



Policy brief

New European Balkans Partnership



European Fund for the **Balkans**

Balkans in Europe Policy Advisory Group

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This policy brief is a collaborative effort of the Balkans in Europe Policy Advisory Group (BIEPAG) members`

About BiEPAG

The Balkans in Europe Policy Advisory Group (BiEPAG) is a co-operation initiative of the European Fund for the Balkans (EFB) and Centre for the Southeast European Studies of the University of Graz (CSEES) with the aim to promote the European integration of the Western Balkans and the consolidation of democratic, open countries in the region. BiEPAG is composed by prominent policy researchers from the Western Balkans and wider Europe that have established themselves for their knowledge and understanding of the Western Balkans and the processes that shape the region. Current members of the BiEPAG are: Dimitar Bechev, Florian Bieber, Blerjana Bino, Srdjan Cvijić, Milica Delević, Srdjan Majstorovic, Natasha Wunsch, Marika Djolai, Vedran Džihčić, Tobias Flessenkemper, Dejan Jović, Marko Kmezić, Jovana Marović, Milan Nič, Corina Stratulat, Dane Taleski, Nikolaos Tzifakis, Alida Vračić, Shpend Emini and Zoran Nechev.

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New European Balkans Partnership

2018 is widely considered a year of opportunity for the countries of the Western Balkans (WB) to decisively move towards becoming open, stable and prosperous democracies. The EU also seems resolute in seeing the region advance along the European integration track, as demonstrated by the renewed commitment expressed in the latest Commission Strategy for the WB, the visit undertaken by the Commission President Juncker to the region and the upcoming high-level summits in Sofia and London.

This EU reengagement with the region is crucial for the WB, which has gone adrift in recent years amid increased tensions, democratic backsliding and destructive geopolitical meddling by external actors. If the region seizes the current opportunity, it can quickly arrive at the EU's doorstep by means of democratic and economic convergence. If this chance is missed, the WB risk remaining distant from the EU, without clear direction and menaced by instability that could spread to the EU as a whole.

The European Fund for the Balkans was established a decade ago to promote the EU integration of the WB and their transformation into prosperous and stable European democracies. Over the past ten years, the EFB has successfully and actively promoted the agenda formulated in the 2005 Balkans in Europe's Future report of the International Commission on the Balkans. It is now committed to finding the best way forward for the region up to 2025, to generate societal transformation and find supporters for the perspective of all WB countries becoming part of the EU33.

Such a transformation requires a new partnership between the EU and the WB countries, based on sincere and transparent engagement from both sides. The EU should be more attentive to the WB governments and forthright in communicating problems publicly, while the governments of the region should commit with renewed sincerity to the enlargement process. The decision to join the EU is a generational, political and socio-economic choice. It requires broad engagement of the citizens in decision making, as well as positive and constructive involvement of civil society and political opposition.

A new, reformed partnership between the WB and the EU needs to tackle the biggest challenges of the region, including brain drain, state capture and the absence of a development strategy that can harness the potentials of the WB for economic and democratic convergence with the EU. Moreover, solving

present challenges requires closer regional cooperation, which should be the first step for advancement and rebuilding a positive image of the WB in Europe.

Both the enlargement and deepening of the EU are going to have a significant impact on the WB in the next ten years. Progress in the reform process in the framework of EU enlargement will only work if it is inclusive and focused on the independence of institutions, full respect for the rule of law and changing the current technical approach to EU integration, which has yielded limited results so far. The enlargement policy can help to integrate the EU's founding values into the transformed WB, and the two in synergy will contribute to strengthening the Union by 2025 and building a wider European project. This statement outlines the concrete steps for reaching the new partnership between the WB and the EU.

THE VISION

A New EU Engagement with the Western Balkans

Today, the EU struggles with challenges to the rule of law among its members and multiple crises that test the fundamental premise of solidarity within the bloc. The external context has changed too. Migration and competing geopolitical influences have posed additional challenges to the cohesion of the EU countries. Both the internal and external EU challenges have made the offer of membership to WB countries less tangible and exposed the extent to which the EU and the region need each other. The lack of EU membership perspective has eroded the transformative power of the EU accession negotiations. In the aftermath of the global financial and economic crisis, which made the EU more inward-looking, the process continued, but it often resembled a bureaucratic box-ticking exercise.

The challenge that the EU must now overcome is to restore the role of reforms as an anchor to the accession process. To make conditionality work and to ensure rigor, the EU's offer should be clear and attractive. This has been partly recognized in the new EC strategy for the Western Balkans.

To use the full potential of its transformative power we invite the EU to focus on the following:

- **Anticipating the timeline for opening accession talks with each of the WB countries (including definition of clear condi-**

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tions for moving within the phases). This would create healthier competition among the countries in the region and push them to increase their capacities to tackle reforms.

- **Asking all WB countries to prepare Action Plans for Chapters 23 and 24.** The Action Plans should then be more ambitious, concrete, impact-oriented, verifiable and carefully scrutinized for credibility by civil society in the WB countries. These Action Plans should be developed and prepared on the basis of lessons learned from the current course of negotiations with Montenegro and Serbia and should be updated annually.

- **Initiating semi-annual reports on the state of affairs on Chapters 23 and 24 for all WB countries.** The link between benchmarks and improvement measures should be clearer and more precise in these reports.

- **Enabling access of WB countries to EU structural funds, reserved for the EU member states, in the next Multiannual Financial framework,** including for education, social policy, health care and infrastructure (linked to measurable progress in the accession process and tangible outcomes that lead to regional reconciliation).

- **Developing high-level and high-profile expert missions based on the positive example of the Priebe Report in Macedonia.** These expert missions' reports should be made available to interested parties in a timely manner.

- **Updating interim benchmarks annually and making them more concrete.** This can improve the conditionality policy, while annual progress (or lack of it) will be easier to measure.

- **Providing more comprehensive political and financial support for civil society shadow reporting** and engaging them more comprehensively by facilitating regional networking in order to reduce the negative influence of regional gatekeepers, and by supporting activities that are conducive to rapprochement. Regional networking of civil society can help to develop additional instruments for tracking and tackling specific issues.

- **Working jointly with WB governments on advocacy activities and reaching consensus within the EU member states to support the enlargement process for the Western Balkan countries.**

EU enlargement is also a litmus test for the EU's ambition to play a credible role on the world stage. A successful transformation of the WB using the EU's leverage will project the bloc's power globally and simultaneously serve as a spark for a wider continental renewal.

Building Human Capital in the Western Balkans

All WB countries are in the middle-income bracket but, with the current average growth rates, it will take them at least several decades to reach the average EU GDP per capita. Despite relative progress in income convergence, the region still faces serious social risks associated with different forms of social exclusion, primarily related to unemployment and poverty. Feeling isolated, vulnerable and pushed to the margins of the society, a significant proportion of the population from these countries continues to emigrate abroad. Unemployment is pushing young generations out of the region, while low birth rates in some countries and population ageing in others paint a demographic and social picture that causes concerns for the future. The region is lagging behind the new sustainable development agenda in the areas of health, education, reducing inequalities, clean energy and gender equality. According to the 2015 OECD PISA test results, the WB countries are at the bottom of the joint list of EU and candidate countries. Low quality of educational programmes, inadequate vocational trainings and skills gaps have a negative influence on the labour market and the competitiveness of the WB in the new global economy.

The WB countries need to commit themselves to building human capital, addressing issues of income inequality and preparing for the new division of labour within the global economy of the future. There is an obvious need for a strategic approach to retaining young people within the region by increasing the quality of educational programmes, making education accessible to all, developing positive job perspectives and building efficient normative and institutional frameworks that can enable professional and personal development.

To develop a solid foundation for a prosperous future and building functional and resilient societies, we invite the WB countries to focus on the following:

- **Preparing a concrete vision of their long-term sustainable development.** In cooperation with the UN and the International Financial Institutions (IFIs), the WB6 should update their respective development strategies that prioritize specific Sustainable Development Goals (SDGs), to secure access to funds and investment. Strategic planning in the WB countries should reflect a regional synergetic approach to the development of the WB as a future region of the EU.

- **Investing in joint efforts with the EU to create a regional ed-**

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ucation centre of excellence, like the College of Europe and the European University Institute, and to provide a substantial representation of students from the WB in these two European universities. Such efforts can enable networking among the youth and increase the quality of education in the region.

- **Together with the EU and its Member States, creating a positive normative and institutional environment to encourage brain circulation** and bring into service citizens who have gained new knowledge and skills abroad; developing new policies aimed at facilitating and financially stimulating the return of young scientists from the region who are studying abroad. New opportunities need to entice the diaspora by offering novel platforms such as different fellowship programmes, including NEWFELLPRO of Croatia and the EFB Fellowship programme for Young Governmental Officials.

- **Supporting innovation initiatives. Smart economy and digitalization** rest on innovation and need to become flagship initiatives that lead the development of the region. New technologies and their early adoption can be a driver of growth to help countries leapfrog and become leaders of change, reaping economic, reputational and scientific benefits. Using innovation as a new educational approach should train students in flexibility, algorithmic thinking, constant learning and openness to change.

- WB countries must use **innovation** as the major resource to influence rapprochement; to boost cooperation, especially among young entrepreneurs and small and medium size enterprises (SMEs); to increase the competitiveness of the regional economy by making it more flexible and resilient and boost its share in the international arena.

- Innovation is a joint product of human capital and creativity. The WB countries need to increase their capacity by **supporting talented and creative people of all backgrounds**. They need to invest in research, production and exchange of knowledge to extend a pool of new ideas and information sharing. This needs to be done in a collaborative manner across the region and with the EU.

- **Developing new social policies** with a focus on health, education and social protection. The countries need to radically reform their health sector to address the emerging challenges of ageing populations, poverty and vulnerable groups, and support excluded parts of population. Better education is likely to have a positive impact on health outcomes and social capital.

- **Further effort is needed to enhance the public health services in the WB.** The region is losing a significant number of

qualified health workers in all roles due to labour migration, mostly to EU Member States. This will have an impact on the quality of the provision of health services to citizens in the region and is likely to affect human capital in general. The WB countries need to strengthen public bodies that are responsible for health services, supported by clear legislation, and radically reform health and social security programmes.

Nurturing the Balkans Ties

The conditionality model that the EU is projecting has a very specific dimension of regional integration, creating a subgroup/area of commonalities similar to the ones promoted during the fifth enlargement cycle. Therefore, regional cooperation and good neighbourly relations are essential components of any success in the region. In the past decades considerable resources have been invested in enhancing regional cooperation. The proliferation of different regional initiatives and organizations became its own purpose rather than allowing WB countries to take the full ownership and potential of regional cooperation as a tool for progress and development.

There is an urgent need to redefine regional cooperation and a sense of nurturing regional identity. The countries of the region should exploit the existence of a nascent regional identity as a modus operandi in addressing accession challenges in different policy areas, from rule of law to competitiveness and environment. This should be recognized as a major instrument for confidence learning and building among the WB countries and is identified by the European Commission as a key driver for overcoming bilateral issues.

EU Member States from the region must play a constructive role and facilitate the regional and European integration of the WB. More cooperation will bring more perseverance and should foster resilience to fend off internal and external challenges facing the region and hopefully lead to the revival of a regional identity similar to those of other European regions.

In order to make full use of the potential for regional cooperation for political, economic and societal development and rapprochement, we invite the Balkan countries to focus on the following:

- Good neighbourly relations are key to the success of any country in the region. Ownership must be built, and regional identity revived to tackle the challenges. Countries most advanced in the process must lead by example. All **bilateral disputes must**

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be resolved urgently and in good faith.

• The positive **results of the Berlin process need to be further enhanced and nurtured.** Small and fragmented national markets are not sustainable and not adjusted to the challenges of European and global markets. More efforts should be made to create a regional economic area and to remove the remaining obstacles to regional trade, investments and employment.

• **Exploiting the regional approach towards further development of the WB's infrastructure.** The EU and International Financial Institutions (IFIs) are crucial in providing technical and financial assistance. Strong demand on the part of WB countries should create a multiplier effect, resulting in the engagement of other international actors with fresh, substantial and unconditional financial resources. The connectivity agenda for the WB needs to be recognized as a pan-European agenda, with the potential to facilitate trans-European transport, energy and digital connections, in line with the recognition of new geopolitical realities in the Balkans.

• **Investing additional efforts and financial resources to bring young people and whole societies in the region closer to each other and with the support of the Regional Youth Cooperation Office (RYCO).** Empowering the WB youths to shape and form their own future is crucial to progress in the Balkans region. Culture, arts and sports represent a chance and resource that needs to be utilized more in doing so. The countries need to invest more interest and support regional civil society initiatives and networks and their programmes dedicated to closer cooperation among different stakeholders in the region.

• **Promoting the creation of just, peaceful and inclusive societies as the only forward-looking approach to overcome the legacies of the past and to achieve reconciliation.** The tools could include joint textbook commissions, cross-border exchange projects, cooperation among historians, regional reconciliation initiatives and other efforts to mutually address controversies.

The Balkans in the Europe of Tomorrow

The EU that the WB countries aspire to join is likely to change in the future. The return to economic growth, the easing of the migration crisis and the unifying effects of Brexit and of Donald Trump's election on the EU are increasingly seen as stimuli for reform of the Union. The EU's structure and procedures will have to continue to evolve and improve if they are to address

Brexit, security risks at its borders and in its neighbouring regions – especially as the United States is in retreat and Russia reasserts itself – internal economic and monetary challenges, domestic radical, populist tendencies and the erosion of the rule of law in several member states, as well as organized crime and terrorism.

In strategic, political and economic terms, the EU and the WB region share all these problems and have a common interest in resolving them. This interdependence calls for closer joint action and cooperation in discussing and deciding what is to be done, by whom and how. The WB countries should be encouraged to pull their weight in the effort to renew the political shape of Europe in keeping with the times.

While recognizing that they are not yet fully-fledged members, the WB countries should be regularly and to a greater extent kept informed, involved and consulted on decisions concerning the future of the EU, which is also the region's future. We thus invite the EU and the WB to explore and define those areas and policies in which enhanced cooperation and common action make sense even before actual accession.

To build and shape a common future by developing a European Union fit for the 21st century – better equipped to overcome internal and external challenges, more united and resilient, as well as more effective in delivering for its citizens – we invite the WB countries and the EU to focus on the following:

• **Strengthening security cooperation** (“Security Community”) in order to boost joint capacities to address common challenges of migration, border protection, radicalization, terrorism, organized crime, poor governance and cyber-attacks. These challenges are real and the resilience of the EU depends on the resilience of the region, which is geographically surrounded by EU member states.

• **Devising a common strategy with regards to migration.** The recent 2015/16 migration/refugee wave has highlighted the importance of the WB in the management and control of migration flows into the EU. Joint policies in this area can help to better prepare and coordinate efforts in case of similar future crises.

• **Cooperating more closely on a broad array of EU policies** considered in the ongoing debate on the future of Europe including, for example, the future of the Common Agricultural Policy, Regional Policy and Structural Funds, Digital Agenda, environment, climate change, transport and energy. The inclusion of the WB countries in EU decision making prior to accession stands to raise their normative and institutional capacities and

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enable them to take full responsibility for the implementation of policies, better preparing them to successfully assume their EU membership when inside the 'club'.

- **Adjusting EU's approach by frontloading benefits of membership: inclusion of all WB governments** and parliaments as observers in all EU institutions, including the Council of Ministers and working groups, in particular in debates on the reform and future of the EU; inclusion/involvement in the **Fundamental Rights Agency and anti-corruption report; participation of the WB heads of state and government** in European Council meetings.

- **Allowing and encouraging the WB countries to partake in the European Citizens Consultations process**, which will be launched on 17 April in Strasbourg by President Macron. This initiative should prompt the organization of debates on Europe across 27 MS up to the end of October 2018 and will be complemented by an online poll on EU issues carried out by the European Commission. The citizens of the WB6 should get an opportunity to make their voice heard by participating in it, as well as in national consultation events whose syntheses should be taken into account at the EU level in a similar manner as will be done for the member states.

- **Formulating a joint communication strategy** to raise awareness about the positive impact of European integration for the citizens of the EU and the WB countries. Such a pan-European campaign should include information about the crucial role that the EU's founding values of human dignity, democracy, freedom, equality, rule of law and human rights play for its citizens in the 21st century, and in fending off present and future challenges. It should also reflect new thinking about a more realistic, post-crisis membership narrative that better articulates the benefits of EU accession in light of all the difficulties experienced by existing member states.

About the European Fund for the Balkans

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

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

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

About the Centre for Southeast European Studies, University of Graz

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



10 YEARS OF
THE EUROPEAN
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BALKANS