</u>: The SAA was signed on 15.10.2007⁵. The Interim Agreement entered into force on 1.1.2008⁶.</p> <p><u>Serbia</u>: The SAA was initialled on 7.11.2007. Full cooperation with the ICTY remains a condition for signing the Agreement.</p> <p><u>Bosnia and Herzegovina</u>: The SAA was initialled on 4.12.2007. Fulfilment of political conditions remains a prerequisite for signing.</p>
1.02	<u>EU-WB forum⁷</u>	<p>The <u>Foreign Affairs EU-WB ministerial forum</u> was held on 12.2.2007 in Brussels. The next forum will be held on 28-29.3.2008 in Brdo (Slovenia).</p> <p><u>Justice and Home Affairs EU-WB ministerial fora</u> were held on 17.11.2006 in Tirana and on 4-5.10.2007 in Brdo (Slovenia). The next will be held on 6-7.11.2008 in Croatia.</p>
1.03	<u>Refugee return: Sarajevo process</u>	<p><u>The Sarajevo Declaration</u> (or “3x4 Initiative”) signed in January 2005 by the governments of Bosnia and Herzegovina, Croatia and Serbia and Montenegro provides the main policy framework aiming to bring about a genuine and successful solution to problems faced by refugees in South East Europe. The signatories agreed to achieve this goal by the end of 2006.</p>

² SAAs with the former Yugoslav Republic of Macedonia and with Croatia are already in force.

³ To date, 15 countries have notified ratification: Albania (9.11.2006), Latvia (19.12.2006), Slovenia (16.3.2007), Spain (23.5.2007), Hungary (31.5.2007), Sweden (8.6.2007), Ireland (11.6.2007), Slovakia (20.7.2007), Lithuania (25.7.2007), Poland (16.8.2007), Luxembourg (24.9.2007), the United Kingdom (12.10.2007), Estonia (6.12.2007), the Netherlands (10.12.2007) and Finland (13.12.2007).

⁴ Text of Interim Agreement: OJ L 239, 1.9.2006.

⁵ To date, two countries have notified ratification: Montenegro (14.11.2007) and Estonia (22.11.2007).

⁶ Text of the Agreement: OJ L 345, 28.12.2007.

⁷ established by the Thessaloniki Agenda.

		<p>A ministerial meeting in Sarajevo in March 2006 left a number of issues open. Joint EC/UNHCR/OSCE letters of March 2006 to the relevant governments (Croatia, Serbia and Montenegro, and Bosnia and Herzegovina) expressed concern. Following subsequent meetings, two main outstanding issues remain: how to deal with compensation claims from those who lost occupancy and tenancy rights (OTRs) in Croatia and recognition of pensions and other rights for the years spent working in Serb-controlled areas of Croatia during the war. The concluding ministerial meeting originally planned for the end of 2006 was postponed. A task force met at senior official level in Sarajevo in October 2007. However, it has still not been possible to make any substantial progress on the two main remaining issues.</p> <p>A ministerial meeting is due to be held in 2008. The governments of the 3x4 Initiative, together with international organisations which have supported the process, will discuss the state of play with implementation of the Declaration and the prospects for future assistance.</p> <p>Support for the Sarajevo process provided from the CARDS 2006 regional programme (€1.0 million)⁸ will continue under IPA 2008 regional and horizontal programmes to be adopted in 2008.</p>
1.04	<u>Stability Pact transition</u>	<p>Transition from the Stability Pact to a more regionally-owned cooperation framework has been largely completed. The cooperation will continue under the political guidance of the <i>South East European Cooperation Process (SEECP)</i>. The newly established <i>Regional Cooperation Council (RCC)</i> will pursue work in the following areas: economic and social development; infrastructure; justice and home affairs; security co-operation; human resources development, and parliamentary co-operation.</p> <p>Following a report by a Senior Review Group (the Rusi Group) on the Stability Pact (March 2006)⁹, the Commission and the Stability Pact presented a joint proposal on a transition to a more regionally owned cooperation framework (April 2006)¹⁰. The Stability Pact Regional Table in May 2006 adopted a transition road-map aiming at termination of the Stability Pact in early 2008 and at establishment of the new Regional Cooperation Council (RCC)¹¹.</p> <p>The Zagreb Summit of the SEECP in May 2007, under the Croatian Chairmanship-in-Office (CiO), took decisions on setting up the new framework, in particular on: 1) the mandate of the RCC; 2) amendment of the SEECP Charter;</p>

⁸ SEC(2006) 1396, 25.10.2006.

⁹ http://www.stabilitypact.org/documents/Final_Report_of_the_SRG.pdf.

¹⁰ <http://www.stabilitypact.org//media/regionalownership/ECSCSP.asp>.

¹¹ Regional Table of 30.5.2006 in Belgrade, Chairman's conclusions:
<http://www.stabilitypact.org/rt/RTBELGRADEChairmans%20Conclusions%20of%20the%20Regional%20Table%20Belgrade%20-%20Final.pdf>.

		<p>3) appointment of the RCC Secretary-General (Mr H. Bišćević); 4) designation of the seat of the RCC Secretariat (Sarajevo); and 5) budgetary resources for the RCC Secretariat (the EU, region and other donors to provide €1 million each per annum).</p> <p>Under the Bulgarian SEECF CiO (starting in May 2007), a Host Country Agreement with Bosnia and Herzegovina on the RCC Secretariat was signed on 14.9.2007. Subsequently, the budget and organisation chart for the Secretariat were approved, followed by staff recruitment. The Commission has provided financing to the Stability Pact to assist the RCC SG with setting up the Secretariat¹². The Secretariat started operations in January 2008.</p> <p>Two informal meetings of the RCC Board were held in 2007: on 9.10.2007 (Sarajevo) and on 28.11.2007 (Brussels). RCC Board members discussed the Headquarters Agreement with Belgium on establishment of the Brussels liaison office, the MoU on establishment of the RCC and the contractual and financial arrangements for the RCC Secretariat.</p> <p>Work on streamlining Stability Pact initiatives continued, in line with the conclusions of the report of the Special Coordinator of the Stability Pact (SCSP) presented at the Zagreb Regional Table on 10.5.2007. An overview of the existing regional projects, task forces and initiatives was provided at the latest meeting of the Stability Pact Working Tables on 3-4.12.2007 in Tirana, where participants decided that the RCC would continue with a streamlined set of initiatives.</p> <p>The hand-over from the SCSP to the RCC SG, along with the last meeting of the SP Regional Table and the first meeting of the RCC, took place on 27.2.2008 in Sofia. The mandate of the SCSP has been extended until 30.6.2008 to ensure a smooth transition to the new framework¹³.</p> <p>The Commission takes part in the work of the RCC Board, provides financial support for the Secretariat and is continuing to finance some of the initiatives established under the Stability Pact. It also plays an active role in donor coordination and maintaining close contact with the RCC SG and the RCC liaison office to be set up in Brussels.</p>
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¹² Commission Decision C(2007)3378 of 16.7.2007. An amount of €100 000 was allocated to that end.

¹³ Council Decision 2007/755/EC of 19.11.2007 on the appointment of the Special Coordinator of the Stability Pact for south-eastern Europe, OJ L 305, 23.11.2007.

2. People-to-people contacts; familiarising people with the EU

2.01	<u>Visas: Council conclusions</u>	<p>In its <i>conclusions of 18/6/2007</i> the Council underlined that the visa facilitation and readmission agreements (<i>see item 2.02</i>) will promote people-to-people contacts between the EU and the Western Balkan countries and increase opportunities for travelling, especially for the younger generation. Recalling the Thessaloniki Agenda, the Council acknowledged the importance the people of the Western Balkans attach to the perspective of visa-free movement. In this respect, it welcomed the efforts of the Commission to take these issues forward in concrete terms¹⁴.</p> <p>In its <i>conclusions of 10/12/2007</i> the Council invited the Commission to further explore possibilities to promote people-to-people contacts. Recalling its conclusions of 18.6.2007, the Council expressed its readiness to hold a discussion during the first half of 2008 on these issues, based on the Commission's Communication, as well as on Member States' contributions¹⁵.</p> <p>In its <i>Conclusions of 28/1/2008</i>, the Council welcomed the intention of the Commission to launch soon a visa dialogue with all the countries in the region and expressed its readiness to further discuss this issue, based on the Commission's forthcoming Communication on the Western Balkans, with a view to define detailed roadmaps setting clear benchmarks to be met by all the countries in the region in order to gradually advance towards visa liberalisation. This would enable the Council and the Commission to closely monitor progress in necessary reforms¹⁶.</p>
2.02	<u>Visa facilitation and readmission agreements</u>	<p><i>Visa facilitation and readmission agreements</i> were signed between the EU and Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia on 18/9/2007 and entered into force on 1/1/2008¹⁷. The visa facilitation agreements will make it easier to issue short-term visas for citizens of the Western Balkan countries and introduce a reduced fee of €35 for visa applications¹⁸. The agreements set time-limits for issuing a visa (normally 10 days). They simplify the requirements on documents to support visa applications for certain categories of</p>

¹⁴ Council conclusions (External Relations) of 18.6.2007.

¹⁵ Council conclusions (External Relations) of 10.12.2007.

¹⁶ GAERC Conclusions of 28.1.2008.

¹⁷ Negotiations on the visa facilitation and readmission agreements were conducted by the Commission in the course of 2007 on the basis of the mandates adopted by the Council. Decisions on signing the agreements were adopted by the Justice and Home Affairs (JHA) Council on 18.9.2007. The agreements were subsequently concluded by the JHA Council on 8-9.11.2007. Text of the agreements: OJ L 334, 19.12.2007. With Albania, only a visa facilitation agreement was signed, since a readmission agreement is already in force since 1.5.2006 (OJ L 124, 17.5.2005). Citizens of Croatia already enjoy visa-free travel to the EU. Citizens of the EU Member States enjoy visa-free travel to all the Western Balkan countries.

¹⁸ The agreements will thus exempt citizens of the Western Balkan countries from the visa fee of €60 applicable as of 1.1.2007.

		<p>persons and also clarify the criteria for issuing multi-entry visas valid for one or more years.</p> <p>Each visa facilitation agreement provides for the establishment of a joint committee to monitor implementation. The committee will bring together the Commission and representatives of the authorities of the Western Balkan country concerned. The first meetings of the committees are due to be held during the first half of 2008. Their purpose is to take stock of the first months of implementation of the agreements.</p> <p>The readmission agreements set out the reciprocal rules and procedures under which nationals of the contracting parties as well as (under certain conditions) third country nationals who illegally stay on the territory of one contracting party may be readmitted to the territory of the other contracting party. The agreements regulate also the issue of transit for readmission purposes through the territory of contracting parties.</p>
2.03	<p><u>Visa liberalisation dialogue</u> (see also item 2.01)</p>	<p>In line with the Council conclusions of 18/6/2007 (see item 2.01), the Commission's 2007 strategy paper stated that it was now time gradually to move towards visa liberalisation with the Western Balkan countries by taking further concrete/practical steps.</p> <p>To that end, the Commission started a <i>visa liberalisation dialogue</i> with Serbia in January and with the former Yugoslav Republic of Macedonia and Montenegro in February 2008. The dialogue with Albania will start in early March and Bosnia and Herzegovina will follow. Within this framework detailed road-maps will be drawn up by the Commission in consultation with the Council. The Western Balkan countries will provide input in this context. The road-maps will outline conditions for lifting visa obligation and will cover four sets of issues: document security, illegal migration, including readmission, public order and security, as well as external relations. The road-maps will be tailor-made to allow each country to focus reform efforts and address the EU's requirements. The Commission's intention is to finalise the roadmaps as soon as possible after the launching of each dialogue, in order for the necessary reforms to start being implemented promptly.</p> <p>The speed of movement towards visa liberalisation will depend on each country's progress in fulfilling the benchmarks. For the whole process, the countries' capacity to ensure correct and effective implementation of the visa facilitation and readmission agreements will also be taken into consideration. The Commission will provide financial and technical</p>

		<p>assistance to support implementation of the road-maps.</p> <p>The Commission and the Council will closely monitor progress in the relevant reforms. Once the conditions for each country have been fulfilled, the Commission will propose to the Council the lifting of the respective visa obligation, by amending Council Regulation 539/2001¹⁹.</p>
2.04	<u>Improving visa-issuing procedures at local consulates</u>	<p>A <i>Commission proposal for a Regulation</i> establishing a Community Code on Visas was transmitted to the Council and the European Parliament in July 2006²⁰. The Code will increase transparency and legal certainty in visa application procedures. It is now being discussed in the Council and Parliament.</p> <p>Another <i>Commission proposal for a Regulation</i> provides for changes in visa application procedures that will allow Member States to simplify the reception and processing of visa applications²¹.</p>
2.05	<u>Facilitation of entry for studies and pupil exchange</u>	<p><i>Council Directive</i> 2004/114/EC. The deadline for transposition by Member States was 12.1.2007. To date, 18 Member States have notified full transposition²².</p>
2.06	<u>Admission for purposes of scientific research</u>	<p><i>Council Directive</i> 2005/71/EC. The deadline for transposition by Member States was 12.10.2007. By 26.2.2008, 13 Member States had fully complied with the Directive and another four had notified partial implementation²³.</p> <p>Two <i>recommendations</i> on admission and on issuing short-term visas for researchers have not yet had any significant impact on administrative procedures²⁴.</p>

¹⁹ Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement (OJ L 81, 21.3.2001).

²⁰ COM(2006) 403 fin/2, 28.7.2006.

²¹ Proposal for a Regulation of the European Parliament and of the Council amending the Common Consular Instructions on visas for diplomatic missions and consular posts in relation to the introduction of biometrics including provisions on the organisation of the reception and processing of visa applications, COM(2006) 269-1/fin, 31.5.2006.

²² OJ L 375, 23.12.2004.; The United Kingdom, Ireland and Denmark are not bound by this Directive. The following Member States have yet to notify transposition: Cyprus, Estonia, Greece, Luxembourg, Malta and Spain.

²³ OJ L 289, 3.11.2005; Full compliance: Austria, Belgium, the Czech Republic, Estonia, Germany, Hungary, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal and Romania. Partial compliance: Bulgaria, France, Lithuania and Slovakia. The United Kingdom and Denmark are not bound by this Directive.

²⁴ Council Recommendation 2005/762/EC of 12.10.2005 and Recommendation 2005/761/EC of the European Parliament and of the Council of 28.9.2005 (OJ L 289, 3.11.2005).

2.07	<u>Local border traffic regime</u>	<p>The <i>Regulation on a local border traffic regime was adopted</i> on 20.12.2006²⁵. It creates a framework for conclusion of bilateral agreements between bordering Member States and the Western Balkan countries.</p> <p>Bulgaria, Romania and Hungary have expressed willingness to conclude bilateral local border traffic agreements with Serbia. Bulgaria has expressed a similar willingness to conclude an agreement with the former Yugoslav Republic of Macedonia. Political declarations to that effect were annexed to the relevant visa facilitation agreements.</p> <p>An agreement between Serbia and Bulgaria on border control and procedures in railway transport, signed on 15.4.2005, entered into force in 2006.</p>
2.08	<u>Scholarships/Erasmus Mundus</u>	<p>The <i>December 2006 European Council</i> underlined the desirability of promoting people-to-people contacts by also making available more scholarships for the students of the Western Balkans region²⁶. This statement was reiterated by the June 2007 Council²⁷.</p> <p>In addition to the general possibilities offered to the students from all the third countries under the Erasmus Mundus Programme, the Commission has been offering through the pre-accession instrument an increasing number of scholarships specifically for students from the Western Balkans:</p> <p>Funds have been allocated to grant up to <i>100 scholarships for postgraduate students</i> from the Western Balkans each year to follow Erasmus Mundus master courses, starting in the academic year 2007-08 (“Western Balkans window”):</p> <ul style="list-style-type: none"> – academic year 2007-08: the Decision adopted on 14.12.2006 (CARDS 2006, €4 million)²⁸ covers Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo. – academic year 2008-09: the Decision adopted on 5.11.2007 (IPA 2007, €4 million)²⁹ extended eligibility to Croatia and the former Yugoslav Republic of Macedonia. <p>Exchanges of <i>up to 500 undergraduate and graduate students, doctoral and post-doctoral candidates and academic</i></p>

²⁵ Regulation (EC) 1931/2006 of 20.12.2006 (OJ L 405, 30.12.2006).
²⁶ European Council of 14-15.12.2006, Presidency conclusions, paragraph 13.
²⁷ Council conclusions (External Relations) of 18.6.2007.
²⁸ Commission Decision C(2006)6469 of 14.12.2006.
²⁹ Commission Decision C(2007)5280 of 5.11.2007.

		<p><i>staff</i> between the EU and the Western Balkans countries were decided (as part of a wider scholarship initiative, the “Erasmus Mundus – External cooperation window”).</p> <p>– academic year 2008-09: the Decision was adopted on 5.11.2007 (€6 million under IPA 2007 national programmes)³⁰; Croatia opted out.</p> <p>Following the Council Conclusions (GAERC) of 28.1.2008, the Commission intends to <i>double the annual allocation for scholarships</i> (€10 million x 2) under IPA 2008 which would enable several hundred additional students to receive a scholarship as of the academic year 2009/2010.</p> <p>On 12.7.2007, the Commission adopted a proposal for the <i>second phase of Erasmus Mundus</i> (2009-2013), including a wide scholarship scheme, also covering the Western Balkans³¹. The new programme (Erasmus Mundus II) will be adopted in 2008.</p>
2.09	<p><u>Community programmes: involvement of Western Balkan countries</u></p>	<p><i>Developments in the legal base for participation</i>³²:</p> <p><i>Bosnia and Herzegovina</i>: The Framework Agreement entered into force on 8.1.2007, following its ratification by Bosnia and Herzegovina.</p> <p><i>Montenegro</i>: Participation in Community programmes is provided for in Protocol 8 annexed to the SAA signed on 15.10.2007 (which replaced the Framework Agreement with Serbia and Montenegro, which is no longer valid for Montenegro after independence). The Protocol is applied provisionally following the Council Decision of 14.11.2007 and an exchange of letters completed on 16.11.2007.³³</p> <p><i>Kosovo</i>: Exploratory talks have been held with Kosovo authorities on information and possible participation in third-country programmes.</p>

³⁰ Commission Decision C(2007)5280 of 5.11.2007.

³¹ Proposal for a Decision COM(2007) 395/2.

³² The legal bases for participation by Western Balkan countries in Community programmes are the Framework Agreements (Protocol to the SAA in the case of the former Yugoslav Republic of Macedonia) signed between the EC and each of these countries (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia and Montenegro) on 22.11.2004 and concluded by the Council on 2.6.2005 (Council Decisions 2005/524 to 528/EC, OJ L 192, 22.7.2005). All these agreements, except the one with Bosnia and Herzegovina, entered into force between June and August 2005.

³³ Council Decision 2008/127/EC (OJ L 43; 19.2.2008).

	<p><u>Pre-2007 Community programmes:</u></p> <p>In 2006, Croatia signed a MoU with the Commission to participate in a further seven Community programmes, bringing its total participation to eight programmes³⁴. The former Yugoslav Republic of Macedonia and Serbia have been conducting talks on participating in the Fiscalis and Customs programmes. Albania, Bosnia and Herzegovina, Montenegro and Serbia had expressed interest in participating in some other programmes.</p> <p><u>Post-2006 Community programmes:</u></p> <p><u>Candidate countries:</u></p> <p>In line with the 1999 Commission Communication³⁵, Croatia and the former Yugoslav Republic of Macedonia are encouraged to participate in all post-2006 Community programmes, as provided for in their framework agreements. For details on their participation in various programmes, <i>see Annex I</i>.</p> <p><u>Potential candidate countries:</u></p> <p>In line with the gradual approach adopted in its 2003 Communication³⁶, the Commission recommends participation by Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo in eight Community programmes. For details on participation by programme, <i>see Annex I</i>.</p> <p>Community support for participation of Western Balkan countries in the programmes is available under IPA. Participation in the 7th Research Framework Programme is offered on favourable terms (80% rebate on participation fee)</p> <p>In 2008, the Commission will adopt a <u>Communication</u> by which potential candidate countries will participate on equal terms with candidate countries in Community programmes, including in terms of the Community co-financing rate for</p>
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³⁴ The seven programmes are: Incentive Measures in the Field of Unemployment (2002-2006); Intelligent Energy in Europe (2003-2006); Gender Equality (2001-2006); Marco Polo (2003-2006); Customs 2007 (2003-2007); Fiscalis 2007 (2003-2007); and IDA bc (2005-2009). Croatia had already signed a MoU on its participation in the 6th Framework Programme in November 2005. To date, Croatia has ratified all these MoUs, except those on FP6 and IDA bc.

³⁵ "Participation of candidate countries in Community programmes, agencies and committees", COM(99) 710, 20.12.1999.

³⁶ "Preparing for the Participation of Western Balkan countries in Community programmes and agencies", COM(2003) 748 final, 3.12.2003.

		their participation, which will be raised (from 75 to 90%).
2.10	<u>Involvement of Western Balkan countries in Community agencies</u>	<p>A number of Community agencies receive <i>Commission support to prepare for the participation of the Western Balkan countries</i>:</p> <p>Ten Community agencies received support for preparing for the participation of Croatia (and Turkey) (€4.8 million Phare 2005 programme, ending in December 2007)³⁷. A new regional programme under IPA (€2.75 million) was adopted on 5.11.2007 to prepare all the candidate countries (Turkey, Croatia and the former Yugoslav Republic of Macedonia) for participation in selected agencies³⁸ (see Annex 2). Six Community agencies (see Annex 2) receive support for preparing for the participation of Western Balkan countries (except Croatia) (€2.5 million CARDS 2005 programme)³⁹. A new programme under IPA covering all beneficiary countries will be presented in 2008.</p> <p>Croatia is negotiating a Memorandum of Understanding for participation in the European Monitoring Centre or Drugs and Drug Addiction (EMCDDA) and is discussing ways to be associated to the work of the European Medicines Agency (EMA) since the EMA regulation does not allow for participation in the Agency prior to accession. Croatia and the former Yugoslav Republic of Macedonia have started negotiations on participation in the work of the European Aviation Safety Agency (EASA). Moreover, all the Western Balkan countries are members of EIONET, the network of the European Environment Agency (EEA).</p>
2.11	<u>7th EC Research Framework Programme (FP7)</u>	<p>The Commission encourages <i>association with FP7</i> as a means to facilitate the process of integration of the Western Balkans countries into the European Research Area and into the EU (see item 2.13).</p> <p>The number of <i>submissions from Western Balkan</i> countries under FP7 has increased compared to FP6. The Western Balkan countries have obtained research contracts in various thematic areas. In addition, special calls for proposals aiming to strengthen the research potential in the region resulted in about €13 million of funding for the Western Balkan countries in 2007. <i>Info days on FP7</i> have been held in Croatia (Zagreb and Rijeka), Serbia (Belgrade and Novi Sad), the former Yugoslav Republic of Macedonia (Skopje) and Albania (Tirana).</p> <p>In 2007, <i>Commissioner Potočnik</i> visited Croatia, Serbia, the former Yugoslav Republic of Macedonia and Bosnia and</p>

³⁷ Commission Decision C(2005) 4762 of December 2005.

³⁸ Commission Decision C(2007) 5281 of 5.11.2007.

³⁹ This programme, adopted in November 2005, was amended in December 2006, *inter alia* to increase support to Community agencies from €2 million to €2.5 million; Commission Decision C(2005) 4377 of 14.11.2005, amended by Decision PH/2005/2354 of 13.12.2005.

		<p>Herzegovina. He intends to visit Montenegro and Albania in 2008.</p> <p>Under FP7, a <i>new International Cooperation Instrument</i>, Inco.net, specifically focusing on work with the Western Balkan countries, was launched on 1.2.2008 in Ljubljana. Its aim is to improve institutional capacity-building and sharing of information on research strengths and weaknesses in the region and to make recommendations on how to address the issues identified.</p>
2.12	<u>7th Euratom Research Framework Programme</u>	<p>Exploratory talks are going on with Croatia and Serbia on their association to <i>the Seventh Euratom Research Framework Programme</i>. Association would facilitate compliance with the <i>acquis</i> under the Euratom Treaty. The details of the association agreements are being considered.</p>
2.13	<u>Integration into the European Research Area</u>	<p>Western Balkan countries have <i>started designing an integrated research policy</i>, in line with the EU action regarding the European Research Area and in parallel with association with FP7. This includes stimulating investment in research, by both the public and private sectors, making the scientific careers of more attractive and ensuring that there are enough scientists to contribute to the knowledge-based society. Research policy measures are part of the EU <i>acquis</i>. The Commission intends to assist the Western Balkan countries to this end, <i>inter alia</i> by organising seminars and workshops.</p> <ul style="list-style-type: none"> - The Western Balkan countries have been invited to join the European Strategy Forum on Research Infrastructures (ESFRI), which seeks to strengthen research infrastructure at European level. - The Commission has opened negotiations with Croatia, the former Yugoslav Republic of Macedonia and Serbia with a view to setting up both national ERA-MORE networks (proximity assistance for researchers and their families) and national researchers' mobility portals complementing the European portal. - The Commission will assist the Western Balkans with making use of IPA in synergy with FP7. - Fact-finding visits by the Commission will examine the possibility of supporting regional research centres of excellence.
2.14	<u>Joint Research Centre (JRC)</u>	<p>The <i>opening of JRC activities to the Western Balkans</i> since October 2004 has enabled experts from the region to participate in a number of specialised workshops dealing with the scientific and technical bases of EU legislation. The participation rate is increasing. In 2006 some 330 experts from the Western Balkans took part in the JRC thematic workshops in areas such as food, chemicals, the environment, metrology, agriculture, energy, nuclear safety and foresight.</p> <p>Research institutes from the Western Balkans are now participating in the JRC research projects on metrology in</p>

		<p>chemistry, monitoring of agriculture with remote sensing (MARS), assessment of the potential of renewable energy sources, food quality and safety, and prevention of natural disasters.</p> <p>Association with FP7 allows researchers from the Western Balkans to apply for posts as seconded national experts and visiting researchers at the JRC institute laboratories for one year with the possibility of a one-year extension. The posts to be published in 2008 will be targeted at applicants from the candidate and potential candidate countries associated with FP7.</p> <p>The JRC organises <i>Research Information Days</i> in the Western Balkans. The following events were organised with ministerial-level participation and attended by 200 to 250 persons: Zagreb, June 2006; Skopje, April 2007; and Belgrade, June 2007. A similar event is planned in Croatia in 2008. Info days will also be organised in Albania and in Bosnia and Herzegovina.</p> <p>The JRC invited the countries newly associated with FP7 to nominate their representatives on the JRC Board of Governors.</p>
2.15	<u>“Steering platform on research for the Western Balkans”</u>	<p>A <i>“steering platform on research for the Western Balkans”</i> was launched on 26.6.2006 in Vienna in the presence of Commissioner Potočnik. All the Member States, Western Balkan countries and other countries associated with FP7 are members. The purpose of this platform is to bring together all stakeholders who are committed to assisting the Western Balkan countries to increase their research capacity and to steer this process in a coherent way in order to avoid fragmentation and overlap.</p> <p>The platform met in Bonn in October 2006, in Berlin in March 2007 and in Thessaloniki in October 2007. Its next meeting will be held in June 2008 in Ljubljana.</p> <p>A quarterly <i>e-Newsletter</i> published by the information office of the steering platform provides useful information (country profiles) on the research landscape in the individual Western Balkan countries, addresses issues of specific interest and concern (e.g. obstacles to mobility and innovation measures) and shares information on research action in the region.</p>
2.16	<u>Education and culture – meetings, conferences and visits</u>	<p>The <i>IXth Conference of European Ministers of Education</i>, held in Vienna on 17.3.2006, focused on the ongoing integration of the Western Balkan countries into the European Area of Education and on the role of universities in the reform agenda in South East Europe.</p> <p><i>A conference of Ministers of Education “Promoting common European values, inter-cultural dialogue, tolerance and</i></p>

		<p><u>respect of diversity</u>”, organised jointly by Norway and Slovenia, will be held on 5-7.6.2008 in Oslo.</p> <p>A <u>conference “Cultural Policies and Practices in EU Foreign Relations”</u> will be organised by the Slovenian Presidency on 13-14.5.2008 in Ljubljana as a follow-up to the “Hague conference” that took place under the German Presidency. This conference (to be co-financed by the Commission) will cover the Western Balkans and the European Neighbourhood Policy region and outline the role of cultural cooperation in promoting mutual understanding and fostering dialogue between countries. Ahead of the conference, the Commission organised a workshop in December 2007 on the role of cultural cooperation in the EU’s overall policy goals with regard to the Western Balkans and the ENP region. Based on a common understanding on the value of culture for human and social development, the event gave impetus for further reflecting and incorporating culture in policies and instruments, also taking into account the contribution by civil society.</p> <p><u>Commissioner Figel</u> visited Serbia in October 2006, Bosnia and Herzegovina in February 2007 and Albania in October 2007.</p>
2.17	<u>Education Reform Initiative in South East Europe (ERI-SEE)</u>	In May 2007, the Ministers of Education from South East Europe signed a <u>Memorandum of Understanding</u> under which ERI-SEE (an initiative under the Stability Pact) will provide a framework for cooperation and thereby support implementation of the priority “building human capital” set by the Regional Cooperation Council.
2.18	<u>European Training Foundation (ETF)</u>	<p>The ETF assists countries in the region with policy advice, capacity-building and dissemination of information, <i>inter alia</i> on the EU’s Education and Training 2010 programme⁴⁰ and its possible use in national modernisation strategies. National and regional policy capacity in the areas of social partnership, teacher training, labour market and social inclusion are being reinforced over the period 2007-2010 by strengthening networks, information exchange and dialogue between the stakeholders.</p> <p>The ETF <u>transversal analysis of labour market and skills development</u> provides input for developing the countries’ strategic expertise and preparing for IPA. An expert group for the transversal analysis (with Commission participation) met in June and November 2006. The analysis was finalised in 2007.</p>
2.19	<u>Cooperation in higher education – Tempus programme</u>	The <u>Tempus programme</u> aims to contribute to cooperation in the field of higher education involving the EU and partner countries in the surrounding area, in particular to promote voluntary convergence with developments in the EU. With regard to the Western Balkans, Tempus will contribute to preparing the candidate and potential candidate countries for

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A 10-year work programme setting out objectives to be attained in the field of education and training by 2010 and endorsed by the EU Council in 2002.

		<p>participation in the Integrated Lifelong Learning programme.</p> <p><i>Tempus 2006</i>: €12.7 million for the Western Balkans (except Croatia) under CARDS⁴¹. €4.5 million for Croatia under PHARE⁴².</p> <p><i>Tempus IV (2007-2013)</i>: In the new phase of the Tempus programme, stronger emphasis will be placed on promoting reforms in convergence with the Bologna process and the Lisbon Agenda, with regional priorities structured around the main components of the EU higher education modernisation agenda, a stronger policy dialogue with national authorities and a new focus on partnerships between universities and enterprises. A Decision allocating €19.55 million for all the Western Balkans was adopted under IPA 2007⁴³.</p>
2.20	<u>Cultural heritage in South East Europe</u>	<p>Since 2004, the Commission has been implementing, jointly with the Council of Europe, <i>the Integrated Rehabilitation Project Plan/Survey of the Architectural and Archaeological Heritage (IRPP/SAAH)</i> in the countries of South East Europe. A needs assessment has been carried out for 177 buildings and sites in the region, with a view to conservation, restoration, appropriate rehabilitation and long-term sustainability, ultimately offering the institutions concerned a strategic tool for improving their project management. In order to capitalise fully on this initiative, the Commission and the Council of Europe envisage developing a comprehensive funding strategy. This will provide an operational framework to fund rehabilitation, build institutional capacities and promote the beneficiaries' development strategies.</p> <p><u>Kosovo</u>: Since 2006, the EU has been providing funds for the Reconstruction Implementation Commission, which has the task of managing reconstruction of the destroyed Orthodox heritage. The assistance will continue under IPA 2007. Building on the results achieved so far, assistance under IPA 2008 will focus on heritage sites of all kinds with the aim of fostering local development.</p>
2.21	<u>Initiative on media reform</u>	<p>In cooperation with the Council of Europe, the Commission organised <i>seminars on European standards in audiovisual media</i> aiming to support the policy reform. The 4th seminar was held in Brussels on 16-17.5.2006, with the participation of Commissioner Reding. The participants adopted a declaration.</p> <p>A <i>regional workshop</i> (supported by TAIEX) <i>on electronic communications</i> was held in Belgrade in October 2007.</p>

⁴¹ Commission Decision C(2006)6469 of 14.12.2006.

⁴² Commission Decision PHARE(2006)18114 of 26.7.2006.

⁴³ Commission Decision C(2007)5280 of 5.11.2007.

		Annual conferences on audiovisual policy and media with the Western Balkan countries, funded by IPA, are due in 2008, 2009 and 2010. The 2008 conference "The Audiovisual Media Services Directive: a new era for Europe's audiovisual media" will be held in June 2008 in Istanbul.
2.22	<u>Youth in Action programme</u>	<p>A new <i>Western Balkans window</i> was opened in 2007 (€1.0 million under IPA 2007)⁴⁴; the programme will be further developed under IPA 2008. It allows to support more projects submitted by young people, youth organisations and civil society organisations from the Western Balkans under the Youth in Action programme.</p> <p>The activities supported, such as youth exchanges, European Voluntary Service projects, training and networking projects are based on partnerships between organisations from the region and their counterparts from the EU.</p> <p>→ For full details of participation by Western Balkan countries in Youth in Action, see Annexes 2 and 3.</p>
2.23	<u>Cross-border programmes</u>	<p>IPA supports cross-border cooperation (CBC) programmes at borders among Western Balkan countries and at terrestrial and maritime borders between them and the Member States. Previous instruments (CARDS and Phare) assisted Western Balkans in CBC activities with the Member States only. In the 2004–06 period the yearly average of funds available for these activities were in the order of €20 million. With IPA, the scope of CBC support have been extended to cover also "intra" Western Balkans borders and the funds have been increased to around €50 million per year, for 2007–11: around €30 million per year will go for CBC with the Member States and the remaining €20 million per year for CBC among the Western Balkans countries.</p> <p>The response from beneficiary countries has been very positive: 8 bilateral cross-border programmes at "intra" Western Balkans borders and 10 programmes at borders with the Member States have been jointly prepared by the authorities of the participating countries and submitted to the Commission for IPA financing.</p> <p>CBC programmes mainly support people-to-people contacts by financing joint activities involving the local stakeholders (NGO, economic and social actors, local and regional administrations, etc.) from both sides of the border. Programmes also include small scale investments and preparatory activities for large scale infrastructure (to be financed through other instruments) which in turn favour contacts and exchanges between people.</p>

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Commission Decision C(2007)5280 of 5.11.2007.

		The Western Balkan countries also participate, with IPA support, in the 'South East Europe transnational co-operation programme', which covers 16 countries across the region and is mainly funded by the EU Cohesion policy. The programme places particular emphasis on cooperation in the Danube area.
3. Civil society development and dialogue		
3.01	<u>Civil society development and dialogue</u>	In June 2005 the Commission adopted a <i>Communication</i> containing proposals to promote civil society dialogue with Croatia and Turkey, involving, in particular, social partners and NGOs ⁴⁵ . In its <i>2007 strategy paper</i> , the Commission identified civil society development and dialogue as a core priority for the Western Balkans and announced that it will set up a civil society facility (see item 3.2). The <i>December 2007 Council (GAERC)</i> invited the Commission to further explore possibilities to promote civil society development.
3.02	<u>Civil society facility/Community support for civil society</u>	<p>The Commission will establish <u>a new civil society facility under IPA</u> within the framework of the MIPD for 2008-2010 and starting with the 2008 programme.</p> <p>→ <i>For a description of the new facility, see the main body of this Communication.</i></p> <p><u>Support for civil society</u> in the Western Balkans under CARDS and pre-accession instruments (Phare and IPA) totalled €27.4 million in 2005-2007 (regional €2.0 million; Albania €2.9 million; Bosnia and Herzegovina €5.0 million; Croatia €3.9 million; Montenegro €4.1 million; Serbia €8.5 million; and Kosovo €1.0 million). Additional funding of civil society activities took place under cross-border cooperation programmes, in particular in Croatia (€12 million over the same period). Civil society organisations are also often contractors for managing Community assistance to third parties in the region.</p> <p>Projects falling within the three strands of the facility will be developed in both the national programmes and the multi-beneficiary programmes under IPA. Overall funding of civil society activities in the Western Balkans will increase substantially in the coming period.</p> <p>Assistance provided to civil society under IPA will complement support given under the <i>European Instrument for Democracy and Human Rights (EIDHR)</i> which focuses on strengthening the role of civil society in promoting human rights and democratic reform, in supporting conflict prevention and in consolidating political participation and</p>

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COM(2005) 290 final, 29.6.2005.

		<p>representation. EIDHR support to the Western Balkans for micro-projects totalled €2.1 million in 2005 (37 projects), €1.8 million in 2006 (37 projects) and €5.1 million in 2007. For 2008 an allocation of €5.7 million is envisaged⁴⁶.</p> <p>A <i>Civil Society Development Conference</i> will be held in Brussels on 17-18.4.2008. It will aim to provide a platform for NGOs from the enlargement area and from EU Member States to network, exchange best practices and establish partnerships with a view to benefiting from the new civil society facility under IPA. The conference will bring together some 400 participants from the EU and from candidate and potential candidate countries. A preparatory meeting was held on 13-14.12.2007 in Istanbul.</p>
3.03	<u>Social dialogue</u>	<p>A <i>seminar</i> on building capacity to enhance social dialogue in the Western Balkans (organised with Commission support) was held in Belgrade on 19-20.10.2007 with social partners and representatives of administrations. Commissioner Špidla participated.</p> <p>The Commission is considering organising a <i>peer review</i> exercise for the region in cooperation with the regional centres of employers and trade union organisations. There are plans for a technical seminar with TAIEX support.</p>
3.04	<u>European Economic and Social Committee (EESC): activities with the Western Balkans</u>	<p>In its relations with civil society organisations in the Western Balkans, the EESC aims to establish <i>civil society networks</i> at regional and national levels, to develop structures for social and civil dialogue and to exchange experience and best practices.</p> <p>A <i>Western Balkans Civil Society Forum</i> was organised in Brussels on 27-28.3.2006 by the EESC. The second meeting will be held on 4-5.6.2008 in Ljubljana (Slovenia).</p> <p>At bilateral level, a <i>Joint Consultative Committee</i> was established with Croatia in 2007. Another such committee with the former Yugoslav Republic of Macedonia will come into operation in 2008. Establishment of a similar committee with other countries of the region will be considered, provided they have signed the SAA.</p> <p>On 28-29.1.2008 a study visit was organised for the EESC members of the study group on "Relations between the EU and Serbia: the role of civil society". A visit to Albania of EESC members of the study group on "The role of the civil society in EU pre-accession aid programmes in the Republic of Albania" is envisaged for March-April 2008.</p>

⁴⁶ In addition to the Country-Based Support Scheme (CBSS), some projects were implemented in the Western Balkans in cooperation with the Council of Europe (€275 000 in 2005 and €1.55 million in 2006). In 2005 assistance of €500 000 was granted to the ICTY. In 2006 this assistance was raised to €950 000 and for 2008 an additional €1 million is envisaged.

4. Good governance

4.01	<u>Cross-border border management and police and customs cooperation</u>	<p>The <i>Ohrid Process on Border Security and Management</i> (sponsored by the Commission, the OSCE, NATO and the Stability Pact) was extended for one year until the end of 2007. Its fourth review meeting, held in Podgorica on 8-9.11.2006, assessed progress towards implementing its objectives (demilitarisation of borders, integrated border management strategy and cross-border cooperation). As most of the commitments have been achieved (in particular, demilitarisation), the partner organisations have decided to terminate the process. In 2007 the partners in the Ohrid Process organised a study visit on cross-border cooperation and a regional workshop on legal issues for police and customs in cross-border cooperation.</p> <p><i>Community assistance</i> for integrated border management and police cooperation includes: a regional CARDS 2002/2003 project (€4 million) for enhancing police cooperation and networking (completed in April 2007)⁴⁷, a regional CARDS 2005 project (€3 million) for strengthening national platforms for international police cooperation (ILECUs)⁴⁸ and technical assistance for Bosnia and Herzegovina within CARDS 2005 for implementation of a national IBM action plan (€1 million). The 2007-2009 MIPDs for Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia give priority to implementation of the IBM strategy.</p> <p>On 4.12.2006 Serbia signed a <i>protocol</i> with Bulgaria on implementing the IBM action plan. The UNMIK customs and Kosovo police service have signed MoUs with all neighbouring countries.</p>
4.02	<u>Cooperation with Europol</u>	<p>Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia signed strategic cooperation agreements with <i>Europol</i> in early 2007. The agreement with Albania entered into force in March 2007. Similar agreements are being negotiated with Montenegro and Serbia. An operational cooperation agreement between Croatia and Europol entered into force in August 2006.</p>
4.03	<u>Cooperation with Eurojust</u>	<p>A cooperation agreement between Croatia and <i>Eurojust</i> was signed on 9.11.2007 in Brussels. The purpose of this agreement is to produce a more effective response to combat serious forms of international, cross-border and organised crime. Eurojust disposes of designated contact points in all Western Balkan countries.</p>

⁴⁷ Decision 2002/000-598 of 22.8.2002 and Decision 2003/005-046 of 8.8.2003

⁴⁸ Decision 2005/017-628 of 24.11.2005

4.04	<u>South East European Cooperation Initiative (SECI) Centre for Combating Transborder Crime</u> ⁴⁹	<p>In December 2006, the <i>Council adopted conclusions</i> on further development of the SECI Centre. It welcomed the Centre as an important regional contribution towards fighting organised crime, while stressing that it should not duplicate EU mechanisms, such as Europol. The Council underlined the importance of close cooperation between Europol and the SECI Centre and welcomed SECI's intention to develop a new legal basis for the Centre. A new legal basis would be a basic requirement for full cooperation with Europol. The Council endorsed the creation of a "SECI Centre Support Group", invited the Commission to examine the possibilities for financial support and called upon the Presidency to report annually, in cooperation with the Commission, on EU cooperation with the SECI Centre⁵⁰. Following these conclusions:</p> <ul style="list-style-type: none"> - An EU <i>SECI Centre Support Group</i> (EU Presidency, Council Secretariat, the Commission, Europol plus some Member States) was established to assist the SECI Centre, in particular on aspects relating to cooperation with Europol. Support will be provided to SECI under IPA 2008 once the legal framework for SECI has been finalised and endorsed by the Support Group and the Council. - In 2007 the SECI Member States set up an expert working group to assist with creating a new legal framework for strengthening and further developing the SECI Centre. Negotiations on the <i>Convention on the South East Europe Law Enforcement Centre (SELEC Convention – replacing SECI)</i> were launched in April 2007. Seven meetings of the expert working group have been scheduled for 2007-2008 (the last in March 2008) to produce a draft of the SECI Centre Framework Convention (funded by CARDS 2005⁵¹, for an amount of €0.2 million). An approved SELEC Convention will be the condition for future EU financial support to the SECI Centre/SELEC.
4.05	<u>South East Europe Organised Crime Threat Assessment (SEE-OCTA)</u>	<p>An <i>Organised Crime Threat Assessment (SEE-OCTA)</i> for the Western Balkans will be drawn up by the SECI Centre. It will complement a similar threat assessment prepared by Europol for the EU Member States. Based on the questionnaire prepared by Europol and the SECI Centre, the Western Balkan states will draw up <i>national reports</i>, with the assistance of interested Member States and Europol. A document setting out the goals and recommendations for implementation and follow-up of the project will be presented at the <i>Justice and Home Affairs Council in June 2008</i>. Before that, a <i>conference</i> on SEE-OCTA will be organised in Vienna in March 2008. A <i>training seminar</i> for the representatives of the Western Balkan countries and analysts from the SECI Centre, organised by the Slovenian Presidency in cooperation with Europol, is due to be held on 7-18.4.2008 in Slovenia. The Commission supports this</p>

⁴⁹ SECI Member States: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Croatia, Montenegro, Serbia, Bulgaria, Greece, Hungary, Romania, Slovenia, Turkey and Moldova.

⁵⁰ Council conclusions (Justice and Home Affairs) of 4-5.12.2006

⁵¹ Commission Decision C(2005)4377 of 14.11.2005, as amended by Decision PH/2005/2354 of 13.12.2005.

		initiative.
4.06	<u>Counter-terrorism</u>	In the field of nuclear terrorism, the EU/IAEA Joint Action ⁵² identified the Western Balkans as a vulnerable region. Under this Joint Action, equipment and technical assistance are provided to secure a number of places at risk. Support under IPA for complementary activities is envisaged.
4.07	<u>Fight against drug trafficking and trafficking in human beings</u>	<p>Cooperation between the EU and the Western Balkan countries in the area of <i>combating drug trafficking and trafficking in human beings</i> will be expanded. It will include progress towards implementing commitments in line with the action-oriented paper on improving cooperation on organised crime, corruption, illegal immigration and counter-terrorism between the EU, the Western Balkans and relevant ENP countries, adopted in 2006. This action-oriented paper contains specific recommendations in areas such as improving regional and strategic cooperation, particularly in the fight against trafficking in human beings, drugs and illicit arms and the fight against terrorism. Member States will be invited to report on the ongoing activities in order to provide a basis for the implementation report, to be completed during the Slovenian Presidency.</p> <p>A meeting between the EU Horizontal Working Party on Drugs (HDG) troika and representatives from the Western Balkan countries is planned by the Slovenian Presidency on 2.4.2008.</p> <p>The EU agency coordinating work on border security (FRONTEX) is deepening cooperation with several Western Balkan countries on the basis of working arrangements. Together with Europol, FRONTEX carried out an analysis on the high risk routes of illegal migration in the Western Balkan countries.</p>
4.08	<u>Regional prosecutor cooperation for organised crime and corruption cases</u>	<p><i>Community support</i> was provided under the CARDS 2003 justice project for improving regional cooperation between prosecutors in organised crime cases. Support for a prosecutors' network in the Western Balkans for serious crime cases was provided for under CARDS 2006 (€1.5 million, implementation to start at the beginning of 2008)⁵³.</p> <p><i>Bilateral memoranda</i> on cooperation between public prosecutors' offices have been signed by some countries in the region.</p>

⁵² Council Joint Action 2004/495/CFSP of 17.5.2004 on support for IAEA (International Atomic Energy Agency) activities under its Nuclear Security Programme and in the framework of the implementation of the EU Strategy against Proliferation of Weapons of Mass Destruction, OJ L 182, 19.5.2004

⁵³ Decision CARDS/2006/18474 of 29.9.2006

4.09	<u>Asylum, migration and visa policies</u>	<p>The IPA multi-beneficiary MIPD and the MIPDs for Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia give priority to further development and approximation with EU standards for visa, asylum and migration policies.</p> <p>An <i>Aeneas 2005</i>⁵⁴ regional project (€1.5 million) in the field of visa, asylum and migration policies for the Western Balkans was launched in December 2006. Several national Aeneas 2004 and 2005 projects support asylum and migration management capacity and the capacity to implement readmission agreements.</p> <p>A <i>joint meeting</i> of experts from the Centre for Information, Discussion and Exchange on the Crossing of Frontiers and Immigration (CIREFI) with representatives from the Western Balkans (and Turkey) will be held in Brussels on 29.4.2008.</p>
4.10	<u>Regional School of Public Administration (ReSPA)</u>	<p><i>The Protocol establishing ReSPA was signed</i> in Brussels on 2.5.2006 by the beneficiary countries (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and UNMIK/Kosovo) in the presence of the Commission. On 1.1.2009, the project will enter Phase II, in which it will develop into a <i>fully fledged school with a seat in Danilovgrad (Montenegro)</i>. A MoU to that effect is due to be signed in mid-2008. Before the end of 2008 a host country agreement will be signed with Montenegro, providing <i>inter alia</i> legal personality for ReSPA. As of 2009, ReSPA is expected to operate with the technical support of the European Institute of Public Administration (EIPA, Maastricht).</p> <p>Six <i>Steering Committee meetings</i> have taken place: on 2.5.2006 in Brussels, 20.11.2006 in Skopje, 31.1.2007 in Podgorica, 26.4.2007 in Brussels, 7.11.2007 in Pristina and 31.1.2008 in Paris. The main action/decisions taken were: 1) adoption of the rules of procedure of the Steering Committee; 2) adoption of English as the working language of the Steering Committee; 3) adoption of the work programme for 2007; 4) launch of the ReSPA websites (www.respaweb.org and www.respaweb.eu); and 5) decision on cooperation with different institutions from the region and the EU Member States. The 6th Steering Committee meeting in January 2008 approved the work plan for 2008 and agreed on establishing the seat of ReSPA in Danilovgrad (Montenegro) as of the beginning of 2009. The 7th meeting will take place on 23-24.4.2008 in Maastricht, the 8th in May 2008 in Danilovgrad and the 9th meeting in Sarajevo in November 2008.</p> <p><i>Training activities</i> (started in November 2006)⁵⁵:</p>

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Programme launched in 2004 by the European Commission providing technical and financial assistance for third countries in the field of migration.

		<ul style="list-style-type: none"> - The first annual conference on “Regulatory management in the Balkans” was held in Skopje on 21-22.11.2006. - Training sessions on negotiating techniques and policy advisory capacity took place in Skopje, Podgorica, Sarajevo, Pristina and Belgrade during 2007. All the training sessions on negotiating techniques were delivered in cooperation with the EIPA. - A training module on policy advisory capacity was organised on 11-14.9.2007 in Sarajevo in cooperation with NISPAcee (the Network of Institutes and Schools of Public Administration in Central and Eastern Europe). - Training on management of training programmes was organised by the Greek National School of Public Administration (EKKDA) in September 2007 in Athens. - The second annual conference on “Regulatory management in the Balkans” (“Making Strategies Work”) was held on 3-4.10.2007 in Albania. - Training on expenditure management was given by the French ENA on 15-19.10.2007 in Paris. A regional workshop on public procurement developed in cooperation with the ILO-ITC and Sigma took place on 19-23.11.2007. - Training in policy advisory techniques will be held in February 2008 in Zagreb, in cooperation with NISPAcee; A pilot training programme on “the European Senior Civil Servant” will be organised on 3-7.3.2008 in Casertia in cooperation with the Italian Scuola Superiore della Pubblica Amministrazione (SSPA). - An event on training management will be organised in the first half of 2008 in Athens, in cooperation with EKKDA; - The Summer School on European Integration will be organised June-July 2008 in Bruges in cooperation with the College of Europe; - The third annual conference of ReSPA will be organised in September 2008 in Belgrade. - Public finance for non budget specialists, October 2008, Ljubljana, in cooperation with Center of Excellence in Finance (CEF) ; <p><i>Cooperation with national schools of public administration:</i></p> <p>On 25.4.2007 the members of the Steering Committee met representatives of the EU Schools and Institutes of Public Administration in Brussels. A second such meeting will take place on 23.4.2008 in Maastricht. A meeting of heads of Schools of Public Administration in the Western Balkans took place on 15.6.2007 in Ljubljana in parallel with the first symposium on the development of public administration in South East Europe. A second such meeting will be held in Albania in June 2008 and will focus on "Training Needs Assessment techniques and Skills".</p>
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⁵⁵ The ReSPA website (<http://www.respaweb.eu/activities/activities/training-programmes.html>) provides detailed information on training activities.

⁵⁶ Commission Decision PH/2006/1448 of 3.8.2006

⁵⁷ Commission Decisions C(2005)4377 of 14.11.2005 and PH/2006/2112 of 25.10.2006.

		<p><u>Commission support:</u></p> <p>A contract with the OECD on cooperation on implementing the ReSPA project was signed in October 2006 for one year (supported by a €1 million CARDS 2005 regional programme⁵⁶) and extended for a further 18 months on 1.11.2007 (additional funds of €1.5 million were provided by CARDS 2006⁵⁷). Under IPA 2008 more assistance is proposed (€2 million for the activities and €1 million for the equipment of the ReSPA).</p>
4.11	<u>Twining</u>	<p><u>Twining</u> is available in the Western Balkans for all <i>acquis</i> sectors. 15 new twinning projects have been initiated in the region since March 2006, with a total budget of €16.5 million, covering justice and home affairs (7 projects), public finance and the internal market, including customs and taxation (4 projects), the social sector (3 projects) and agriculture (1 project).</p> <p><u>Extension to Kosovo:</u></p> <p>Twinning and a specific TAIEX instrument introduced under IPA 2007 were adopted in November 2007⁵⁸. Two twinning projects under IPA 2007 totalling €4.6 million are currently being prepared (IBM and the Food Safety Agency). Support totalling €5 million will be given to the Agency for European Integration under the Prime Minister's Office for legal and policy advice via a specific TAIEX instrument ("twinning super-light").</p>
4.12	<u>TAIEX activities</u>	<p><u>TAIEX activities</u> covered all areas of EU legislation. Since March 2006 the number of events (including workshops, expert missions and study visits) has totalled over 530. Over this period almost 14 000 officials from administrative bodies of the Western Balkan countries have benefited directly from TAIEX assistance, and more than 360 experts have been mobilised. In each of the three main areas of assistance - 1) internal market; 2) agriculture; and 3) justice and home affairs – more than 3 500 officials have benefited from assistance (followed by 2 000 in the areas of transport, energy and the environment). The total number of participants by country in TAIEX events is as follows: Croatia more than 6 500; Albania 985; Bosnia and Herzegovina 953; the former Yugoslav Republic of Macedonia 1 238; Kosovo (UNSCR1244) 828; Montenegro 765; and Serbia 1 447 (plus 880 from the former State Union of Serbia and Montenegro).</p>
4.13	<u>TAIEX awareness sessions</u>	<p><u>A series of tailor-made seminars</u> on topics covering general issues concerning EU institutions, policies, decision-</p>

⁵⁸ Commission Decision PE/2007/2584 of 28.11.2007 adopting an Annual Programme for Kosovo (under UNSCR 1244) under the IPA Transition Assistance and Institution-Building Component for 2007.

		making procedures and accession criteria, plus a series of specific technical sessions covering selected key areas of the <i>acquis</i> will be organised in 2008 in each potential candidate country (6 or 7 in each country). They will target stakeholders such as the business community, trade unions, non-governmental organisations and the media. The seminars will cover areas such as the internal market, justice and home affairs, agriculture and the environment.
4.14	<u>SIGMA instrument</u>	The Commission will continue providing assistance under the <i>SIGMA (Support for Improvement in Governance and Management)</i> institution building instrument covering horizontal areas of public management (public administrative reform, public procurement, public sector ethics, and external and internal financial control). It is a joint initiative implemented in co-operation with the OECD and financed through a series of contribution agreements totalling annually around €5 million. A new contract for 2009-2010 will be prepared with assistance from IPA totalling up to €10.5 million.
4.15	<u>Trainings on economic policy</u>	The Commission cooperates with the Joint Vienna Institute ⁵⁹ to provide <i>training to officials</i> from the Western Balkan countries <i>on principles of policy making in a market economy setting</i> . On 15-16.3.2007, they organised a conference on "Economic governance and sustained growth in the Western Balkans". Experts from the countries in the region, as well as international academic and financial institutions participated.
4.16	<u>Assistance to customs and fiscal authorities in the Western Balkans (CAFAO)</u>	A €14 million annual action programme for 2006, adopted on 31.5.2006, (CARDS 2006 budget) covered CAFAO support – under a contract with Eurocustoms – for all Western Balkan countries (except Croatia) and Kosovo ⁶⁰ . The contract with Eurocustoms was subsequently extended until February 2008 (total budget €6.12 million). A follow-up to the EU CAFAO project – a new regional project known as TACTA (Technical Assistance to Customs and Taxation Administrations) with funds allocated from the beneficiaries' (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo) national IPA envelopes, (total budget €7.6 million) is due to come into operation in February 2008 (for the period until January 2009) ⁶¹ . A <i>conference</i> will be organised in March 2008 by the Slovenian Presidency to increase awareness on the need for modernisation of the customs services.

⁵⁹ The Joint Vienna Institute (JVI) is an international training institute established in 1992 by five international organisations and the Austrian authorities to respond to demand from economies in transition to train officials in market economics and the free enterprise system. JVI provides training to officials and managers from countries that have made or are making transition from centrally planned to free market economies. JVI sponsors include: IMF, EBRD, IBRD, OECD, WTO, Austrian authorities and bilateral donors.

⁶⁰ Commission Decision C(2006) 2057.

⁶¹ Commission Decision C(2007) 3083 of 27.6.2007.

5. Parliamentary cooperation

5.01

Parliamentary cooperation

Joint Parliamentary Committees between the European Parliament (EP) and Croatia and the former Yugoslav Republic of Macedonia have been operating since 2004, with bi-annual meetings. The next meeting of the Joint Parliamentary Committee with Croatia is due to be held on 30.4.2008. Inter-parliamentary meetings are held with the other Western Balkan countries, most recently with Montenegro on 20.12.2007 and with Bosnia and Herzegovina on 4-5.2.2008. The next inter-parliamentary meeting with Serbia is due to be held on 1-2.4.2008 and with Albania on 25-26.6.2008. An informal meeting with Kosovo is envisaged on 28-29.5.2008. The European Parliament is represented at these meetings by the Delegation for relations with the countries of South East Europe.

Regional parliamentary cooperation has developed in the annual meetings of the Conference of the parliamentary committees on European integration of the States participating in the Stabilisation and Association Process in South East Europe (*COSAP*): 1st meeting – Sarajevo, 16-18.6.2005; 2nd meeting – Zagreb, 6-7.3.2006; 3rd meeting – Skopje, 13-14.12.2006. In 2007, COSAP meetings were supplemented by the Western Balkan Conference (held in Budapest on 28.9.2007). The *Cetinje Parliamentary Forum*, hosted by Montenegro, has pursued its activities with a number of regional meetings.

A Regional Secretariat for Parliamentary Cooperation in South East Europe, hosted by the Bulgarian Parliament, was established in 2007. A Memorandum of Understanding on Inter-parliamentary Cooperation in South East Europe, initialled in December 2007, will be signed in spring 2008. The initiative has been welcomed by the President of the European Parliament, which is likely to co-sign the Memorandum.

Five *inter-parliamentary colloquia* were held in Brussels: on regional reconciliation and cooperation in the Western Balkans (26-27.6.2006), on regional policy (9-10.10.2006), on education and youth (18-19.12.2006), on energy policy (16-17.4.2007) and on economic growth strategy and free trade (25-26.6.2007).

Seminars (European Parliament–Western Balkan Parliaments) were organised: on freedom of media and on budgetary control (Brussels, 8.6.2006), on parliamentary control of the security sector and reform of the judiciary (Zagreb, 16.10.2006) and on economic development (Brussels, 4-5.6.2007).

EP *President Pöttering* attended the SEECP summit in Zagreb on 11.5.2007.

The European Parliament's Committee on Foreign Affairs (AFET) will prepare a plan outlining the steps the EP will take to support future parliamentary activities by the RCC.

6. Trade integration

6.01	<u>Regional Free Trade Agreement (CEFTA)</u>	<p>The <i>new Central European Free Trade Agreement (CEFTA)</i>, signed on 19.12.2006 in Bucharest by the prime ministers of the participant countries⁶², entered into force in July 2007⁶³.</p> <p>The first CEFTA <i>Joint Committee</i> meeting was held on 28.10.2007 in Ohrid (the former Yugoslav Republic of Macedonia). It agreed on establishment of a CEFTA Secretariat in Brussels for three years. The Committee agreed on its own rules of procedure and established three subcommittees: (i) Agriculture, including sanitary and phytosanitary issues; (ii) Customs cooperation; and (iii) Non-tariff barriers, including technical barriers to trade. A meeting at Prime Minister level took place on 21.11.2007 in Skopje. The first meetings of the subcommittees have been scheduled for April 2008 (agriculture), May 2008 (customs) and June 2008 (non-tariff barriers).</p> <p>The new Secretariat to support the rotating chairmanship with implementation of the agreement should be in place by April 2008.</p> <p>The Commission will provide <i>financial and technical assistance</i> to the new CEFTA Secretariat for the first three years and to the CEFTA parties through regional seminars, training etc. (IPA 2007: €1.0 million)⁶⁴. An OECD Investment Compact project will be launched to monitor the functioning of the investment chapter of CEFTA.</p>
6.02	<u>Diagonal cumulation of rules of origin</u>	<p><i>First stage: EU/Western Balkans cumulation:</i></p> <p>EU/Western Balkans cumulation, including Turkey for the products covered by the Customs Union, has been included in the SAAs with Montenegro, Serbia and Bosnia and Herzegovina and thus will come into force when the corresponding Interim Agreements enter into force, which they already have in the case of Montenegro (<i>on SAAs with Serbia and with Bosnia and Herzegovina, see also item 1.01</i>). For the former Yugoslav Republic of Macedonia and Albania, EU/Western Balkans cumulation has been included in the Additional Protocols to the relevant SAAs to cover</p>

⁶² Agreement on Amendment of and Accession to the Central European Free Trade Agreement, signed by Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia and UNMIK/Kosovo. Text of the Agreement:

<http://www.stabilitypact.org/wt2/TradeCEFTA2006.asp>.

⁶³ The Agreement entered into force on 26.7.2007 for Albania, the former Yugoslav Republic of Macedonia, Moldova, Montenegro and UNMIK/Kosovo. It entered into force for Croatia on 22.8.2007, for Serbia on 24.10.2007 and for Bosnia and Herzegovina on 22.11.2007.

⁶⁴ Commission Decision C/2007/6098 of 11.12.2007

		<p>the EU's enlargement to Romania and Bulgaria. Protocol to the SAA with the former Yugoslav Republic of Macedonia was adopted by the Council on 18.2.2008.⁶⁵ Croatia has not agreed to participate in this scheme. Horizontal links between the Western Balkan countries are provided via the new CEFTA.</p> <p><i>Second stage: inclusion in the Pan-Euro-Med scheme:</i></p> <p>The Commission invited Croatia and the former Yugoslav Republic of Macedonia to the meeting of the Pan-Euro-Med working group on 15.11.2006.</p> <p>At their meeting on 21.10.2007, the Euro-Med Trade Ministers endorsed extension of the Pan-Euro-Med diagonal cumulation scheme to the Stability and Accession process countries, as proposed by the Commission. They gave the Pan-Euro-Med working group a mandate to prepare technical amendments to the relevant origin protocols. A preliminary draft proposal for such an extension was presented at the meeting of the Pan-Euro-Med working group in November 2007, to which the Western Balkan countries were invited as observers. The working group reached consensus on the substance of the amendments required to the origin protocols. On this basis, the Commission will draft the decisions amending the origin protocols attached to the agreements concluded by the EC with the Pan-Euro-Med and the Western Balkan countries (the decisions will be finalised in 2008). By doing so, the Commission will take into account the impact of the amendments recently agreed with the Western Balkans (with the exception of Croatia) relating to the specific problems with sugar and high-sugar-content products. In this framework, the Commission is exploring different alternatives to ensure a more rapid application of diagonal cumulation between the Western Balkans, Turkey, EFTA and the EU.</p>
6.03	<u>WTO accession</u>	<p>Bosnia and Herzegovina, Montenegro and Serbia are advancing in their <i>accession negotiations</i> with the WTO⁶⁶.</p> <p>The Commission has continued to support this process by providing <i>technical assistance</i> to those three countries: The Policy and Legal Advice Centre (PLAC), a CARDS-financed project covering <i>Serbia and Montenegro</i>, was extended to April 2007. A twinning project for <i>Serbia</i> on trade issues (covering the WTO and SAA) was launched on 18.12.2007 with a budget of €1.5 million. A CARDS 2006 programme (€2.5 million) supports the legal and institutional reform of trade structures in <i>Montenegro</i>. Complementary projects are planned under IPA 2007. In <i>Bosnia and Herzegovina</i>, assistance provided under a CARDS 2004 project (€1.7 million) ended on 12.12.2006. Assistance will continue under a</p>

⁶⁵ Commission proposal for the former Yugoslav Republic of Macedonia: COM(2007) 623 , 22.10.2007. Similar proposal for Albania: COM(2008) 139 and COM(2008) 140.

⁶⁶ Albania, Croatia and the former Yugoslav Republic of Macedonia are already members of the WTO.

		new €1.5 million CARDS 2006 project.
6.04	<u>Reduction or elimination of non-tariff barriers and harmonisation of regulations on trade in services</u>	<p>Activities under the Stability Pact are to be continued by the <i>CEFTA Subcommittee on Non-Tariff Barriers</i>. The CEFTA Secretariat will organise training sessions, seminars and conferences on NTBs.</p> <p>Multi-country <i>seminars</i> were held in Brussels and single-country workshops in Belgrade, Podgorica, Zagreb and Skopje on topics related to freedom to provide services, especially financial services (financed by TAIEX).</p> <p>A TAIEX workshop on universal service provision and users' rights was held in Albania on 27.6.2007 and a seminar on EU case law on the four freedoms in Croatia in April 2007.</p>
6.05	<u>Alignment on the main trade-related areas of the <i>acquis</i></u>	<p>The Commission supports <i>alignment on the main trade-related areas of the <i>acquis</i></i>, especially on customs, statistics, agricultural issues (incl. geographical indications), quality policy, industrial, as well as sanitary, phytosanitary and veterinary standards.</p> <p>These areas are covered by various projects in <i>national CARDS programmes</i>. The <i>multi-beneficiary MIPD under IPA</i> mentions food safety, veterinary and phytosanitary policy as one of the priorities to be addressed in the period 2008-2010. A particular focus will be given to developing a regionally harmonised approach to animal disease control strategies.</p> <p>On <i>customs</i>, see CAFAO (<i>item 4.16</i>).</p> <p>Most of the <i>technical assistance provided by TAIEX</i> concerned alignment with the main trade-related areas of the <i>acquis</i> (seminars, expert assessments and study visits)⁶⁷.</p> <ul style="list-style-type: none"> - <i>Regional</i>: Seminar on intellectual property rights (Sarajevo, 10-12.4.2006); conference on animal welfare (Belgrade, 1-2.9.2006); meeting of the veterinary officers (Sarajevo, June 2007); training on the animal disease notification system (Brussels, 11.7.2007); and meeting of Chief Veterinary Officers on disease eradication (Brussels, 17.1.2008). - <i>Assessment missions</i> were organised in each Western Balkans country in the veterinary and phytosanitary sectors. - <i>Albania</i>: workshops on zootechnical measures, animal breeding and certification (11.5.2007) and on control of classical swine fever (19.10.2007). - <i>Croatia</i>: seminars on EU food law (26.2.2007), on patents and trade marks (1.6.2007) and on setting up a border

⁶⁷ In the case of Croatia, the work on alignment with the *acquis* is continuing in the context of the accession negotiations (in particular, Chapters 1, 12 and 29).

		<p>inspection post for veterinary aspects (20-23.8.2007); workshops on chemical products (REACH) and foodstuffs (27-29.6.2007) and on the EU strategy to control swine fever (12.7.2007).</p> <ul style="list-style-type: none"> - <i>The former Yugoslav Republic of Macedonia</i>: assessment mission in the feed sector (26-28.6.2007). - <i>Montenegro</i>: seminars on rules of origin (17-18.9.2007) and on intellectual property rights (4-5.10.2007). - <i>Serbia</i>: workshops on customs (19-20.10.2006), on REACH (7-9.5.2007) and on food safety (8-9.11.2007); seminar on rules of origin (23.7.2007).
6.06	<u>Eligibility of Western Balkan countries for tenders in ENPI and IPA countries</u>	The <i>ENPI Regulation</i> , adopted on 24.10.2006 ⁶⁸ , and the <i>IPA Regulation</i> , adopted on 17.7.2006 ⁶⁹ , both include this provision.
7. Investment and economic and social development		
7.01	<u>Lisbon agenda</u>	<p>The Commission Progress Reports address several issues covered by the Lisbon strategy. Western Balkan countries are addressing some of the policies which are part of the Lisbon strategy, such as employment and social policies.</p> <p>An <i>explanatory meeting</i> was held in June 2006, to allow experts from Croatia to acquaint themselves with the Lisbon strategy and its reporting cycles. The <i>Joint Inclusion Memorandum</i> (JIM) was signed with Croatia in March 2007. The purpose of the JIM process is to assist candidate countries to combat poverty and social exclusion and to modernise their systems of social protection as well as to help preparing their full participation in EU policy coordination in the area. A <i>Joint Assessment of Employment Policy Priorities</i> (JAP) is also being prepared. The aim of the JAP process is to support candidate countries in developing a strategic approach to employment policies and preparing for their full participation in EU policy coordination in the area. Preparatory work to strengthen capacity and ownership of all relevant stakeholders in view of future JAP and JIM processes with the former Yugoslav Republic of Macedonia has been launched.</p>

⁶⁸ ENPI: Council Regulation 1638/2006 of 24.10.2006, OJ L 310, 9.11.2006, Article 21(1): "Participation in the award of procurement or grant contracts financed under this Regulation shall be open to all natural persons who are nationals of and legal persons who are established in a Member State of the Community, a country that is beneficiary of this Regulation, a country that is beneficiary of the IPA or a Member State of the European Economic Area".

⁶⁹ IPA: Council Regulation 1085/2006 of 17.7.2006, OJ L 210, 31.7.2006, Article 19(1) "Participation in the award of procurement or grant contracts financed under this Regulation shall be open to all natural persons who are nationals of and legal persons who are established in a Member State, a country that is beneficiary of this Regulation, a country that is beneficiary of the ENPI or a Member State of the European Economic Area".

7.02	<u>Economic and Fiscal Programme (EFP)</u>	<p>This initiative aims to support the economic development of potential candidate countries and their progress towards the EU and also to deepen and focus policy dialogue with the Commission on economic and fiscal issues. The <i>Economic and Fiscal Programmes (EFPs)</i> are similar in structure and purpose to the Pre-accession Economic Programmes submitted since 2001 by acceding and candidate countries (precursors to stability and convergence programmes, and national reform programmes of the EU Member States), although more limited in scope.</p> <p>Albania, Bosnia and Herzegovina, Montenegro and Serbia submitted their EFPs to the Commission by 1.12.2006, covering the period 2006-2008 (Serbia: 2006-2009). Following assessment by the Commission, a multilateral meeting was held in Brussels on 24.4.2007, where specific country programmes and horizontal economic and fiscal policy issues were discussed. A seminar on designing an EFP was held on 4-5.10.2007.</p> <p>New EFPs were submitted by all potential candidate countries by 1.12.2007. Following the Commission's assessment, an expert meeting will be held in April 2008.</p>
7.03	<u>IFI Advisory Group</u>	<p>In March 2007, the <i>IFI Advisory Group</i> was established with the aim of optimising coordination of financial assistance provided by the Community and the IFIs to the countries concerned. The Group builds on the experience of the regional Infrastructure Steering Group, but its scope is extended beyond regional transport, energy and environmental projects to cover sectors such as municipalities and public-private partnerships, as well as social issues, including health, education, employment and labour market. The second meeting of the Group was held on 23.1.2008. The next ones are due to be held in June and December 2008.</p>
7.04	<u>Infrastructure Projects Facility (IPF)</u>	<p>In 2007, the Commission made substantial progress on the <i>preparation of the Infrastructure Projects Facility (IPF)</i> for the Western Balkans that will help to prepare infrastructure projects. Sectors covered will include transport, energy and the environment, plus social sectors, such as health, education, housing and refugees. The Facility is being launched with a budget of €16 million provided by CARDS⁷⁰. More resources will be allocated to it from IPA. Implementation of IPF will be supported by a steering committee involving the beneficiary countries, the EBRD, the EIB and the CoE Development Bank. The Commission will prepare the Memorandum of Understanding to be signed in 2008.</p>
7.05	<u>European Fund for South East Europe (EFSE)</u>	<p><i>EFSE</i> provides commercial banks and non-bank financial institutions with loan facilities in order to support development of micro-enterprises and households in the Western Balkans.</p>

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Commission Decision PE/2005/1891 of 14.11.2005, as amended by Commission Decision DL/2007/3811 of 18.12.2007, and Commission Decision PH/2006/2112 of 25.10.2006, as amended by Commission Decision DL/2007/3809 of 18.12.2007.

		<p>The Commission launched its <i>participation in the EFSE</i> on 19.6.2006 (transfer from the bank KfW - Kreditanstalt für Wiederaufbau, to EFSE of outstanding loans to local financial institutions in Bosnia and Herzegovina, Serbia, Kosovo and Montenegro with a nominal value of €63.2 million). In 2007, the Commission increased its participation in the Kosovo sub-fund of EFSE by a nominal value of €5.7 million by transferring an outstanding loan funded under previous EC programmes. The Commission decided to support development of micro-enterprises in Albania and the former Yugoslav Republic of Macedonia from EFSE (additional contribution of €7.5 million to the Fund). The European Investment Fund (EIF) has been given a mandate by the Commission to manage its participation in EFSE for a period of 10 years (the Commission allocated €650 000 to the EIF for the associated costs)⁷¹.</p> <p>The results of EFSE's activities can be summarised as follows:</p> <p>(1) <i>Access to credit for micro-enterprises</i> has substantially increased in the region. The number of loans to micro-enterprises and households has increased from 11 546 when the EFSE started in December 2005 to 65 398 in November 2007. The average micro-enterprise sub-loan is €4 463.</p> <p>(2) The EC's participation in EFSE has made it possible to <i>leverage private investments</i> into EFSE. Public donors and IFIs participating in EFSE attracted private investments worth €121.5 million. This accounts for more than a quarter of the total subscriptions to the Fund (€401.5 million at the end of 2007). Over the next five years, the share of private investors in EFSE is expected to rise to 50%.</p> <p>(3) EFSE provides a good <i>platform for donor coordination</i> for supporting micro-enterprises. Major IFIs have become shareholders in EFSE: the EIB (which joined in November 2007 with €25 million), the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), KfW and FMO (Netherlands Development Finance Company).</p> <p>(4) <i>Central Bank governors</i> from the beneficiary countries meet annually in the framework of EFSE.</p> <p>In the period 2008-2012, EFSE will be consolidating in size, as loans will be revolving. EFSE will increase its focus on areas where there are market gaps, e.g. by increasing local currency lending. The plan is that ownership of EC and other public donor participations in EFSE will be transferred to the beneficiary countries from 2015 onwards.</p>
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Commission Decision C(2006)2307 of 15.6.2006.

7.06	<u>European Charter for Small Enterprises</u>	<p>The European Charter for Small Enterprises aims to contribute to improving the EU's business environment for small companies. It is structured along action lines for government action, ranging from entrepreneurship education to access to finance, from e-business and better regulation to business advocacy. The Western Balkan countries joined it at the June 2003 Thessaloniki summit. The Charter process was <i>extended for the Western Balkans</i> in March 2006⁷².</p> <p>National self-assessments were drawn up by every country concerned in November 2006. The EC and the OECD have introduced a system of indicators to assess progress in ten domains covered by the Charter. A joint EC and OECD <i>report</i> (with inputs from the ETF and EBRD), including league tables and policy evaluations, was presented to all the countries involved at a regional meeting in Dubrovnik in March 2007. Preparatory work on the next report (to be published in March/April 2009) will be launched at a regional meeting due to be held in May 2008 in Montenegro.</p> <p>In 2007 and 2008, accompanying actions of the EC/OECD/ETF/EBRD coordination group will focus on promoting innovation and competitiveness in the region by means of (i) a system of SME focus groups; (ii) a regional peer review on the two topics, involving Serbia and Albania; and (iii) a workshop on innovation and competitiveness.</p> <p>At a <i>regional meeting</i> in Zagreb on 5-6.11.2007, Croatia launched an initiative to establish a Regional Centre for Entrepreneurship Education for South East European countries. The Centre is intended to become a hub for cooperation and excellence on entrepreneurship education issues and was welcomed by the other countries in the region. 2008 is likely to be a key year for implementation of the proposal.</p> <p>The next <i>European Charter conference</i> will be held in Brdo (Slovenia) on 2-4.6.2008.</p> <p>Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia are now being integrated in the new <i>Enterprise Europe Network</i>, the EU's network of SME support services.</p>
7.07	<u>Employment: Initiative for Social Cohesion ("Bucharest process")</u>	<p>This initiative, under the Stability Pact, aims to incorporate the social dimension better in economic development and reconstruction efforts in the region.</p> <p>The 3rd <i>ministerial meeting</i> was held in Montenegro in October 2007 and was attended by Commissioner Špidla. The ministers set priorities for future regional cooperation in the field of employment and other social policy issues.</p>

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The intention to extend the Charter in 2006 by at least three years was announced in the Commission Communication on the Western Balkans (COM(2006) 27 final, 27.1.2006) and welcomed by the Council in its conclusions of 20.3.2006.

		The 5th meeting of the <i>Permanent High-Level Committee</i> took place in Skopje in December 2006; the 6th meeting took place in Budva (Montenegro) in October 2007. At these meetings, country reviews of employment policies (CREP) with Montenegro, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina were discussed, along with peer reviews of employment policies by the countries involved in the process.
7.08	<u>Employment and social security issues: ministerial conferences</u>	<p>An <i>informal meeting of Labour Ministers and social partners</i> (on flexicurity in the Western Balkans) took place in Geneva on 6.6.2006. Commissioner Špidla attended the event. The next informal meeting (on youth employment) will take place in June 2008 in Geneva. A preparatory meeting was held in Slovenia on 6-7.12.2007.</p> <p>A <i>ministerial conference on social security coordination</i> in the Western Balkans (organised in cooperation with the Council of Europe) took place on 16.10.2007 in Tirana. The beneficiary states⁷³ signed a Declaration aimed at enhancing social security coordination in the region. The second phase of the programme will aim at finding structural solutions for cross-country social security issues resulting from the past. For this purpose €2 million will be allocated under IPA 2007⁷⁴ for a period of three years. Montenegro and Turkey will become new members of the programme and Kosovo under UNSCR 1244 will start participating fully (having had observer status until now).</p>
7.09	<u>Consumer policy</u>	In June 2008, a seminar on consumer policy issues will be held in Sofia with the presence of Commissioner Kuneva and Commission support. The aim of the seminar is to exchange views and to help Western Balkan countries to develop their consumer protection policies.
7.10	<u>Energy Community Treaty</u>	<p>The <i>Treaty entered into force</i> on 1.7.2006⁷⁵. Ratification by all the signatories was completed on 15.12.2006⁷⁶. According to the Treaty, the key parts of the energy <i>acquis</i> are fully applicable to the Western Balkan countries, in particular electricity and gas directives, key related environment directives, key directives on renewables and biofuels, and the related principles of the EU competition policy.</p> <p>All institutions provided for in the Treaty have been set up and are operating, including the Ministerial Council, Board of Regulators and Secretariat. The rotating Presidency and the Ministerial Council contribute to its smooth functioning</p>

⁷³ Bulgaria, Kosovo under UNSCR 1244, Moldova and Romania have observer status.

⁷⁴ Commission Decision C/2007/5527-1

⁷⁵ Council Decision 2006/500/EC of 29.5.2006 on the conclusion and text of the Treaty: OJ L 198, 20.7.2006.

⁷⁶ The Treaty has been ratified by: Albania (24.5.2006), Bosnia and Herzegovina (20.9.2006), the former Yugoslav Republic of Macedonia (29.5.2006), Bulgaria (7.3.2006), the EC (29.5.2006), Croatia (30.6.2006), Montenegro (15.12.2006), Romania (26.6.2006), Serbia (9.8.2006) and UNMIK (23.12.2005).

		<p>and the review of the political process, with the assistance of the Energy Community Secretariat.</p> <p>The <i>seat of the Secretariat is in Vienna</i>. A Host Country Agreement with Austria was signed on 29.5.2007 and entered into force on 1.7.2007.</p> <p>The <i>Ministerial Council</i> meets twice a year:</p> <ul style="list-style-type: none"> - The first meeting was held in Skopje on 17.11.2006. Observer status was granted to Moldova, Norway, Turkey and Ukraine⁷⁷. The Parties also adopted the outline Energy Community Work Programme and reiterated the importance of the social dimension for the Energy Community. - The second meeting of the Council was held in Montenegro on 29.7.2007. Ministers agreed to amend the Treaty to take account of new Directives on safeguarding security of electricity and gas supplies and infrastructure investment. The Council agreed to examine slippages of deadlines for delivering on commitments undertaken under the Treaty. - The third meeting took place on 18.12.2007 in Belgrade. Ministers adopted an indicative list of priority infrastructure projects to promote more regionally oriented investment planning. The list will be updated annually. The Council reviewed the state of play with implementation of the Treaty. Georgia was welcomed as an observer to the Treaty. <p>The 10th meeting of the <i>electricity forum</i> ("Athens Forum") took place in Athens in April 2007 and the 11th on 15-16.11.2007. The first meeting of the <i>gas forum</i> ("Maribor Forum") took place.</p> <p>In September 2007, a <i>conference on investments in energy infrastructure</i> was organised with IFIs and private investors. A list of priority projects was presented. In October 2007, a MoU on the social dimension of the Energy Community was signed by all the Contracting Parties. A conference on the social issues (<i>Social Forum</i>) will take place in autumn 2008.</p> <p><i>The Community contribution to the budget of the Energy Community Treaty</i> in 2008 will total €2.5 million (€1.2 million under the CARDS 2006 regional programme⁷⁸ and €1.3 million under IPA).</p>
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Moldova and Ukraine have applied to become contracting parties to the Treaty.

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Commission Decision PH/2006/2112 of 25.10.2006, as amended by Commission Decision DL/2007/3809 of 18.12.2007

7.11	<u>Interconnection of energy networks</u>	The Western Balkans were further integrated into the trans-European energy networks: <i>revised lists</i> adopted in September 2006 include 13 projects of common interest and two priority projects involving Western Balkan countries (see Annex 4) ⁷⁹ . The <i>Priority Interconnection Plan</i> adopted on 10.1.2007 includes the Western Balkans projects.
7.12	<u>Energy Efficiency Facility</u>	An <i>Energy Efficiency Programme</i> prepared together with the IFIs was launched in 2007 (€31 million under IPA 2007 ⁸⁰). It will promote investments in energy efficiency and generation of renewable energy and bring about higher energy savings and lower CO ₂ emissions. The aim is to expand the original facility in place under Phare funds for Croatia, Bulgaria, Romania and Turkey to the rest of the Western Balkans.
7.13	<u>Exploratory talks on extension of the TEN-transport networks to the Western Balkans</u> <u>Transport Community Treaty</u>	In March 2008, the Commission will issue a Communication on the progress in exploratory talks regarding cooperation in the field of transport with the neighbouring countries, including the Western Balkans. The Commission will also submit to the Council a proposal for <i>negotiating directives</i> for a Transport Community Treaty with the Western Balkans. The purpose of the Treaty will be to work towards an integrated market for road, rail, inland waterways and maritime transport in the Western Balkans region. The proposal is based on the EU legislation on transport as regards infrastructure development, market opening, technical interoperability, safety, security, environment and social legislation.

⁷⁹ Decision 1364/2006/EC of 6.9.2006 (OJ L 262, 22.9.2006); previous lists dating from 2003 included 11 projects of common interest and one priority project (Decision 1229/2003/EC of 26.6.2003, OJ L 176, 15.7.2003).

⁸⁰ Commission Decision C(2007)6376 of 18.12.2007.

		Commissioner Barrot will visit Bosnia and Herzegovina and Serbia in 2008.
7.14	<u>Core transport network/South East Europe Transport Observatory (SEETO)</u>	<p>The <i>South East Europe Core Regional Transport Network</i>, established in 2004, aims at promoting regional cooperation on development of transport networks. It focuses on promoting development of transport infrastructure, but also supports horizontal measures facilitating border crossings and gradual establishment of a regulatory space aligned with the EU legislation. The second Annual <i>Meeting of Ministers</i> on development of the SEE Core Regional Network was held in Brussels on 1.12.2006. It adopted a <i>declaration on railways</i> and endorsed the 2007-2011 South East Europe (SEE) Core Regional Network Development Multi-annual Programme (MAP). The third Annual Meeting was held in Tirana on 4.12.2007; an Addendum to the MoU on creation of the SEE Rail Transport Area was signed and the MAP for 2008-2012 was endorsed.</p> <p>The <i>SEETO Steering Committee group</i> met six times in 2006 and four times in 2007.</p> <p>The <i>Commission provides support to the SEETO Secretariat</i> under a €1 million CARDS 2006 regional programme⁸¹. Further support from IPA is provided for in the multi-beneficiary MIPD for 2007-2009.</p>
7.15	<u>Agreement on the European Common Aviation Area (ECAA)</u>	<p>The <i>Agreement was opened for signature</i> on 9.6.2006⁸². To date, it has been <i>ratified</i> by 11 EU Member States, Iceland, Norway, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and UNMIK⁸³. Ratification by the remaining Member States, Serbia and Croatia is scheduled for 2008. Meanwhile all parties provisionally apply the Agreement at administrative level.</p> <p>Meetings of the <i>Joint Committee</i> under the Agreement were held in Brussels on 12.12.2006 and in Zagreb on 14.12.2007 (at the latter the Committee adopted its rules of procedure).</p>

⁸¹ Commission Decision SEC/2006/1396/3 of 25.10.2006.

⁸² Text: Decision 2006/682/EC of 9.6.2006 (OJ L 285, 16.10.2006). To date, the agreement has been signed by all the Western Balkan states and UNMIK, the 27 EU Member States and the EC, plus Iceland and Norway.

⁸³ In accordance with Article 29(3) of the Agreement, “the European Community and its Member States and at least one Associated Party may decide to apply provisionally this Agreement among themselves from the date of signature”. However, this has not yet happened. So far, nine Member States (Belgium, the Czech Republic, France, Greece, Italy, Portugal, Poland, Finland and Romania) have declared that they will not apply the Agreement until they have completed its ratification in accordance with their internal procedures. To date the Agreement has been ratified by the following Member States: Austria (29.8.2006), Bulgaria (22.12.2006), the Czech Republic (13.11.2007), Spain (31.7.2007), Hungary (31.7.2006), Lithuania (25.7.2007), Latvia (9.1.2007), Malta (16.11.2007), Poland (18.6.2007), Sweden (19.1.2007) and Finland (8.2.2008).

		<p>Annual <i>assessment visits</i> were made to all countries concerned by independent experts in October/November 2007. Significant progress has been noted in the areas of aviation safety, security and air traffic management, however further efforts are needed by the Western Balkan partners to implement the Agreement. The ECAA also contributed to fast growth in the number of passengers and airlines flying on new routes in the Western Balkans and to modernisation and increases in the capacity of airports in the region.</p> <p>Starting in 2008, the Commission will provide <i>technical assistance</i> for implementation of the agreement (€1 million project under the CARDS 2006 regional programme, with a contract to be signed at the beginning of 2008⁸⁴).</p>
<p>7.16</p>	<p><u>Disaster preparedness and prevention</u></p>	<p><i>Disaster Risk Reduction Initiative</i></p> <p>The multi-beneficiary IPA MIPD (2008-2010) envisages setting up a €2 million Disaster Risk Reduction Initiative. The activities within this framework will be based on the conclusions of a UN-World Bank study. They will include preparation of a regional strategy and development of capacity for data collection, processing and sharing between the Western Balkan countries and Turkey. This programme will be implemented in close cooperation with other stakeholders in this field: the World Bank, the UN and the DPPI. The Commission will be looking, in particular, for synergy with the World Bank's "Disaster Risk Mitigation and Adaptation Initiative" supporting the Western Balkan countries in building local capacity, developing a monitoring network (weather forecasting and early-warning systems), investing in infrastructure and disaster mitigation measures and establishing a regional disaster insurance scheme.</p> <p><i>Community Civil Protection Mechanism (recast)</i></p> <p>A recast Council Decision establishing a Community Civil Protection Mechanism was adopted on 8.11.2007⁸⁵. In accordance with Article 10 of the Council Decision, participation in the Mechanism will be open to candidate countries; other third countries may cooperate in activities under the mechanism where agreements between these countries and the Community so allow. The Commission encourages the candidate countries to participate fully in the Mechanism and the potential candidate countries to become involved in cooperation. Preparations for full participation by Croatia and the former Yugoslav Republic of Macedonia are under way.</p> <p>The Commission will develop cooperation with partners in the Western Balkans, <i>inter alia</i> by means of awareness-</p>

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Commission Decision PH/2006/2112 of 25.10.2006, as amended by Commission Decision DL/2007/3809 of 18.12.2007

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Council Decision 2007/779/EC, Euratom of 8.11.2007 establishing a Community Civil Protection Mechanism (recast) (OJ L 314, 1.12.2007).

		<p>raising and confidence-building measures, such as workshops, seminars and exchanges of experts.</p> <p><u>Civil Protection Financial Instrument</u></p> <p>The Council Decision establishing an EU Civil Protection Financial Instrument was adopted on 5.3.2007⁸⁶. Participation in the Instrument is open to candidate countries. Other third countries (including potential candidate Western Balkan countries) may cooperate in activities under the Instrument where agreements between these and the Community so allow. In September 2007, Croatia signed a MoU with the Commission on participation in the Instrument, which will open up the possibility for Croatia to take part in all Community activities in the field of civil protection, such as calls for proposals, training sessions and exercises.</p> <p><u>Other Community instruments</u></p> <p>The candidate countries negotiating accession are eligible for assistance from <u>the EU Solidarity Fund</u>⁸⁷. In case of a disaster, all Western Balkan countries may receive assistance under the <u>Humanitarian Aid</u> instrument.</p> <p><u>Disaster Preparedness and Prevention Initiative for South East Europe (DPPI SEE)</u>⁸⁸</p> <p>A <u>MoU on the Institutional Framework of DPPI SEE</u> was signed in Zagreb on 24.9.2007 with a view to enhancing regional cooperation and consultation on disaster management. The countries participating will also assume more technical and financial responsibility for disaster preparedness and prevention, which indicates a transition towards genuinely regional ownership of the DPPI SEE.</p> <p>A DPPI SEE <u>regional meeting</u> was held in Zagreb on 25.9.2007. Discussions focused on the programme of activities in 2007, the Disaster Management Training Programme for 2008, the possibility of creating a Joint Emergency Response Unit, a flood response exercise, a project on harmonisation of seismic hazard maps for the Western Balkans and</p>
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⁸⁶ Council Decision 2007/162/EC, Euratom of 5.3.2007 establishing a Civil Protection Financial Instrument (OJ L 71, 10.3.2007). This a continuation of Decision 1999/847/EC of 9.12.1999 establishing a Community action programme in the field of civil protection which expired on 31.12.2006. The new Decision applies for the period 2007-2013.

⁸⁷ The EU Solidarity Fund was created in 2002. It may grant financial aid to the countries affected by major natural disasters) and can thus play an important role in overcoming the consequences of events such as forest fires, earthquakes, flooding or other.

⁸⁸ DPPI SEE was established in 2002 as a cooperative framework between the Stability Pact beneficiary countries, plus Greece, Hungary, Slovenia and Turkey. DPPI SEE has been focusing on capacity-building for disaster preparedness and prevention. Its Secretariat is based in Sarajevo.

⁸⁹ RACVIAC: Regional Arms Control Verification and Implementation Assistance Centre established under the Stability Pact's Working Table III.

		<p>cooperation with other organisations and institutions. The next DPPI SEE regional meeting will be held in Sofia on 7-8.4.2008 back-to-back with <i>the high-level regional conference on disaster preparedness and prevention</i> to be organised under the auspices of the SEECP.</p> <p><u>Seminars/training</u></p> <p>The Commission presented the Mechanism at a workshop held in Croatia on 12-14.11.2007 as part of the DPPI SEE training programme.</p> <p>A seminar for experts and senior managers on NATO standards and project evaluation procedures focusing on hydro-meteorological aspects was held on 20-22.2.2008 in Zagreb, in cooperation and coordination with the RACVIAC Centre⁸⁹ for Security for South East Europe, UN ISDR and DPPI SEE and with the support of experts from NATO.</p> <p>An expert seminar on “Strengthening Cooperation with Candidate Countries and Western Balkan Countries in the Field of Civil Protection”, attended by representatives of the EU Member States, candidate countries and the potential candidate countries, was co-organised by the Commission and the Slovenian Presidency on 24-26.2.2008.</p> <p>The Western Balkan countries will be invited to the meeting of the Directors-General for Civil Protection of the EU, of the European Economic Area and of candidate countries, to be held in Ljubljana on 19-21.5.2008.</p> <p>A three-day training workshop for representatives of the Western Balkans on EU activities in the field of civil protection will be organised in the first half of 2008 by the DPPI with the Commission’s support.</p>
7.17	<p><u>Regional Environmental Reconstruction Programme (REReP)</u></p>	<p>The <i>Regional Environmental Reconstruction Programme (REReP)</i> was established under the Stability Pact for South East Europe and endorsed by the representatives of the countries of the region at the Ministerial Conference held in March 2000 in Skopje. Its overall objective was to improve the environmental situation in the region, serving as a meaningful tool to re-establish and facilitate an environmental dialogue between the Western Balkan countries. A Secretariat based in Hungary coordinates the programme. The <i>Task Force</i> facilitates implementation of policy priorities.</p> <p>An extraordinary meeting of the <i>REReP Task Force</i> on environmental investments was held in Budapest on 23.6.2006.</p> <p>The 9th annual plenary meeting of the REReP Task Force was held in Skopje on 28-29.9.2006 and the 10th meeting in Brussels on 27.11.2007. A new study entitled “Environmental Snapshot of SEE – REReP country profiles” was</p>

		<p>published in March 2006.</p> <p>The Commission provided €1 million to <u>support REReP</u> from CARDS 2005⁹⁰. A new contract was signed in May 2007.</p> <p>The Commission proposes to continue regional cooperation on environmental issues with candidate and potential candidate countries within the <u>Regional Environmental Network for Accession (RENA)</u>. The new network would become fully operational following the expiry of REReP in 2009. A discussion paper outlining arrangements for future cooperation was presented at an informal meeting of Ministers for the Environment from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Romania, Serbia, Kosovo under UNSCR 1244 and Turkey on 11.6.2007 in Brussels.</p>
7.18	<p><u>Environmental Compliance and Enforcement Network for Accession (ECENA)</u></p>	<p><u>The Environmental Compliance and Enforcement Network for Accession (ECENA)</u> established in March 2005 at the meeting in Sofia is an informal network of environmental authorities from the candidate and potential candidate countries (plus Bulgaria and Romania) responsible for enforcement of environmental legislation (mainly inspections).</p> <p>The first <u>ECENA plenary meeting</u> took place in Zagreb on 19-20.1.2006; the second was held in Brussels on 17-18.9.2007. A study tour on selected directives to Denmark took place on 18-25.6.2006.</p> <p><u>Peer reviews</u> on the environmental enforcement systems of Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro and Kosovo, took place in 2006 (for Serbia in 2005). These focused on integrated pollution prevention and control (IPPC) and on the Recommendation on Minimum Criteria for Environmental Inspections (RMCEI)⁹¹. Country reports on implementation and enforcement were prepared in 2006.</p> <p>The <u>ECENA Multi-Annual Work Programme</u> (MAP) for 2007-2010, adopted by the plenary meeting on 20.1.2006, focuses on: 1) training and exchanges of best practice on the IPPC, landfills, Seveso II and large combustion plants (LCP) directives; 2) development and maintenance of the European Pollutant Emissions Register (EPER) (training for environmental inspectors and agency staff); and 3) protection of the environment by enforcement of criminal law (training organised with Interpol).</p> <p>The Commission provided €1 million to <u>support ECENA</u> from CARDS 2005⁹². A new contract was signed in 2007.</p>

⁹⁰ Commission Decision C(2005) 4377 of 14.11.2005, as amended by Decision PH/2005/2354 of 13.12.2005.

⁹¹ Recommendation 2001/331/EC of the European Parliament and of the Council, OJ L 118, 27.4.2001.

⁹² Commission Decision C(2005) 4377 of 14.11.2005, as amended by Decision PH/2005/2354 of 13.12.2005.

7.19	<u>Danube/Black Sea (DABLAS) Task Force</u>	<p>The <i>DABLAS Task Force</i> was set up in November 2001 to provide a platform for cooperation on protection of water and water-related ecosystems in the Danube and Black Sea region. It brings together representatives of the countries in the region, the International Commission for the Protection of the Danube River (ICPDR), the Black Sea Commission, IFIs, the EC, interested EU Member States, other bilateral donors and other regional and international organisations with relevant functions. The Commission provides the Secretariat of the Task Force. Its activity embraces drawing up a shortlist of prioritised projects for rehabilitation of the waters of the region, supporting project preparation and facilitating cooperation between beneficiaries, IFIs, other banks and donors for the implementation of priority projects.</p> <p>The DABLAS Task Force held its <i>5th meeting</i> in Istanbul on 4-6.7.2006. The <i>6th meeting</i> was held in Varna on 20-22.6.2007. The DABLAS priority project pipeline was updated and now contains 36 projects, of which 11 are at the most advanced stages of preparation. The <i>7th meeting</i> will take place in June/July 2008.</p> <p>The DABLAS process is being supported under PHARE 2006 and IPA 2007 multi-beneficiary programmes.</p>
7.20	<u>Danube Cooperation Process (DCP)</u>	<p>The Danube Cooperation Process, developed on the initiatives of Austria, Romania, the Commission and the Stability Pact for South East Europe, was launched on 27.5.2002 in Vienna. Its declared objectives are to broaden and deepen the Danube cooperation and give it clear political and economic dimensions, without creating new institutions, but using the existing structures and, where necessary, harmonising their objectives and efforts. The cooperation should focus on six priority areas: 1) economic development; 2) navigation; 3) environmental protection; 4) tourism; 5) culture; and 6) sub-regional cooperation.</p> <p>The third <i>ministerial meeting</i> was held in April 2007 in Belgrade. It was decided to give new momentum to the process by strengthening the coordination in all six areas of cooperation. The fourth ministerial meeting is planned for autumn 2008 under the Ukrainian Presidency. The Commission supports the DCP.</p>
7.21	<u>Danube basin sustainable development</u>	<p>A “Joint Statement on Guiding Principles on the Development of Inland Navigation and Environmental Protection in the Danube River Basin” was drafted in December 2007 by the International Commission for the Protection of the Danube River, the Danube Navigation Commission and the International Commission for the Protection of the Sava River Basin. Recognising the potential conflict between development of the Danube as a transport corridor and environmental protection, the Joint Statement summarises the principles and criteria for environmentally sustainable inland navigation on the Danube and its tributaries, including the maintenance of existing waterways and development of future waterway infrastructure. The “Joint Statement” is a document guiding development of the “Programme of Measures” requested by the EU Water Framework Directive for maintaining the current inland navigation and for planning and investing in future infrastructure and environmental protection projects.</p>

7.22	<u>Community membership of the Danube Commission</u>	The Commission is conducting negotiations with a view to accession by the Community to the Danube Commission on the basis of the Transport Council conclusions of 7.6.2007 ⁹³ .
8. Community financial support and donor coordination		
8.01	<u>Community assistance: Instrument for Pre-accession Assistance (IPA)</u>	<p>The <i>IPA Regulation</i> was adopted on 17.7.2006⁹⁴: the financial reference for 2007-13 totalled €11.5 billion covering the Western Balkans and Turkey. The Commission Regulation implementing IPA was adopted on 12.6.2007⁹⁵.</p> <p>The <i>Multiannual Indicative Financial Framework (MIFF)</i> for 2008-2010 was adopted on 8.11.2006⁹⁶. The MIFF for 2009-2011 was adopted on 6.11.2007⁹⁷. The average annual allocation for the Western Balkans between 2007 and 2011 is €694.1 million, to which should be added a large part of the €145.6 million average annual allocation for regional and horizontal programmes (covering the Western Balkans and Turkey)⁹⁸. This would bring the total average annual IPA allocation for the Western Balkans to around €800 million.</p> <p><i>Multiannual Indicative Planning Documents (MIPDs)</i> for 2007-2009 for each of the Western Balkan countries and Kosovo⁹⁹, along with the multi-beneficiary MIPDs, were adopted in 2007.</p> <p>Most of the <i>2007 IPA programmes</i> under components I and II (institution-building and cross-border cooperation) were adopted by mid-December 2007. The remaining programmes will be adopted in the first quarter of 2008. IPA programmes under components III and IV (regional development and human resources development) for Croatia and the former Yugoslav Republic of Macedonia were adopted in 2007. Programmes under component V (rural development) will be adopted in the first quarter of 2008. A significant share of the assistance under components III and IV are allocated to projects related to the Lisbon agenda, combining infrastructure investment with measures to enhance competitiveness, innovation, as well as employment creation. Assistance under component V contributes to investments in agriculture and supports economic development of rural areas.</p>

⁹³ The Danube Commission performs the tasks laid down in the Convention on Navigation on the Danube signed in Belgrade in August 1948. Its members are Germany, Austria, Bulgaria, Croatia, Hungary, Moldova, Romania, Russia, Slovakia, Ukraine and Serbia.

⁹⁴ Council Regulation (EC) No 1085/2006 of 17.7.2006 (OJ L 210, 31.7.2006).

⁹⁵ Commission Regulation (EC) No 718/2007 (OJ L 170, 29.6.2007).

⁹⁶ COM(2006) 672, 8.11.2006.

⁹⁷ COM(2007) 689, 6.11.2007.

8.02	<u>The European Agency for Reconstruction</u>	The <i>European Agency for Reconstruction (EAR)</i> has been managing Community assistance to Serbia, Montenegro, the former Yugoslav Republic of Macedonia and Kosovo. The Council Regulation on the EAR was extended for two years until 31.12.2008, when the Agency will cease to operate ¹⁰⁰ . Its role is being taken over by the EC Delegations in the national capitals and by the EC liaison office in Pristina. Planning for the phasing-in of EC Delegations is well advanced and involves the transfer of programs and projects and the recruitment of staff (most of whom was employed by the EAR) as well as moving to larger premises. A number of legal, accounting, and IT elements also need to be taken into consideration. It is intended that the gradual transfer of responsibility starts in mid-2008 to ensure that EC Delegations are able to take on their new tasks with regards to implementation of the assistance by the end of 2008. The Commission adopted a decision to cover administrative costs for 2007-08 (€44 million) from CARDS 2006 ¹⁰¹ .
8.03	<u>European Investment Bank lending</u>	<p>The <i>loans of the EIB</i> to the Western Balkan countries have been increasing in the past three years, reaching a total amount of €1.91 billion for the period 2005-2007 (2005: €459 million, 2006 €677 million, 2007 €773 million).</p> <p>The lending ceiling for loans and loan guarantees under a Community budgetary guarantee for the Western Balkans and Turkey has been set at €8.7 billion for the period 2007-2013¹⁰². On this basis, the EIB plans to further extend financing operations to the Western Balkans in the years to come, complementing financing covered by the Community guarantee under the external mandate with financing at EIB's own risk under the EIB Pre-Accession Facility. The expected volume of EIB financing for the Western Balkans for the period 2008-2010 is estimated at about €2,8 billion, a significant increase compared to the last three-years.</p> <p>EIB financing activities in the region focus primarily on projects in the areas of transport, energy, small and medium-sized enterprises, environment, municipal infrastructures and human capital (education and health). From 2008 onwards the European Investment Fund, the EIB's subsidiary, will start to provide risk capital to the region.</p>
8.04	<u>Financial assistance to Kosovo</u>	A €50 million two-year <i>macro-financial assistance package for Kosovo</i> was adopted on 30.11.2006 ¹⁰³ . The Memorandum of Understanding (MoU) was signed with UNMIK in December 2007. This is standby budget support in case of a balance-of-payments deficit. Its disbursement is conditional on strict macro-economic terms and a reform

⁹⁸ These figures do not include the increase in assistance for Kosovo in 2008 to support its stability and development.

⁹⁹ All references to Kosovo in this table mean Kosovo under UNSC resolution 1244.

¹⁰⁰ Council Regulation (EC) No 1756/2006 of 28.11.2006 (OJ L 332, 30.11.2006).

¹⁰¹ Commission Decision C(2006) 6633 of 15.12.2006. On 16.8.2006 Commission Decision C(2006)3649 allocated €20.2 million to the EAR for 2006.

¹⁰² Council Decision 2006/1016/EC of 19.12.2006 (OJ L 414/30.12.2006).

¹⁰³ Council Decision 2006/880/EC of 30.11.2006 (OJ L 339, 6.12.2006).

		<p>programme. The overall financial assistance planned for Kosovo under various EU instruments (IPA, Stability Instrument, macro-financial assistance, CFSP budget) for the years 2007-2010 is estimated at above €1 billion. This is intended to support Kosovo's political and socio-economic development and to finance the EU contribution to the international presence in Kosovo.</p> <p>The Commission is preparing <i>a donors' conference for Kosovo</i> aiming to secure financial assistance to help Kosovo promote socio-economic development for all communities. The needs assessment prepared by Kosovo identified a significant funding gap in the coming period. The remaining means will need to be provided from external sources. EU Member States and other international donors will be invited to contribute.</p>
8.05	<u>Donor coordination</u>	<p>The <i>European Council</i> of 15-16.6.2006 welcomed the intention of the Commission to extend and to intensify its cooperation with the EIB and other international financial institutions (IFIs) in the Western Balkans with a view to taking appropriate measures aiming at a finance facility for the countries in the region.</p> <p>In 2006, the Commission signed a <i>Memorandum of Understanding</i> with several IFIs on cooperation in supporting the candidate and potential candidate countries¹⁰⁴.</p> <p>Meetings of <i>technical working groups</i> in the areas of transport, energy and the environment took place in the second half of 2007. The technical working group on social issues will meet for the first time in January 2008.</p> <p>In order to intensify donor coordination at central level, the Commission organised four meetings over the last two years: two with IFIs (in 2006 and 2007) and two with Member States and non-EU donors (in late 2005 and 2007).</p> <ul style="list-style-type: none"> – The most recent <i>consultation meeting with IFIs</i> took place in December 2007 on IPA national and regional strategies and programming for the period 2008-2010. The objective was to define how the Commission and IFIs can continue cooperating over the next few years in the light of the enlargement strategy adopted by the Commission in November 2007 and of the forthcoming MIPDs for 2008-2010. – In December 2007, the second <i>donor coordination meeting with Member States and non-EU donors</i> was held to present the approaches on assistance planning and programmes. The participants agreed to intensify their efforts on

¹⁰⁴ The EIB, the EBRD, the IBRD and IFC, the Nordic Investment Bank, the Nordic Environment Finance Corporation, the Council of Europe Development Bank and the Black Sea Trade and Development Bank.

	<p>donor coordination, notably at local level, and to meet on a regular basis at central level.</p> <ul style="list-style-type: none">– In June 2008 the Commission intends to organise another meeting involving the donor community. This will provide an opportunity to take stock of the results achieved and will help to continue coordinating mobilisation of resources in order to support faster introduction of European standards in the Western Balkans. <p>Under the aegis of the IPA Management Committee, a <i>consultation mechanism at local level</i> was established as of the first year of IPA programming (2007). The Commission organises debriefings and consultations on early drafts of IPA planning (MIPDs) and programming documents with Member States' embassies, local offices of IFIs and non EU-donors in the beneficiary countries.</p> <p>In October 2007, a EC peer assessment mission on financial services and the World Bank/IMF mission on Financial Sector Assessment Programme (FSAP) update took place in Croatia. It was the first coordinated exercise of this kind.</p>
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PARTICIPATION OF WESTERN BALKAN COUNTRIES IN COMMUNITY PROGRAMMES

<u>Community Programme</u> (and period covered)	<u>Croatia</u>	<u>The former Yugoslav Republic of Macedonia</u>	<u>Albania</u>	<u>Bosnia and Herzegovina</u>	<u>Montenegro</u>	<u>Serbia</u>
Culture (2007-13)¹⁰⁵ *	As of 1.1.07 (MoU signed 4.5.2007)	As of 1.1.2008 (Exchange of letters completed on 14.1.2008)				As of 1.1.08 (MoU signed 6.2.2008)
Europe for Citizens (2007-13)¹⁰⁶ *	As of 2008 (MoU signed 25.9.2007)					
Competitiveness and Innovation (2007-13)¹⁰⁷ *	Intelligent Energy-Europe	As of 1.1.07 (MoU signed 2.10.2007)				
	Entrepreneurship and Innovation	As of 1.1.2008 (MoU signed on 9.10.2007)	As of 1.1. 07 (MoU signed 18.10.07)	MoU currently being negotiated	MoU to be signed on 4.3.2008	MoU currently being negotiated

¹⁰⁵ 1903/2006/EC (OJ L 378, 27.12.2006).

¹⁰⁶ 1904/2006/EC (OJ L 378, 27.12.2006).

¹⁰⁷ 1639/2006/EC (OJ L 310, 9.11.2006).

	ICT Policy Support	As of 1.1.2008 (MoU signed on 25.10.2007)					
Media 2007 (2007-13)¹⁰⁸		MoU to be signed March 2008					
Progress: Community programme for employment and social solidarity (2007-13)¹⁰⁹ *		As of 1.1.2008 (MoU signed on 16.8.2007)	As of 1.1.2007 (MoU signed 6.12.2007)				As of 1.1.07 (MoU signed 12.10.2007)
Lifelong Learning¹¹⁰		Envisaged for 2009 or 2010	Envisaged for 2009 or 2010				
Youth in Action¹¹¹		Envisaged for 2009 or 2010	Envisaged for 2009 or 2010				
7th Research Framework Programme (2007-13)¹¹² *		As of 1.1.07 (MoU signed 13.6.2007)	As of 1.1.07 (MoU signed 13.6.07)	As of 1.1.08 (MoU signed 17.12.2007)		As of 1.1.08 (MoU signed 25.1.2008)	As of 1.1.07 (MoU signed 13.6.2007)
Fiscalis 2007-2013¹¹³		As of 28.8.2006 (MoU signed on same day)	Envisaged for 1.9.2008				

¹⁰⁸ 1718/2006/EC (OJ L 327, 24.11.2006).

¹⁰⁹ 1672/2006/EC (OJ L 315, 15.11.2006).

¹¹⁰ 1720/2006/EC (OJ L 327, 24.11.2006).

¹¹¹ 1719/2006/EC (OJ L 327, 24.11.2006).

¹¹² 1982/2006/EC (OJ L 412, 30.12.2006).

¹¹³ 2235/2202/EC (OJ L 341, 17.12.2002); 1482/2007/EC (OJ L 330, 15.12.2007).

Customs 2007-2013^{114*}	As of 28.8.2006 (MoU signed on same day)	Envisaged for 1.9.2008				Envisaged for 1.9.2008
Interoperable Delivery of European e-Government services to Administrations, Business and Citizens (IDABC) (2005-09)^{115*}	As of 1.1.2007 (MoU signed on 26.10.2006)					

* Programmes recommended by the Commission for participation of the potential candidate countries. Also Media 2007 (2007-13)¹¹⁶ and Safer Internet+ (2005-08)¹¹⁷ are recommended.

¹¹⁴ 253/2003/EC (OJ L 36, 12.2.2003); 624/2007/EC (OJ L 154, 14.6.2007).

¹¹⁵ 2004/387/EC (OJ L 181, 18.5.2004 Corr.).

¹¹⁶ 1718/2006/EC (OJ L 327, 24.11.2006).

¹¹⁷ 854/2005/EC (OJ L 149, 11.6.2005).

**COMMUNITY AGENCIES RECEIVING COMMUNITY SUPPORT TO
PREPARE FOR THE PARTICIPATION OF THE WESTERN BALKAN
COUNTRIES**

Community Agency	Support for Croatia and Turkey under Phare 2005	(Other) Western Balkan countries (CARDS)	Support under IPA 2007 for candidate countries*
CEDEFOP	X		X
Community Plant Variety Office	X		X
European Agency for Safety and Health at Work	X	X	X
European Medicines Agency	X		X
European Food Safety Authority	X		X
European Foundation for the Improvement of Living and Working Conditions	X		X
European Maritime Safety Agency	X	X	X
European Monitoring Centre for Drugs and Drug Addiction	X	X	X
European Agency for Fundamental Rights	X	X	X
Translation Centre for the Bodies of the EU	X		
European Environment Agency		X	
European Aviation Safety Agency		X	
European Centre for Disease Prevention and Control			X

* Participation of both, the candidate and potential candidate countries will be supported from IPA 2008.

TRANS-EUROPEAN ENERGY NETWORK PROJECTS INVOLVING WESTERN BALKAN COUNTRIES

	Project	2003 (*)	2006 (**)
A. PROJECTS OF COMMON INTEREST			
<i>Electricity connections</i>			
1	Amintaio (GR)-Bitola (the former Yugoslav Republic of Macedonia) line	X	X
2	Kardia (GR)-Elbasan (Albania) line	X	X
3	Elbasan (Albania)-Podgorica (Montenegro) line	X	X
4	Mostar (Bosnia and Herzegovina) substation and connecting lines	X	X
5	Ernestinovo (Croatia) substation and connecting lines	X	X
6	New connections between Greece and Albania, Bulgaria and the former Yugoslav Republic of Macedonia	X	X
7	New connections between the UCTE/CENTREL system and the Balkan countries	X	X
8	Submarine cable between Italy and Croatia	X	
9	Pécs (HU)-Sombor (Serbia)		X
10	Pécs (HU)-Ernestinovo (Croatia)		X
<i>Gas connections</i>			
11	North-West Greece-Elbasan (Albania) pipeline	X	X
12	Gas transport corridor in South East Europe across Greece, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Bosnia and Herzegovina, Croatia, Slovenia and Austria	X	X
<i>Gas supply pipelines</i>			
13	Increasing transport capacity from Russian sources to Greece and other Balkan countries, via Ukraine, Moldova, Romania and Bulgaria	X	X
14	Trans-Adriatic pipeline to transport natural gas from the Caspian Sea region, Russia or the Middle East, connecting Italy and the South East European energy markets		X
B. PRIORITY PROJECTS			
1	Greece-Balkan countries-UCTE system (electricity)	X	X
2	Greece-Slovenia-Austria (via the Western Balkans) natural gas pipeline		X

(*) Decision 1229/2003/EC of 23.6.2003 (OJ L 176, 15.7.2003)

(**) Decision 1364/2006/EC of 6.9.2006 (OJ L 262, 22.9.2006)