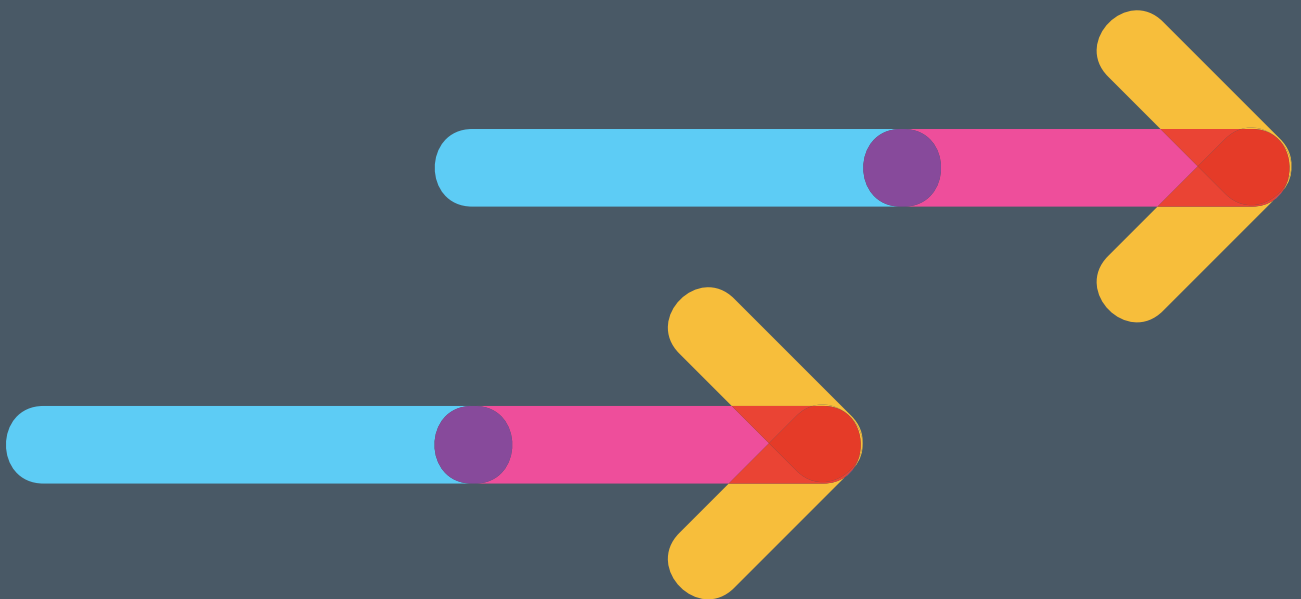


SEE → 2030 STRATEGY



Regional Cooperation Council



good. better. regional.

Title: SOUTH EAST EUROPE 2030 STRATEGY

Publisher: Regional Cooperation Council

Trg Bosne i Hercegovine 1/V, 71000 Sarajevo

Bosnia and Herzegovina

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Introduction: Background to a Regional Strategy

Cooperation among the thirteen economies of South East Europe (SEE) has been an authentic, region-led initiative elaborated through the South East European Cooperation Process (SEECP), with the purpose of strengthening the good-neighbourly relations, transforming the region into an area of prosperity, peace, security, stability, and cooperation, and promoting the European integration and Euro-Atlantic cooperation of SEE economies.

Under SEECP political guidance, Regional Cooperation Council (RCC) has been implementing regional programmes and strategies aimed at economic and social development of the region by supporting and enhancing intra-regional connectivity and cooperation.

In 2011, with the support of the European Commission (EC), the RCC was requested to prepare a regional competitiveness and growth strategy for the Western Balkans, inspired in principle and approach by the European Union (EU) 2020 Strategy. The endorsement of this SEE 2020 Strategy coincided with the Western Balkans' recovery from the economic shock and the return to its growth path. The Strategy's targets proved to be a valuable accountability tool for raising awareness and steering the policy discussion at the regional and SEE economy levels.

The implementation of the SEE 2020 Strategy yielded a number of positive results. Employment in the region has expanded by approximately 835,000 jobs between 2010 and 2019, favouring formal, waged jobs while informal employment, especially self-employment, has been in decline. In fact, Western Balkan economies exceeded the employment target of SEE 2020 in 2019 with regional average employment rate reaching 59.1

per cent. Accelerated progress was furthermore observed in the Foreign Direct Investments (FDI) inflows in the region, with FDI inflows increasing from EUR 3.6bn in 2010 to almost EUR 8bn in 2019, exceeding the EUR 7.3bn target for 2020. The implementation efforts facilitated the emergence of other complementary regional cooperation initiatives, such as the Multi-annual Action Plan for a Regional Economic Area (MAP REA) and its successor, the Common Regional Market Action Plan (CRM AP) 2021-2024¹.

Nevertheless, certain structural challenges persist and continue to negatively affect the regional development trajectory, with still relatively weak resilience to external shocks. GDP per capita of the Western Balkans stood at a mere 36.7 per cent of EU average in 2019. Youth unemployment, although falling to 29.8 per cent by 2019, is still nearly twice as high as the EU average. Wages and labour costs are significantly lower in the Western Balkans compared to the EU, with no clear convergence in recent years. Furthermore, the apparent labour cost advantage of the Western Balkan economies disappears when productivity per unit of labour is taken into account, and their competitiveness continues to lag behind their EU competitors.

With that in mind, there are several areas which still require a high level of attention, namely the labour markets, investment and business environment, connectivity, digitalisation, human capital, research, development and innovation (R&D&I), climate and environment, and rule of law and good governance as the foundations of effective and sustainable development.

Resilience of progress was recently challenged with the outbreak of the COVID-19 pandemic.

¹ 2020 Annual Report on Implementation of SEE 2020 Strategy, April 2021

Gains in employment and FDI were significantly curtailed, and the region was reminded in the most dramatic way of the importance of a viable reform process, as the one envisaged in the context of the EU accession process. Going forward, a successful rebound from the consequences of the pandemic will be closely interlinked with the integration in and alignment of the region with the EU's own recovery efforts.

Overall, the most significant contribution of SEE 2020 was the strengthening of regional ownership in the context of socio-economic development and reinforcement of joint action in the areas of regional importance. The Strategy played a pivotal role in strengthening regional cooperation in existing sectors and creating cooperation opportunities in new areas, while fostering a wide network of connections within the region and between the region and the EU. It provided a unified framework for pooled contributions from key regional organisations across a number of policy dimensions, allowing for and strengthening the overall monitoring and coordination process. Notably, a collaboration of SEE Statistical Offices has been a crucial ingredient in the monitoring exercise, and even more importantly, has laid the groundwork for longer-term cooperation, remaining important beyond SEE 2020.

While the Strategy left no doubt as to the benefits of a regional approach to socio-economic development, it provided some key lessons to be taken going forward. The top-down oriented process of programming and implementation of actions did not provide for sufficient involvement of the implementers and intended beneficiaries on the ground, such as the private sector and its related institutions. Furthermore, limitations were detected in access to and operationalisation of available funding; frequent succumbing to a silo approach; weak capacities and/or lacking mandates of some regional coordinators; and challenges in target formulations and data collection.

A specific issue which to a large extent determines the success of any programmatic commitment concerns the level of political will. Against a complex political and economic situation in the region, political commitment to SEE 2020 implementation varied over the years, translating at times into suboptimal efficiency in achieving the set targets across policy areas. Ensuring a sustained political commitment, by aligning the regional with the overarching domestic priorities and maintaining open and transparent communication channels, will therefore have to constitute the basis of any strategy or programme.



2030 Agenda and the Sustainable Development Goals

Global commitment to Sustainable Development

Sustainable development seeks to address the needs of current and future generations, utilising natural resources and ecosystems in ways that preserve and sustain them and ensure equitable access to them in the present and the future. It sets the framework for securing viable and lasting development, and decent livelihoods for all. The United Nations process on the Sustainable Development Goals, one of the key outcomes of the United Nations Conference on Sustainable Development (Rio+20), built upon the Millennium Development Goals and adopted a set of goals that is coherent with and integrated into the United Nations 2030 development agenda.

World leaders committed themselves to the principles of sustainable development at the 70th UN General Assembly on 25 September 2015 with the adoption of the 2030 Agenda for Sustainable Development (hereafter the “2030 Agenda”)² having at its core the Sustainable Development Goals. During the same year, the Paris Climate Agreement (COP21)³, the Addis Ababa Action Agenda⁴, and the Sendai Framework for Disaster Risk Reduction⁵ were adopted.

The 2030 Agenda for Sustainable Development represents an ambitious new blueprint to respond to global trends and challenges. The core of the 2030 Agenda is formed by 17 Sustainable Development Goals (SDGs) and their 169 associated targets, global in nature, universally applicable and interlinked. All economies, developed and developing alike, have a shared responsibility to

² UN Resolution A/RES/70/1

³ UN decision -/CP.21, adoption of the Paris Agreement

⁴ UN Resolution A/RES/69/313

⁵ Adopted at the Third UN World Conference on Disaster Risk Reduction in Sendai, Japan, on 18 March 2015

achieve the SDGs. The 2030 Agenda integrates in a balanced manner the three dimensions of sustainable development – economic, social and environmental – and reflects for the first time an international consensus that peace, security, justice for all, and social inclusion are not only to be pursued on their own, but that they reinforce each other.

The 2030 Agenda is based on a global partnership involving all stakeholders. It requires mobilisation of all means of implementation and a strong follow-up and review mechanism to ensure progress and accountability. The SDGs help to steer a process of convergence, between economies, within societies and with the rest of the world.

The commitment to implement 2030 Agenda at the SEE economy level

The 2030 Agenda for Sustainable Development encourages UN member states to conduct regular and inclusive reviews of progress at the national and sub-national levels, which are country-led and country-driven (paragraph 79 of the Agenda 2030). These national reviews are expected to serve as a basis for the regular reviews by the UN High Level Political Forum (HLPF) meeting under the auspices of Economic and Social Council (ECOSOC) every year in July. As stipulated in paragraph 84 of the 2030 Agenda, regular reviews by the HLPF are to be voluntary, state-led, undertaken by both developed and developing economies, and shall provide a platform for partnerships, including through the participation of major groups and other relevant stakeholders.

The Voluntary National Reviews (VNRs) aim to facilitate the sharing of experiences, including successes, challenges and lessons learned, with a view to accelerating the implementation of the 2030 Agenda. The VNRs also seek to strengthen policies and institutions of governments and to mobilise multi-stakeholder support and partnerships for the implementation of the Sustainable Development Goals.

South East Europe and Sustainable Development Goals: State of Play

South East Europe today faces many sustainability challenges ranging from youth unemployment, brain drain, depopulation (due to high level of emigration and natural causes), to income inequalities, poverty, climate change, pollution, sustainable energy supply, and limited development financing. To preserve cohesion, it is essential to invest in both young and old, foster inclusive and sustainable growth, tackle inequalities, attract investments and manage migration. Pursuing responsible fiscal policies and implementing reforms will strengthen the sustainability of the healthcare and pension systems to mitigate the risks of aging society and alleviate the surging dependency of old to working age population. To preserve the natural capital, it is crucial to accelerate the transition to a low-carbon, climate resilient, resource efficient and circular economy.

The 17 SDGs provide qualitative and quantitative objectives for the next 9 years to prepare the economies of South East European Cooperation Process (SEEC) for the future and work towards human dignity, stability, a healthy planet, fair and resilient societies and prosperous economies.

Agenda 2030 is already being pursued at economy level by the participants of South East European Cooperation Process (SEEC) by mainstreaming the Sustainable Development Goals (SDGs) into their policies, legislation and initiatives. Agenda 2030 implies that all policies – domestic and foreign, strategic plans and budgets should be aligned with the 17 SDGs.

The participating economies of SEEC have put in place institutional frameworks and mechanisms to implement the SDGs, they have developed economy level strategies or have gone through the process of aligning this vision with other domestic priorities, as well as with local implementation efforts, helping to enhance policy coherence both horizontally (across sectors) and vertically (across government levels) while others have developed broad stakeholder consultations. Finally, policy coherence for sustainable development (PCSD) has proven to be a particular challenge as the implementation of SDGs remains compartmentalised. Inter-ministerial mechanisms work mainly to enhance policy coherence for the domestic implementation of the SDGs. It is important that such mechanisms be considered

VOLUNTARY NATIONAL REVIEWS AT THE UN HIGH LEVEL POLITICAL FORUM*				
2016	2017	2018	2019	2020
Montenegro	Slovenia	Albania	Bosnia and Herzegovina	Bulgaria
Turkey		Greece	Croatia	Republic of Moldova
		Romania	Serbia	Republic of North Macedonia
			Turkey	Slovenia

Kosovo* adopted voluntarily the SDGs and Agenda 2030

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

to link with existing appropriate mechanisms and policies for the implementation of regional instruments, such as the normative and legal instruments developed by UNECE.

The following VNRs have been presented at the UN HLPF under the auspices of ECOSOC:

The commitment to implement the 2030 Agenda at the regional level

At the 2019 SEECP Summit in Sarajevo/Jahorina, Bosnia and Herzegovina, the Leaders of the SEECP participating economies recognised the “constructive and forward-looking synergy between the RCC and the SEECP framework” and reconfirmed the mandate to the RCC “to continue pursuing a policy of regional connectivity in all possible ways”. In light of the concrete results over the preceding years and the evident benefits of the SEE 2020 Strategy, participants tasked the RCC “to prepare a vision of a post-SEE 2020 Strategy in line with the UN Sustainable Goals Agenda 2030”, at the level of all thirteen SEE economies.

With this political mandate expressed at the highest level of political representatives, RCC has begun preparing the SEE 2030 Strategy, based on the needs assessment, lessons learned, and an extensive consultation process with all relevant stakeholders, to be ready for endorsement at the 2021 SEECP Summit in Antalya under the current SEECP Chairmanship-in-Office of Ankara.

Alignment with the EU policies

Sustainable development has been at the heart of European policy and it has been firmly anchored in the EU Treaties⁶. Given the clear European orientation expressed in the SEECP’s founding Charter on Good-Neighbourly Relations, Stability, Security and Cooperation in South East Europe⁷ and the clearly stated intent of integrating the Region fully in the European and Euro-Atlantic structures, it is worth noting the strong link between the Region

⁶ Articles 3 and 21 of the Treaty on European Union

⁷ SEECP Charter, Bucharest, 12 February 2020

⁸ COM (2019) 640 final.

and the EU in reaching Sustainable Development Goals.

The EU has committed itself to delivering on the 2030 Agenda both within the Union and abroad. It has placed SDGs at the core of its international cooperation and has mainstreamed them into key cross-cutting projects, sectoral policies and initiatives. The pursuit of SDGs in SEE is thus fully aligned with the EU’s own trajectory.

The European Green Deal is the EU’s response to environment-related challenges and climate change consequences, coming as an integral part of the EC’s strategy to implement the SDGs, while putting people first⁸. The EU Green Deal recognises the need to rethink policies so that they lead to sustainable consumption and production, clean energy, climate-proofing and circular economy, and a pollution-free environment. To achieve the latter, the EC plans to adopt a zero-pollution Action Plan for air, water and soil, in 2021.

In addition, the EU is supporting some participants of the SEE family in fostering socio-economic development, likewise underpinned by green and digital transition. The implementation of the SDGs however has a broader scope, pertaining to a number of cross-cutting elements related to the quality of life. In that sense, SEE 2030 Strategy based on UN SDGs is complementary to these existing efforts.

Finally, this relates as well to the post-pandemic recovery plan of the EU. Implementation of UN SDGs in the Region will support and aid the implementation of the recovery trajectory of SEE economies in full alignment with the EU recovery efforts.



Socio-economic outlook of South East Europe: Challenges and opportunities in reaching Sustainable Development Goals by the Region

State of Play

General aspects

South East Europe comprises thirteen economies as defined according to their status of participation to the South East Europe Cooperation Process (SEECP). Five SEE economies are EU Member States, including two economies in the Eurozone, whereas the remaining eight are EU aspirants. One of the economies is a member of G-20.

According to the IMF, the SEE Region’s GDP reached some 2 trillion USD (in constant prices)⁹ in 2020. The Region’s economic output amounted to approximately 3.1 per cent of global GDP in 2020 and, if considered as a whole, would have constituted the 8th largest economy in the world. However, despite its economic size, the Region has significant challenges in reaching its economic growth potential in the context of sustainable development goals. In addition, COVID-19 pandemic has added another layer to the challenge of growth. Based on the current estimates, the SEE region’s GDP has contracted by a weighted average rate of 1.9% in 2020 and is expected to return to economic growth in 2021 at a forecasted rate of 5.4%.¹⁰

⁹ 4.1 trillion USD (in international dollars, PPP)

¹⁰ RCC calculations based on World Economic Outlook, April 2021 (<https://www.imf.org/external/datamapper/NGDP.RPCH@WEO/OEM-DC/ADVEC/WEO/WORLD>)

¹¹ RCC calculations based on data available in UN COMTRADE and CEFTA

The overview below provides an overview of the current state of play in some of the key sectors and areas of socio-economic development, as related to the Sustainable Development Goals.

Intra-regional trade: untapped potential

In terms of regional trade, the total volume of intra-SEE exports reached 69.7 billion USD in 2019¹¹. This represents a share of 16% in total exports of SEE economies and offers some indication of the potential to create regional trade. Furthermore, better connectivity with the third countries may enhance intra-regional trade by supporting the formation of regional value chains to export overseas.

In terms of intra-SEE trade, the merchandise exports originating from Turkey, Bulgaria, Romania, and Greece represent 61% of the total intra-SEE exports. These exports nevertheless represent only around or less than one-fifth of the respective economies’ total exports. Moreover, the exports among the four largest economies, given their economic size, represented 40% of the overall intra-SEE exports in 2019.

In addition to this sub-regional trading block in the south-eastern part of the Region, one also appears in the western part of SEE, comprising Western Balkan economies together with Croatia and Slovenia. Within this grouping, the share of intra-regional trade in overall trade is particularly low in Albania. Furthermore, the western SEE economies mainly trade with their neighbouring economies in the west part of the SEE as 77% of their intra-SEE exports is destined to other western SEE economies.

What is lacking to a certain extent, and represents untapped potential, is the intra-SEE trade between the western and south-eastern parts of the Region. The potential is even greater considering the opportunity of increasing trade connectivity of the western part of SEE to the rest of the world, through measures promoting and facilitating international trade via the remaining SEE economies with better transport connectivity.

The Region has a comprehensive network of free trade agreements with each other, though the extent varies depending on the individual economy's relationship with the EU. Save for the EU member states of SEE and Turkey, the remaining SEE economies do not have a wide network of free trade agreements with third countries.

Trade in agricultural goods is still in part subject to tariffs and quotas, particularly in the trade between non-EU and EU economies of the SEE Region. It is guided according to the tariff concession schedules or tariff quotas foreseen by the individual bilateral free trade agreements signed between the EU and non-EU SEE economies and between non-EU economies and Turkey. In contrast, trade in agricultural goods has been fully liberalised among the CEFTA Parties of SEE.

Trade in services is fully liberalised among the EU member states of SEE given their membership in the EU single market, whereas the liberalisation of trade in services is also foreseen between

12 Poverty level for the SEE 2030 Strategy is considered as 5.50 USD daily per capita, which is mid-high income economies poverty threshold. The main reason why this level is applied rather than the international poverty line of 1.90 USD per day per capita is the fact that the SEE Region is either composed of EU member states or the economies which aspire to join the EU, a grouping of high-income countries.

CEFTA Parties as part of the Additional Protocol 6 of CEFTA.

The Western Balkan economies and Moldova are also beneficiaries of the Generalised System of Preferences (GSP) of the US and Japan. However, similar to other GSP regimes, the US and Japanese GSP regimes require direct transport to be eligible for preferential treatment, which is one of the key factors undermining the preferential access of Western Balkans to those markets, given the sub-region's significantly limited maritime transport connectivity.

Improvement in this area would most directly contribute to meeting the targets of SDG 8: Decent work and economic growth.

Transport connectivity: blocking access to markets

Transport connectivity between SEE economies has so far been more focused on road transport, whereas maritime and railroad connectivity have not been developed to their full potential. In particular, the limits in maritime connectivity of SEE, with the exception of Greece and Turkey, restrict the possibilities of access to overseas export markets. This, taken together with a low number of preferential trade agreements with third countries, hinders SEE's opportunities to expand trade with non-traditional partners. Upgrades to inland waterways would also enhance west-east intra-regional connectivity of at least 5 SEE participants on the Danube and its navigable tributaries, as part of the European Rhine-Danube transport corridor.

Improvement in this area would most directly contribute to meeting the targets of SDG 9 - Industry, innovation and infrastructure.

Income inequality: impact on the quality of life

People living below mid-high income economy poverty line in the SEE economies¹² comprise

12.5% of the population, while for the Western Balkans such poverty head count reaches 19%.¹³ The level of income of people living below the poverty line in SEE is highly determinant of their quality of life by affecting the access to education, health, and other services such as basic environment and sanitation at the household level.

Further to the 12.5% already living below the poverty line, subpopulation groups living at the risk of poverty could be pushed below the line due to the socio-economic risks brought on by the COVID-19 pandemic, such as unemployment, out-of-pocket health or education expenses, or price increases due to inflationary pressures, supply disruptions, exchange rate weaknesses, or other macro-economic difficulties in their respective economies.

Statistically, subpopulation groups in SEE such as women, unemployed, pensioners, families with dependents, and single parents live at a relatively higher risk of poverty and vulnerability. Their quality of life is also relatively lower, given their oftentimes limited access to quality public services.

Additionally, the regional differences and inequalities in SEE play a significant role in determining the access and quality of public services, with a notable high probability of emigration by the people living in underdeveloped regions.

Finally, effective access to and participation in cultural activities for SEE citizens, as an essential dimension of promoting an inclusive society, is severely limited among vulnerable groups and communities. Participation in cultural activities can be instrumental in helping people and communities overcome poverty and social exclusion¹⁴. Access to culture is thus a crucial policy action for SEE social inclusion process.

Improvement in this area would most directly contribute to meeting the targets of SDGs 1 - No poverty, and 10 - Reducing inequality.

13 Poverty data received from World Bank PovcalNet. According to the PovcalNet data, data collection years and type of poverty data per SEE economy are as follows: Albania (2017) (consumption), Bosnia and Herzegovina (2011) (consumption), Bulgaria (2018) (income), Croatia (2018) (income), Greece (2018) (income), Kosovo* (2017) (consumption), Moldova (2018) (consumption), Montenegro (2016) (income), Republic of North Macedonia (2018) (income), Romania (2018) (income), Serbia (2017) (income), Slovenia (2018) (income), Turkey (2019) (consumption)

14. The role of culture in preventing and reducing poverty and social exclusion, Centre for Public Policy at Northumbria University, 2005

Regional development differences: three layers

Regional development differences are indeed notable in the Region. Each SEE economy has only a few regions performing better than the overall economy's average in human development index scores measuring income, health and education performance. In addition, convergence of underperformers with outperformers has not been observed to any significant extent.

Another layer of development inequality in SEE is the one between regions of SEE economies. Majority of regions in Slovenia and Greece perform higher in human development index scores than their counterparts elsewhere, with significant variations across the Region.

Finally, there is a noted divergence between regions of SEE economies and the regions in the EU Member States which are typical destination countries for SEE emigrants. Regions in those Member States have relatively low levels of divergence compared to the ones observed in SEE. The difference between most advanced regions and underdeveloped regions in the emigration receiving economies in Europe is narrow. Even the level of divergence between the most advanced regions in SEE and least developed emigration receiving regions of Europe is still significant, and convergence between these respective regions is largely absent.

Improvement in this area would most directly contribute to meeting the targets of SDG 10 - Reducing inequality.

Natural and man-made disaster risks: sharing the burden

The occurrence of natural disasters in South East Europe has high probability. According to the International Natural Disasters Database, 31% of all natural disasters recorded in Europe between



1900 and 2021 occurred in the SEECP participants¹⁵. Direct life casualties in these natural disasters were recorded as 108,823, together with an estimated direct economic cost of 66.8 billion USD. It could be assumed that the indirect loss of people's lives due to the disasters and the indirect economic loss would be even higher.

Furthermore, the SEE Region, and the Western Balkans in particular, is intensely exposed to the adverse impact of climate change. The region is getting warmer and dryer, while the frequency and intensity of floods and droughts has increased over the last 50 years, causing enormous socio-economic and environmental damage such as increased forest fires, desertification, decreased agricultural outputs and other negative consequences.

Not only natural disasters, but also man-made disasters such as wildfires, and technological disasters caused by industrial/chemical, nuclear or transport-related hazards and risks need to be considered, along with their multiple interactions. Climate change leads to an increasing frequency and intensity of extreme weather events, such as excessive wind, snow and rainfall, floods, droughts, thus aggravating the likelihood of natural disasters, including natural disasters which can trigger technological accidents (so called NaTech events). The interactions among multiple hazards and risks need to be considered and built into DRR strategies and practical measures, such as risk assessment methodologies, which need to be regularly updated, to take account of a changing risk landscape.

Biological hazards and risks, such as the threat of communicable diseases like the current pandemic, indicate the quintessential need for co-operation. The COVID-19 has demonstrated the importance of regional solidarity and cooperation mechanisms that enable coordination of measures, distributing and accessing medical equipment and vaccines, and exchanging skilled medical personnel. While the COVID-19 pandemic caught the world and the Region largely unpre-

pared, recurrence of such events remains highly likely and better preparedness becomes an imperative, given the level of interconnectedness of the world and the transboundary nature of such events.

SEE economies participate in the Sendai Framework for Disaster Risk Reduction. This international framework has determined four priorities in tackling disaster risk and management: understanding disaster risk; strengthening disaster risk governance to manage the risk; investing in disaster risk reduction to serve resilience; and enhancing disaster preparedness for effective response and to 'Build Back Better' in recovery, rehabilitation and reconstruction. The risk drivers underlined by the Sendai Framework are highly relevant for the SEE region, with possible cross-policy/sectoral responses at the regional, as well as at individual SEE economy and local levels.

The region already cooperates in this area through the Disaster Preparedness and Prevention Initiative for South East Europe (DPPI-SEE), currently comprised of 10 SEECP participants. While DPPI provides a platform for regional exchange of information, experience and know-how, SEE does not have a regional disaster risk reduction strategy in place which could help manage different disaster categories, as well as enhance implementation of disaster risk reduction measures and activities at the economy level.

Should SEE economies agree on a regional Disaster Risk Reduction Strategy, it could build on the four priorities defined within the Sendai Framework and propose a measurable and action-oriented strategic programme for the Region, based on the Sendai Framework indicators, which would simultaneously strengthen the implementation of the Framework. In that way it would provide a more coherent policy level response and a mechanism of bilateral and regional databases to exchange relevant data, know-how and experiences.

¹⁵ South East Europe as defined here covers 823,550 km² of European continent's land mass. In addition, the Asian part of Turkey covers additional 758,798 km².

Finally, increasing the role of financial sector in disaster risk financing and transfer, particularly in financing for development, would need to be supported and incentivised through donor financed and facilitated credit mechanisms. Such mechanisms could include upgrades to the existing Europa Re insurance mechanism (originally established by Albania, Republic of North Macedonia and Serbia as a project implementation agency for the World Bank and other donor-funded catastrophe and weather risk insurance projects), better utilisation of existing financing facilities for disaster recovery following major disasters, and promoting regional fundraising campaigns to enhance the resilience of education and health infrastructures to disasters.

Improvement in this area would most directly contribute to meeting the targets of SDGs 11 - Sustainable cities and communities, 13 - Climate action and 17 - Partnership for the goals.

Financial sector: Higher potential to support sustainable economic growth

The banking sector in SEE is well capitalised as the bank assets to GDP are slightly below the European average. Non-bank financial institutions and intermediaries however are by far underdeveloped. Collective investment vehicles are absent outside of Greece, Slovenia and to a certain extent Turkey, Bulgaria and Romania. Similar weaknesses are observed in the insurance sector. Market capitalization of the listed companies is lowest in Europe. Regional approaches could therefore offer the necessary scale to overcome some of these market failures. Another space for further development in SEE banking sector is its current reliance on the balance sheet-based secured loans rather than project financing. The credit institutions in SEE prefer balance sheets secured loans or securing their loans through more orthodox collaterals such as through the personal assets of debtors which could also be seen as the natural result of weak domestic savings capacity of SEE economies, low macroeconomic predictability,

¹⁶ SEE average of services valued added in % of GDP calculated using the World Bank national accounts data for 2019. Data for Bulgaria missing

and high reliance on short-term capital inflows. This state of affairs limits the mobilisation of funds in the financial sector and activation of their intermediary role to disseminate savings to the overall population and to private sector in particular.

The role of development finance should not be underestimated, as it may help reduce poverty and income inequalities by transitioning from inefficient to efficient using. In particular, green finance and new green instruments are severely underutilised, despite their potential in easing and accelerating green transition and its economic benefits.

At the household level, the poorer segments of the population are affected by a low accessibility of loans and a lack of access to insurance, increasing their vulnerability to different external shocks and affecting their access to health, education and sanitation. Such shocks could come from the effects of climate change, natural disaster and health emergencies like the COVID-19 pandemic. International community has therefore begun considering insurance schemes that support low-income households and the private sector. "Inclusive insurance" has emerged as one of the solutions to development challenges and is considered a crucial instrument in sustainable development.

Improvement in this area would most directly contribute to meeting the targets of SDGs 8 - Decent work and economic growth, and 9 - Industry, innovation and infrastructure.

Sectors in value formation: reliance on services

SEE economies are dominated by services sectors, with services generating 54.82% of GDP in SEE, on average.¹⁶ Under the strain of COVID-19, these were also the sectors most affected by containment measures.

After a decades-long continuous deindustrialisation, manufacturing sectors' contribution to



GDP in the Region amounts to 12.58% on average, while the share of manufacturing stands at 14.5% of GDP in the EU¹⁷. The outbreak of the pandemic compelled SEE economies to initiate stimulus programmes to shield their manufacturing sectors from short-term bankruptcy, but in the medium- and long-term the automation and digital transformation together with adjustments to green production will produce high fixed capital investment needs.

Furthermore, the recent disruptions in global value chains caused by the COVID-19 pandemic have accelerated some of the value chain diversification trends observed even before the pandemic outbreak. According to the QIMA supply chain barometer, the proportion of US and EU-based businesses that have already begun sourcing from new economies (outside of East Asia) during 2020 or intend to do so in the near term have shot up to 80% in the US and 67% in the European Union. Furthermore, McKinsey's survey of supply chain managers (Q2 2020) notes that 40% intends to near-shore and increase the supplier base and 38% intend to regionalise supply chains. This provides ample opportunities for closer integration of SEE businesses in global value chains, particularly via EU-based integrators.

Improvement in this area would most directly contribute to meeting the targets of SDG 8 - Decent work and economic growth.

Agriculture: large potential hindered by low productivity

The contribution of agriculture to GDP in SEE is notable, standing at a regional average of 6.45%. This sector has a significant role in rural development and reducing poverty and regional inequalities.

The size of agricultural land in SEE is vast and covers 756 thousand km² or approximately 47.7% of total area surface. With such size, the share of

the SEE agricultural land to its total surface area is larger than the EU's share of 41%.¹⁸

However, despite the size of agricultural land, agricultural output is far below that of developed economies, mostly due to low productivity. The average value added of workers employed in agriculture, forestry and fishing in SEE is 12,805 USD (in constant prices according to 2010 USD)¹⁹. Comparing that with the 28,740 USD average output of workers in the EU reveals the full scale of the efficiency gap.²⁰

Improvement in this area would most directly contribute to meeting the targets of SDG 12 - Responsible consumption and production.

Population: negative demographic trends and aging societies

The SEE Region's population has been decreasing. According to the UN Population Office, the current population of the SEE in 2020 is around 150 million people. However, the same institution estimates that the SEE population will be 122 million people in 2100 according to the medium fertility scenario. The average estimated depopulation rate for the SEE in the next 80 years is 6.7 per thousand²¹. The depopulation of SEE is caused by a combination of natural causes and high tendency of emigration.

As regards natural causes, another important point of socio-economic concern will be the aging of society in SEE. According to the UN World Population Prospects, the dependency ratio of old people to the working age population in SEE was 26.4% in 2020 and is forecasted to rise to 33.2% in 2030 and 54.6% in 2060. Such a significant hike of 28 percent points in 40 years would jeopardise sustainability of public social security systems of both pension coverage and universal public care. Even though the relative size of social protection schemes is comparable or even larger, in some

¹⁷ World Bank national accounts data, 2019

¹⁸ World Bank - total size of agricultural lands in square km

¹⁹ World Bank - Agriculture, forestry and fishing value added per worker in constant prices (2010 USD) (excluding Kosovo* for which data is not available)

²⁰ World Bank - Agriculture, forestry and fishing value added per worker in constant prices (2010 USD)

²¹ UN Population Division, Department of Economic and Social Affairs, World Population Prospects 2019

instances, than those in the EU, the effectiveness of income redistribution measures is low due to less optimal targeting.

This natural depopulation trend is further amplified by increasing emigration from the SEE region. The majority of SEE economies have net emigration and have an interest in decelerating or better managing these trends, as they lead to a number of negative effects, such as: reduction of the stock of human capital, labour/skills shortage, limited capacity to innovate and adopt more advanced technologies, labour market changes (e.g. reduction of wages), fiscal consequences (e.g. reduction of tax income), market-size (e.g. reduction of consumption), reduced economic growth, reduced productivity, higher costs of public goods, and the loss of investment in human capital formation.

To illustrate the point, according to Labour Force Survey data (LFS), the overall working-age population of the Western Balkan economies has dropped by about 762,000, or 6 per cent from 2012 to 2019²². While accurate disaggregated and standardised statistical data on emigration is difficult to obtain in large parts of the Region, this trend can be observed from the point of host countries of SEE emigrants. During 2019 alone, the EU Member States have issued 349,976 first permits to non-EU residents from the SEE²³. According to the UN estimations, the total emigrant stock of SEE reached 16.5 million people in 2019 which corresponds to 10.9% of the region's estimated population²⁴. Such figure represents a 48% increase in the total number of emigrants from SEE recorded in 1990.

The potential benefits of skills emigration may include return migration, remittances, incentives for investment in education and training, and an improvement of governance. Therefore, efforts and policies to decelerate brain drain should be combined with utilising the potentials of emigrated skills. In parallel, a higher level of cooperation and raising awareness of the regions receiving

²² wiiw, Western Balkans Labour Market Trends 2020

²³ Eurostat, First permit issued by an EU Member State during 2019

²⁴ United Nations Population Division | Department of Economic and Social Affairs

migration are needed towards socio-economic drawbacks stemming from the current depopulation trend in SEE. A better institutionalised migration to ensure the current trend of emigration from SEE would help not to deplete human capital in critical sectors such as health, IT, and research and innovation. Promoting circular migration programmes might assist in incentivising returning mobility of SEE migrants.

Further harnessing the current potential of diaspora engagement is required to be steered in the following directions: (i) diaspora direct investment, (ii) diaspora facilitated FDI, (iii) diaspora knowledge transfers and (iv) diaspora trade agents to help internationalise the private sectors.

Improvement in this area would most directly contribute to meeting the targets of SDGs 3 - Good health and well-being, 4 - Quality education, 8 - Decent work and economic growth, and 16 - Peace, justice and strong institutions.

Education: quality issues persist

Education is a critical element of socio-economic growth, with each additional year of schooling being associated with a percentage increase in wages (as high as 8-10%), health and longevity.

Since education is mainly (but not exclusively) financed by government expenditures in the Region, the level of that expenditure could be taken as proxy for investment into quality and access to education. The available data reveal that government expenditures on education vary considerably across the SEE, ranging from 3.3% to 5.4% of GDP. By comparison, the EU-27 average education spending amounts to 4.6% of GDP.

In the SEE Region, the years of compulsory primary and secondary education as prescribed by the law range from 8 to 13 years. When it comes to largely non-compulsory secondary education, the completion rate is significantly affected by the socio-economic background, particularly

for the upper secondary education: on average, 60.6% of the poorest quintile completes this level, whereas the average completion rate stands at 96.3% for the wealthiest quintile.

Gender (sex) appears to be a less dramatic determinant of access to education, not surpassing 2% difference where such data is available.²⁵

In addition to school attendance, quality of learning should be a priority. SEE Region is performing well when it comes to population literacy (it does not fall below 98%),²⁶ but results of the Programme for International Student Assessment (PISA) are discouraging. In 2018, out of all SEE economies, only Slovenian students performed better than the OECD average in reading, mathematics and science; all the other economies performed lower than average in all of the three categories. In comparison, 11 non-SEE EU Member States performed higher than OECD average across all three categories, whereas 5 others performed above average in at least one category.²⁷ This data suggests a need to enhance the quality of learning in education institutions to narrow the gap between the SEE and the EU.

Improvement in this area would most directly contribute to meeting the targets of SDGs 4 – Quality education, 5 – Gender equality, and 10 – Reducing inequalities.

Research, Development and Innovation (R&D&I): investing more, investing smarter

Investments in R&D&I increase the stock of knowledge and devise new applications of available knowledge. World economies ranking highest in the share of GDP spending on R&I are also among the most affluent ones²⁸. Five of the top 10 world spenders are the EU Member States. The EU average gross domestic expenditure on R&D (GERD) in 2019 stood at 2.2% of GDP, with the 2020 goal having been 3%.²⁹

²⁵ <https://unstats.un.org/sdgs/indicators/database/>

²⁶ <http://data.uis.unesco.org/index.aspx>

²⁷ https://www.oecd.org/pisa/Combined_Executive_Summaries_PISA_2018.pdf

²⁸ <https://www.weforum.org/agenda/2020/11/countries-spending-research-development-gdp/>

²⁹ https://ec.europa.eu/eurostat/statistics-explained/index.php/R_%26_D_expenditure

³⁰ WEF Global Competitiveness Report

South East Europe dedicates significantly less resources to research and development than the EU average. Only Slovenia (2.04%), Greece (1.27%), Croatia (1.11%) and Turkey (1.06%) are spending over 1% of their GDP on the R&D sector. The SEE average gross expenditure on R&D (with no recent data available for Albania, Kosovo* and Moldova) is approximately 0.88% of GDP.

Beyond research and development, innovation is one of the areas where most SEE economies lag behind the rest of Europe. This is especially true in practices and institutional capital that relate to innovation capacities, such as companies' attitudes towards risk, business-industry collaboration, quality of demand conditions and venture capital availability³⁰. The WEF Global Competitiveness Report ranking also reveals wide disparities between the economies in the region in terms of innovation capacity, with economy rankings ranging from the 28th place all the way to 117th. Dealing with these challenges should lie at the heart of any effort to build sustainable growth in the future.

Finally, the SEE cultural and creative sectors are underdeveloped compared to the EU average, even as their importance for ensuring the continued development of societies grows, and despite the fact that they lie at the heart of creative economy. Looking at the average share of cultural and creative sector employment in total employment, only Slovenia (4.9%) reaches and exceeds the EU average rate (3.7%), with all other SEE economies falling short of this number. Cultural and creative sectors and knowledge-intensive individual creativity and talent generate considerable economic wealth. More importantly, they show above-average growth and create jobs – particularly for young people – while strengthening social cohesion. Given the scale of youth unemployment in the Region and relatively low barriers for entry in terms of capital expenditures, these sectors hold great promise for SEE economies.

For those SEE economies in the EU accession process, progress in the above areas along the recommended actions would correlate positively with the EU acquis on Education and culture and on Science and research and accelerate the convergence in the performance in these areas between the SEE and EU.

Improvement in this area would most directly contribute to meeting the targets of SDGs 5 – Gender equality and 9 – Industry, innovation and infrastructure.

Health: prolonging life and curbing disease

On average, SEE Region has a lower life expectancy – 77.3 years – than the EU – 81 years.³¹ General mortality rate by cause reveals that death attributed to the household or ambient air pollution is much higher than the EU and OECD averages in all SEE economies, whereas mortality from CVD, cancer, diabetes or CRD is lower than the EU and OECD averages only in Greece (although Slovenia also comes close).³² Therefore, investments in a healthier environment would be required to improve and expand life in SEE.

SEE economies are spending less on health than is the EU average: a range of 4.2% to 8.9% compared to 9.9% respectively. Even though voluntary or out-of-pocket payments have been increasing in a number of SEE economies, the health systems rely more on government spending.

Having in mind the health spending and the health outcomes, a possible conclusion could be that a combination of increased spending and more efficient allocation of funds would contribute to improved health of SEE population. In consequence, it is also expected it would bring non-EU SEE economies closer to the standards in place in the EU and thus contribute to the accession process.

Improvement in this area would most directly contribute to meeting the targets of SDG 3: Good health and well-being.

³¹ <https://data.worldbank.org/indicator/SP.DYN.IMRT.IN?locations=XK>

³² <https://databank.worldbank.org/source/health-nutrition-and-population-statistics#>

³³ <https://www.irena.org/statistics>



Renewable energy: reducing reliance on fossil fuels

Non-renewable energy supply sources dominate the total primary energy supply (TPES) in South East Europe. In terms of primary energy supply types, the Region mainly utilises oil and gas with respective shares of 33% and 15% in all non-renewable primary energy supply sources in SEE. The share of coal in energy supply is very high as well, at 26%. In two economies, Bosnia and Herzegovina and Serbia, the share of coal in the overall non-renewable energy supply exceeds 50%. Bulgaria, Romania, and Slovenia on the other hand also have nuclear energy in their energy mix.

According to the latest available international statistics, the SEE supplies only 15% of its TPES from renewable energy sources³³. In terms of types of renewable energy sources used for primary energy supply, the Region relies heavily on hydro sources together with bioenergy, whereas the utilisation rate of wind and solar energy is low, despite the Region's potential. This carries additional risks due to steady decreases in rainfall as a result of changing climate. Furthermore, the construction of hydro power stations could have negative social and environmental impacts through reductions in arable land, environmental damage and loss of biodiversity.

In terms of renewable energy consumption, the share of households, particularly their electricity demand, is much higher than the renewable energy consumption by industry and transport. A total of 63% of renewable energy is consumed by households, 3% is linked to the transport sector, whereas industry with highest demand for energy supply claims only 17.7% of renewable energy consumption. However, it is important to note that the renewable energy used in households is dominantly generated from firewood used for cooking and heating, with low efficiency and considerable CO₂ emissions.

The region has stepped up its efforts to improve the investment framework and tackle the major challenges hindering faster deployment of renewables and took steps to introduce more market-based support schemes, moving from the prevalent feed-in-tariffs (FITs) to feed-in-premium (FIP) systems (in Republic of North Macedonia and Croatia, for example). Due to non-existence of operational day-ahead and intraday markets in some economies and low liquidity in other, there are concerns about the auction scheme being a suitable model in the Region at the moment.

Overall, the decoupling of growth from fossil-fuel energy supply and CO₂ emissions is in early stages. In line with the long-term energy transition and decarbonisation objectives of the EU and Energy Community (EnC) including a climate-neutral European continent by 2050, deployment of renewables offers numerous socio-economic benefits beyond cost effectiveness, including job creation³⁴; development of local manufacturing capacity; avoidance of health and environmental costs; and addressing climate change challenges.³⁵ The development of integrated National Energy and Climate Plans (NECPs) in the EU Member States and EnC Contracting Parties of the region represents an essential tool for aligning and mainstreaming economy level policies into a coherent strategic plan based on a thorough scenario assessment and projections. The regional consultation on NECPs provides an opportunity to better exploit the competitive advantages of the economies and stimulate further integration.

Improvement in this area would most directly contribute to meeting the targets of SDG 7 - Affordable and clean energy.

Environmental assets: taking note of household level

In addition to environmental challenges at the global level, the quality of life of citizens related to

³⁴ Impact of decarbonisation and RES integration in electricity and heat on new jobs creation is estimated in the Energy Community Secretariat's Study: Carbon pricing design for the Energy Community https://www.energy-community.org/dam/jcr:82a4fc8b-c0b7-44e8-b699-0fd06ca9c74d/Kantor_carbon_012021.pdf

³⁵ IRENA, "Cost-competitive renewable power generation: Potential across South East Europe", January 2017

³⁶ Sustainable Development Goal 6: Synthesis Report 2018 on Water and Sanitation.

environment also concerns assets with direct impact on households, such as clean water, sanitation and hygiene, waste collection and disposal, and energy efficiency of household heating and cooling. Since access to these services tends to be more limited for the groups living in or at risk of poverty, it follows that those groups are similarly affected in SEE as well.

Water resources are embedded in all forms of development (e.g. food security, health promotion and poverty reduction), in sustaining economic growth in agriculture, industry and energy generation, and in maintaining healthy ecosystems³⁶. Above all, the provision of clean water, sanitation and hygiene (WASH) services is a prerequisite for high-quality health care.

Degrading water ecosystems, caused by a growing demand for water by households and industry in particular, contribute to displacement, migration and poverty, with a disproportionate effect on the people in vulnerable situations, resulting in further exacerbation of inequalities. The relative use of water between households and industry respectively varies across SEE economies, depending on the level of industry as the share of economy.

It is worth highlighting that the main hydrological feature in the SEE economies is the unequal spatial and temporal water distribution and significant lack of water resources in certain areas. The urban population has a much higher level of accessibility to public water supply systems than the rural population, and average water losses are very high, going up to 60% in some instances. Unequal water distribution has a negative impact on various aspects of society and usually puts heavy burden on women.

Access to basic sanitary facilities (bath, shower, indoor flushing toilet) in SEE likewise varies. In the SEE economies, households not having access to these facilities change from 9% to 25.6% of total households (based on Eurostat 2018 data).

Again, there is a strong correlation between the income levels and access to these facilities, and households living below the poverty threshold are most likely to face such issues.

There is a noted lack of financial resources in the water sector. Funding has increased since 2005, especially in terms of aid for agricultural water resources which has nearly tripled. However, official development assistance (ODA) in the water sector has remained constant at around 5% of total ODA disbursements.

In terms of energy consumption, again, the situation is varied. In some SEE economies, the energy consumption rose dramatically – up to 48.4% – while decreasing in most others, going as low as –23.6%. In some instances, more energy consumption might mean higher greenhouse gas emissions, due to the fact that the share of renewable energy is still low in the overall energy generation basket. This is particularly true of transport.

Energy efficiency is of crucial importance to minimise greenhouse gas emissions, which harm the environment and people's health. But equally important, energy efficiency reduces energy costs and can provide access to heating and cooling to a wider range of households, such as low income and subpopulation groups living at the risk of poverty. In all SEE economies, single-parent households³⁷ with dependent children fare worst when it comes to the ability to maintain household indoor warmth. In many economies, significant heating problems among households below the relative poverty level coincide with an increased proportion of households with elderly residents.

On average, 30% or more of households in SEE struggle with energy poverty, or absence of adequate heating and cooling, which is linked to problems in other areas such as health, environment, productivity and social integration. Specific issues in the area of energy poverty in SEE include: low level of political interest; higher share of people not categorised as poor but still unable to afford heating and cooling compared to oth-

³⁷ Note: single-parent households with dependent children are predominantly headed by women, adding a gendered (sex-disaggregated) aspect to health risk inequalities when it comes to maintaining warmth at home.

³⁸ World Bank (2019) Western Balkans Regional AQM – AQM in Republic of North Macedonia; (October 2019)

er parts of Europe; higher occurrence of households not connected to an electricity grid compared to Western Europe; deteriorated buildings that do not allow for retrofitting; and limited social support for energy-poor households. The loss of income precipitated by the impact of the COVID pandemic is likely to worsen energy poverty levels.

Finally, air pollution, with its direct effect on people's health and subsequent socio-economic implications, is significantly worse for the people of the Balkans and Eastern Europe than their Western neighbours. Thus, there is a substantial potential in SEE to improve the effectiveness of air pollution-reduction policies, and enforcement of existing ones and to reduce greater reliance on solid fuel for heating and cooking. Coal consumption is ubiquitous. In fact, the Balkans region is home to many coal and lignite-fired units and to 7 of the 10 most polluting coal-fired power stations in Europe³⁸.

Environmental economy provides great potential for employment and growth. In the EU, employment in this sector increased from 3.1 million full-time equivalents in 2000 to 4.2 million full-time equivalents in 2017, while generating 698 billion in output and EUR 287 billion gross value added. There is little doubt that applying these principles in building green, resilient and low carbon economies in SEE would reinvigorate employment and help decouple growth from intensive use of resources.

Improvement in this area would most directly contribute to meeting the targets of SDGs 3 - Good health and well-being, 6 - Clean water and sanitation, 7 - Affordable and clean energy, 8 - Decent work and economic growth, and 11 - Sustainable cities and communities.

Access to Justice: critical for improving quality of life

Access to justice is an enabling condition for development, by establishing the basic social or-

der required for other development activities to proceed. It affects the citizens' ability to access health, employment, education and other fundamental areas by removing barriers to their use and facilitating unhindered economic development.

However, many people have difficulties in recognising the legal dimensions of their problems. Many do not pursue legal remedies and are unaware of legal assistance services or are otherwise unable to access these services. The inability to obtain legal and justice services is often found to have a disproportionate impact on the low-income and other disadvantaged groups, because they cannot afford the cost of the legal process. As these people cannot access justice, they have no way to make sure they are awarded their rights to education, employment and fair treatment and consequently improve their positions.

In addition to the economic and cost barriers in accessing justice, there is a wide range of structural, institutional and capability factors that impinge upon access to justice for citizens, such as complexity, time, individual capability, geographical and physical constraints. In order to improve access to justice, the following should be considered: enhancing physical access to courts; easing the cost of legal advice and representation; increasing access through provision of legal aid; increasing public confidence in the justice system; promoting legal awareness; and strengthening civil society as the foundation for promoting access to justice. In an environment pushing more digitalisation in all aspects of life, modern approaches to facilitate the access to justice should also include e-justice solutions. This could particularly be crucial for making cross-border/boundary justice available to citizens and businesses.

Improvement in this area would most directly contribute to meeting the targets of SDG 16 – Peace, justice and strong institutions.

39 Having in mind that border/boundary measures facilitation through the green lane concept is possible only in those instances complying with EU legislation related to customs procedures and exchange of customs data of EU Member States with other economies.

Impact of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic has directly or indirectly affected all aspects of socio-economic life and development in the Region. At the time of writing (April 2021), nearly 120,000 people across the SEE have lost their lives. Containment measures have affected the modalities of work as well as devastating some critical sectors, such as tourism and transport. Contraction of GDP in the SEE for the last year is estimated at 1.9% on average, whereas recovery will depend both on the effectiveness of government and wider societal efforts and further developments regarding the pandemic.

Similar to other economies in Europe, the constant threat of the public health system being overwhelmed by the pandemic has been mitigated by economy-specific measures to ensure the operation of health sector, particularly its intensive care units.

In the early period of the pandemic some economies in the Region extended bilateral assistance to each other, either in the form of medical and personal protective equipment supplies or facilitating urgent evacuation of their citizens abroad. In the Western Balkans, economies agreed to facilitate border/boundary measures and ease the cross-border/boundary transit of medical equipment, personal protective equipment and some other product groups through green lanes, based on extended electronic exchange of data. Such measures were much appreciated by all the SEE economies and the extension of green lanes and facilitated border/boundary crossing is intended to be sustained throughout the SEE Region³⁹.

With regard to the direct burden over public health care systems caused by the COVID-19, the SEE Region went through two peak periods since the start of pandemic, one in October–December 2020, and the second in March 2021. The latest available data from May 2021 reveals that the av-

erage number of confirmed COVID-19 infections per 1 million in SEE⁴⁰ is 62.41. Many economies in SEE have had a weak start in COVID-19 vaccination, with Serbia being an exception, and bilateral assistance within the Region once again provided much needed assistance. Nevertheless, vaccination rates remain low overall, and immunisation is slow in many of the economies.

Despite the lack of data, it is also assumed that majority of SEE economies had difficulties in ensuring equality in access to the COVID-19 related testing and therapy opportunities throughout its society, particularly to their population living in rural areas.

Due to COVID-19, digital technology has been transforming people's lives, societies, and economies with unprecedented speed and scale, delivering immense opportunities as well as daunting challenges. With the deployment of digital technology, the cooling energy demand of data centres will be increasing in the following years. Thus, energy efficiency of cooling systems needs to be considered as well as heating.

Like any other region in the world, the second direct policy area which was hit by the pandemic in the SEE is education, especially the primary and secondary education services. Many SEE economies have quickly redirected provision of public education services through online tools. However, the availability, access and quality of the online education services have been undermined due to the existing inequalities within each economy. According to the latest data received from UNICEF, 33.78% of students in Eastern Europe and Central Asia, the regional grouping in which majority of SEE economies are included, could not access remote learning programmes in their economies⁴¹. In particular, population groups living at risk of poverty and in rural areas have

40 Our world in data, <https://ourworldindata.org/explorers/coronavirus-data-explorer?zoomToSelection=true&time=40..latest&pickerSort=asc&pickerMetric=location&Metric=Confirmed+cases&Interval=7-day+rolling+average&Relative+to+Population=true&Align+outbreaks=false&country=BIH~ALB~BGR~HRV~GRC~OWID.KOS~MDA~MNE~MKD~ROU~SRB~SVN~TUR>

41 UNICEF, COVID-19 and children - UNICEF DATA

42 World Bank. The regional average is calculated according to the available data for SEE economies except Kosovo* the data of which in 2020 is not available in World Bank. The latest available unemployment data for Kosovo* is 25.7% in RCC ESAP Observatory)

43 ILO, Covid-19 and Labour Statistics

44 <https://ilostat ilo.org/topics/covid-19/#>



Having in mind the impact of the pandemic on employment is unequal across population sub-groups, regional collective thinking in the post-COVID period will have to address the following challenges in particular: how would the work life in the Region evolve in the next decade? What types of change would remain in the work life, which sectors will be more significantly affected and how could that feature in regional policy considerations? How would public financing sustainability of the public pension schemes be reached in an aging region given the work life changes in the post-pandemic environment?

Moreover, as a Region facing stark demographic challenges with adequate skills in short supply and limited quality of education for its labour force, the SEE economies need to come together in finding joint solutions to their common challenges affecting sustainability in the upcoming decade.

Assessment

Based on the analysis of the state of play, the assessment would suggest a number of areas in which SEE holds significant potential for improvement and which would help the Region in achieving a number of SDG targets.

Intra-regional trade is one such area. The trade links between the SEE economies have not seen significant improvement over the past decade, and access to overseas markets has for the most part been largely hindered by insufficiently developed transport connectivity. There is economic growth to be unlocked by tapping into that potential.

Poverty in the Region is marked by stark inequalities between the under- and outperforming regions, impeding access to basic services for vulnerable groups, placing them at an even higher risk in the event of natural or human-made disasters, to which the Region is susceptible. Prevalent modalities within the financial sectors do not allow for the most efficient support to households and the private sector, especially the SMEs. All of

these factors are likely to become more relevant as the full extent of COVID-19 impact becomes evident, and need to be taken in consideration in the development of recovery policies.

Economies of SEE are dominated by the services sectors, making them particularly vulnerable to the COVID-19 induced lockdown measures. Manufacturing is overall developed to a lesser extent than in the Western European counterparts, rendering imports a necessity. On the other hand, the availability of considerable arable lands and agricultural labour does not translate into correspondingly high outputs due to efficiency problems.

Perhaps one of the greatest challenges for the Region concerns depopulation, in terms of both brain drain and naturally contracting societies. With immense effects across the socio-economic spectrum, depopulation requires urgent action. Causes of emigration are to a large extent, but not exclusively, linked to economic opportunities of the individual and his or her quality of life, which is in turn greatly determined by the access to and quality of basic services: health, education, environment and sanitation and access to justice. All of these factors call for improvement in order to prevent the loss of young, skilled and able members of society in the Region.

In addition, human capital development in SEE requires further work to enhance socio-economic productivity in a sustainable manner. Access of economically vulnerable groups to education needs to be improved, as does the quality of learning, which is currently below the OECD average. Furthermore, low investments and limited capacities in R&D&I prevent the Region from unlocking the full potential of competitive and innovative development.

To improve health outcomes and narrow the gap in life expectancy compared to the EU average, provision of quality health services needs to be strengthened. The demographic challenge exacerbates the pressures on sustainability of social systems, already strained by high rate of unemployment, particularly among youth. Chronic dis-

eases are more prevalent in SEE than in the EU or OECD, which can be linked, at least in part, to quality of life standards. Particularly important in this regard is the environment and access to sanitation services. The latter is notably restricted in the SEE for the populations living below the poverty line.

Finally, environment in the Region faces many challenges, with particular emphasis on air pollution. This is directly related to the firm link between growth and fossil-fuel energy supply and CO₂ emissions inherent in intensive resource use. Utilisation of renewable energy sources is low and far below potential for renewable energy creation which the Region possesses.

Trade creation, trade and export diversification, enhanced transport connectivity and investment in renewable energy in SEE with enhanced role of financial sector might help unleash the potential of the Region. In this effort, addressing the key aspects of quality of life in the SEE Region is of critical importance, decoupling income levels from access to quality basic services, decelerating emigration from the Region and sustaining human capital development.



Goals, principles and methodology of preparing SEE 2030 Strategy

Strategy objective

The objective of SEE 2030 Strategy is to reach regionally sustainable economic growth shared by all. The Strategy aims to reduce poverty and inequality, empower women, improve social inclusion, decelerate depopulation of the region through enhancing the quality of life for its citizens and speed up the green and digital transition, without widening socio-economic inequalities and disrupting competitiveness and private sector development, through a genuinely regionally owned political process. It will provide benefits across the SEE Region and accelerate convergence with the EU of those economies which seek integration into the EU, thereby strengthening the foundations of that process.

Vision of SEE 2030

The SEE 2030 Strategy is a joint call for action by all SEE economies. The priorities of this Strategy are built upon domestic priorities identified by all SEE economies and clustered into three dimensions. The core principle of action in this Strategy is to support designing regional policies for the whole of society and to prioritise actions to leave no one behind.

The SEE economies therefore consider the implementation of SEE 2030 Strategy as contributing to life in a Region free of poverty, hunger, disease, and where all life can thrive. Therefore, the economies will make efforts to transform SEE into a Region with equitable and universal access to quality education at all income levels of their societies, adequate health care and social pro-

tection, and high environmental and sanitation standards of living.

The SEE will be a region in which every economy enjoys sustained, inclusive and sustainable economic growth and decent work for all. In this regard, the SEE economies will make efforts to establish better trade and transport connectivity between their counterpart economies and with the EU as well as to outreach overseas through enhancing trade connectivity and utilising all available modes of transportation to exploit their economic potentials. In this endeavour, the SEE economies commit to decouple their economic growth from carbon emissions through increased use of renewable energy potentials.

Acknowledging that sustainable human, social and economic life in the Region is under the threat of natural disasters, the SEE economies will make efforts to keep all human habitats safe, resilient and sustainable. In this regard, the economies will be ready to pool their efforts to share the risks of disasters and prevent their destructive impact from pushing societies into poverty.

The application of technology and wider use of digital tools to contribute to the efforts of SEE economies in reducing poverty and inequalities will be utilised in facilitating access of the whole of society to public services determining their quality of life. The implementation of green transformation in the SEE economies will be assured in a way that neither increases inequality or poverty, nor enhances the divergence in human development between the SEE and other regions of Europe.

The implementation of the Strategy will go hand in hand with establishing open and transparent mechanisms of dialogue with the relevant civil society, think-tank community, and academia, so as to promote their engagement and increase the relevant stakeholders' awareness of the Region's sustainable development agenda. Dialogue with parliaments of the SEE economies will furthermore be established to enhance political ownership of the endeavour.

The SEE economies anticipate that the SEE 2030 Strategy will contribute to their long-term efforts in enhancing regional cooperation in the implementation of UN Sustainable Development Goals and the 2030 Agenda. The Strategy will facilitate their commitments to undertake regional actions, built upon SEE economy level priorities so as to reach the regional sustainable development-related goals.

Regional ownership and a bottom-up approach

The key element of the SEE 2030 Strategy is its full and total regional ownership. Leaders of SEECP gave mandate to the Regional Cooperation Council, a regionally owned organisation, to lead the preparation of the Strategy, while the Region, represented in the SEECP format, has given its approval to each step of the preparation process.

The first Concept Note of the SEE 2030 Strategy was accepted by the RCC Board in May 2020, having been developed within a structured process of consultations with relevant regional initiatives and organisations on the basis of their experience with SEE 2020 implementation and recommendations. In particular, they flagged the potential socio-economic and political repercussions of the COVID-19 pandemic, heightening the importance of political visibility and outreach of the SEE 2030 Strategy, the political commitment of SEE economies, coordination among regional organisations in light of many cross-cutting areas and the organisations' institutional memory

and expertise, and the engagement of local implementers in Strategy execution.

The Substantiated Outline presented to the SEECP Political Directors in January 2021 served as the basis for intensive in-depth bilateral consultations with each of the participants' representatives, including representatives of public authorities and respective SDG Coordinators. The priority thematic areas of intervention of the Strategy were selected on the basis of National Voluntary Reviews of SDG implementation of SEECP participants. On this basis, 13 SDGs were selected (SDG1, SDG3, SDG4, SDG5, SDG6, SDG7, SDG8, SDG9, SDG10, SDG11, SDG13, SDG16, SDG17).

To ensure the all-inclusiveness of the process and promote a bottom-up approach as another principle of the Strategy, two Workshops with representatives of the Region's private sector, civil society, academia and think tanks were organized during May 2021, led by TEPAV and ELIAMEP from the current and incoming SEECP Chairmanship in Office capitals, Ankara and Athens, respectively.

Secretariats of CEFTA, Transport Community, Energy Community, DPPI SEE, Regional Rural Development Standing Working Group in SEE, Centre of Excellence in Finance, Western Balkans 6 Chambers Investment Forum, SEE Health Network, and NALAS were invited to the consultations during the preparation of SEE 2030 as well as the European Commission and WHO. The written comments and contributions received from ILO, UNECE, World Bank, IRENA, OECD, European Training Foundations, Energy Community, DPPI, CEF, and SEEHN.

During the preparation of SEE 2030 Strategy, utmost attention was given to complying with the relevant methodology of the UN for the preparation of National Voluntary Reviews.⁴⁵

The final approval and endorsement will be sought by the RCC Annual Meeting and by the SEECP at the June 2021 Summit, respectively.

⁴⁵ Handbook for the preparation of National Voluntary Reviews, 2020 Edition, Department of Economic and Social Affairs (DESA), United Nations



Policy Coherence

Policy Coherence for Sustainable Development (PCSD) is recognised as a means of implementation in SDG Target 17.14. It is an approach and policy tool for integrating the economic, social and environmental dimensions of sustainable development at all stages of policy making. In practice, this entails fostering synergies across policy areas; balancing domestic, regional, and international objectives; and addressing the transboundary and long-term impacts of policies. Factors influencing the magnitude of the spill-over and transboundary effects include internal policies; trade policies; foreign and security policy; and international development cooperation.

The OECD Recommendation on Policy Coherence for Sustainable Development (PCSD), adopted in 2019, calls for strong institutional mechanisms and evidence-based analytical tools. Collaboration and coordination within and between economies, across economic, social and environmental dimensions, across levels of government, and with other stakeholders (e.g. civil society and business) are key features of PCSD. The SEE 2030 Strategy places great importance on PCSD. The OECD PCSD Framework can be adapted to diverse economy level/regional and institutional contexts and allows users to develop their own strategy for enhancing policy coherence.

Regional cooperation

The SEE 2030 Strategy considers regional inclusive cooperation as key to the success in reaching its targets jointly committed by the SEE economies. As transnational, global, and regional challenges become increasingly complex and intertwined, proven by the current pandemic, they

pose a growing threat to sustainable development that no single economy in SEE can tackle alone.

The SEE 2030 Strategy will serve as an inclusive regional strategic initiative for dialogue and co-operation on sustainable development issues with a direct impact on socio-economic development agendas of the SEE economies. Yet closer coordination between international and regional organisations, governments and civil society, and all other relevant stakeholders is also needed to create new synergies, while ensuring an effective division of labour and efficient use of resources. Only by working together will the SEE 2030 Strategy succeed in bringing peace and prosperity to people in every corner of the SEE Region.

The SEE 2030 Strategy is expected to strengthen regional cooperation in priority sectors as identified by participating economies, provide systematic, more efficient and coordinated support for participating economies and enable more effective knowledge-sharing and peer learning among them.

Opportunities for regional cooperation are to: (a) develop integrated approaches, models and tools with respect to each economy policy space and leadership; (b) support regional approaches to priority areas of intervention through the development of policy tools, methodologies and approaches. Comprehensive implementation of the 2030 Agenda for Sustainable Development will require partnerships between economies and across sub-regions.

Political commitment to regional cooperation will therefore be a cornerstone for the successful and efficient implementation of the Strategy.

Outline of SEE 2030 Strategy

Dimensions of SEE 2030 Strategy

On the basis of the assessment of the current state of play and identified needs and potentials of the Region, of economy level priorities as expressed in the National Voluntary Reviews and in the set of bilateral consultations with each of the SEE economies, and of inputs provided by the relevant non-governmental stakeholders, the SEE 2030 Strategy was developed across three dimensions and additional cross-cutting areas. The three dimensions include thirteen priority areas of intervention, providing a scope for an integrated approach to address sustainability issues, as follows:

Dimension I: Prosperity of the SEE Region

1. Promoting economic growth through trade creation, sustainable and responsible tourism and enhancing transport connectivity
2. Promoting investment, research and innovation in renewable energy to increase the share of carbon free energy supply and improve energy efficiency
3. Enhancing capacity to improve detection and risk reduction of natural disasters to minimise their impact on economic growth
4. Reducing digital divide through better broadband connectivity, development of digital skills and accelerated digitalisation of industry and public services
5. Enhancing public-private sector partnership and role of financial sector/financing for development for the implementation of SDGs in SEE

Dimension II: People of the SEE Region

6. Better utilisation of human capital potential of the SEE Region
7. Supporting diaspora to promote economic activity in the SEE Region
8. Facilitating access to education and supporting improvement of its quality
9. Facilitating access to health and supporting improvement of its quality
10. Improving equal access to and quality of justice and public services in SEE
11. Improving access to and quality of environment/sanitation services and affordable, safer and healthier housing

Dimension III: Peace and Partnerships in the SEE Region

12. Supporting the institutional strengthening for smart implementation of the SEE 2030 Strategy
13. Facilitating creation of sustainable funding mechanisms to support implementation of SEE 2030 Strategy while respecting development cooperation effectiveness principles of transparency and accountability.

The thirteen priority areas of intervention are complemented by economy level and regional actions, as well as flagship initiatives and targets. The actions aim at providing guidance and inspiration for the most effective implementation of the Strategy. European Union policies, strategies and actions are taken into consideration. Not all economies may have the necessity or the resources to undertake all the proposed actions;

the proposed actions need to be adapted to economy level needs.

The expected impacts of the SEE 2030 Strategy are as follows: (a) strengthened regional cooperation in priority sectors as identified by participating economies; (b) systematic, more efficient and coordinated support for participating economies; (c) more effective knowledge-sharing and peer learning among economies.

Cross-cutting areas

Poverty

SEE 2030 Strategy will consider poverty as one of the major regional concerns horizontally affecting all aspects of life. In this regard, the main guiding principle the Strategy is to “leave no one behind”. Therefore, any action that would be considered in the context of this Strategy will take into consideration its impact on poverty and inequality and prioritise those actions that aim to reduce it.

Digital transformation of SEE Region

Digital transformation is an essential change in the process of using digital technologies that can generate great benefits regarding macro-economic development. This process is no longer a choice but a fundamental prerequisite for economic growth. The COVID-19 pandemic underpinned even more the importance of a digital society, i.e., broadband infrastructure development, upgrade of digital public services, digital upskilling to allow benefits of digitalisation for all citizens, regional cyber resilience, deployment of new technologies, etc. Embracing digital transformation by all key stakeholders in SEE can help the whole region grow. However, if not carefully calibrated, digital transformation may widen inequalities between different subpopulation groups according to their level of income, age, education and place of living. Therefore, the SEE 2030 Strategy would consider both opportunities and risks which digital transformation may offer.

In this regard, the digital transformation will have a horizontal role particularly in facilitating access to education, and health services to the population subgroups living in or at the risk of poverty. The Strategy 2030 would prioritise regional actions supporting digital transformation in a way that reduces income inequalities-related limitations to access education and health services. Wherever justifiable and feasible, all other policy areas foreseen by the Strategy would also comprise digital transformation instruments.

Green transition of SEE Region

Having considered the main objectives of the EU Green Deal and the Green Agenda of Western Balkans, the SEE 2030 Strategy considers environmental transition within each dimension as a cross-cutting policy area. The socio-economic impact of green transition on different population subgroups in SEE, as well as the overall impact on welfare of these economies would be the guiding principle in the prioritisation of actions.

In parallel to such horizontal considerations, SEE 2030 would provide a vertical area of intervention to renewable energy, with a set of actions required to improve the quality and availability of disaggregated statistics, together with capacity building in developing bankable investment projects including support for development of local production and technologies for the SEE. Another set of vertical actions toward enhancing the role of the private sector, particularly financing for development, would be foreseen to improve the quality and access to environment and sanitation services.

Furthermore, actions on spatial planning and sectoral cooperation in environmental transition would be prioritised in the dimension related to People.

Public-private partnership

Similar to the UN 2030 Agenda for Sustainable Development, businesses would be playing an integral role in achieving sustainable development

and targets of SEE 2030 Strategy. Each company – large and small – is making incredible contributions towards shared economic, social, and environmental progress.

In addition, the business sector plays an important role in respecting human and labour rights as determined by the relevant UN and ILO conventions as well as the relevant European legislation.⁴⁶ In this regard, the implementation of SEE 2030 could not be successful without active participation of the private sector.

Furthermore, the private sector participating in the implementation of UN Agenda 2030 as well as SEE 2030 Strategy is of crucial importance for mobilising funds in line with social and economic goals, particularly the ones related to education, health, environment and sanitation services as well as renewable energy, natural disaster risk reduction and sharing, spatial planning and localisation of SDGs implementation. Needless to say, the private sector is at the core of human capital development, research and innovation efforts of the Region. Furthermore, cooperation with private sector is of critical importance for decelerating depopulation, as the strong emigration would leave the private sector not only without necessary skills pool but also narrow its demand base and eventually shorten its enterprise life-term.

Private sector participation should be seen as a complementary resource to the public financing for the implementation of UN SDGs as well as SEE 2030 Strategy in parallel to its raised awareness, shared responsibility and responsiveness to the SDGs implementation.

As described by the UN, the private sector participation and contribution to the implementation of UN SDGs and SEE 2030 would be through the following four means: core business operations; value chains; social investments; and advocacy efforts. In this endeavour, the People-First approach to public private partnerships will be encouraged in line with the relevant EU and UN

policies/ standards and guidelines on public procurement, corruption, and transparency.

Therefore, the role and participation of private sector in all dimensions and actions would be sought.

Aspects of implementation

Governance structure

The governance structure for implementing SEE 2030 Strategy will be composed of two main actors: (i) the public administrations of SEE economies represented by National Coordinators of SDGs (or other structures tasked with implementing SDGs and Agenda 2030, in accordance with the respective arrangements in each of the SEE economies) appointed by each participating economy of the SEECP, and (ii) the Regional Cooperation Council.

Public administrations are the cornerstone of the SEE 2030 Strategy since the success of SEE 2030 is to be built upon the priorities and results of implementation of SDGs by each SEE economy according to their respective strategies. The SEE 2030 Strategy entails exclusively regional priority areas of intervention. However, most of the actions put forward by the Strategy envisage policy response by the appropriate institutions and agencies in SEE economies. The implementation will be steered by the SEE economy action plans at the macro-level and, whenever required, the SEE 2030 Strategy priorities and actions would be adjusted accordingly. This process at the economy level will require high level of intra-governmental coordination to be ensured by the National Coordinators of SDGs. The National Coordinators will also serve as contact points for all issues pertaining to SEE 2030 Strategy with the RCC.

The RCC will coordinate and facilitate the overall effort to implement SEE 2030 in close consultation with National Coordinators, providing, where and if needed, political, coordination, technical

⁴⁶ Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect, and Remedy Framework” United Nations Human Rights Office of the High Commissioner



and, if possible, financial assistance. The RCC Board provides overall guidance on the implementation of regional actions stemming from this Strategy in line with its steering role.

Measuring progress

Keeping track of progress in a systematic and transparent way is essential. The 2030 Agenda provides the follow-up and review at each SEE economy, regional and global level. The participating economies of SEE are committed to measure progress towards the SDGs, to ensure accountability to citizens. The Agenda includes 17 goals and 169 underlying targets for which the UN Statistical Commission in March 2016 agreed an indicator framework comprising 230 indicators as a practical starting point for global monitoring. The European Union has also produced its own list of 100 indicators which are particularly relevant to EU Member States (EU SDG indicator set).

The availability and quality of data, particularly comparability of data respecting the relevant data standards per each SDG indicator is of particular importance for the SEE. It is considered that the implementation of SEE 2030 would offer an additional layer of synergy and promote the importance of quality and availability of data comparable at the SEE level. In response, the SEE 2030 would act as a catalyst and propose establishing a regional network of statistical offices and provide the statistical offices with a platform for discussion and exchange of information and best practices, while ensuring that this cooperation does not impose significant additional costs and burdens on SEE statistical offices.

SEE economies may report on an annual basis to RCC on the progress in the implementation for each of the priority areas according to the indicators agreed per dimension. The selected set of indicators, including their possible disaggregation, should not impose an additional administrative burden and cost on statistical offices and other data producers while ensuring that double reporting is avoided. The RCC, through an annual Implementation Report, will facilitate regional

progress while taking into account inputs provided by each participating economy and make recommendations.

Budget responsiveness of SEE economies to SDGs and development cooperation effectiveness

Accessibility and quality of public services affecting the overall quality of life would be at the core of the SEE 2030. In this regard, private sector participation and particularly the financial sector would have a supporting hand in the efforts to improve quality and enhance accessibility. Though, it may not undermine the absolute weight of a public budget and its responsiveness to SDGs as the primary source of funding.

As a connected aspect to SDG responsive public budgeting, transparency in budgeting is of equally critical importance. Respecting international standards and codes in budgeting and its transparency would not only enhance efficiency but also facilitate regional cooperation in this regard. Therefore, the SEE 2030 is considered an appropriate horizontal instrument to advocate for enhancing transparency in budgeting at central level, the importance of having it aligned with the international standards and rules as well as for raising awareness to increase public budget responsiveness to SDGs.

In parallel, the SEE 2030, to be built upon development cooperation effectiveness principles, would make efforts to enhance the inclusiveness and responsiveness of donor financed assistance to the prioritisation of development cooperation recipient economies according to SDGs, and to increase participation of all other relevant stakeholders in donor planning and coordination at least at the regional level. Thus, transparency and responsiveness to SDGs in public budgeting, as well as donor-financed assistance, would be very much complementary to the success of SEE 2030.

Facilitating the creation of sustainable financing mechanisms for the implementation

The SEE 2030 aims to be complementary to the mainstream regional initiatives predominantly financed by the EU institutions, based on EU accession-related priorities. There is a strong interrelation between EU acquis and the UN SDGs and the Agenda 2030, though the EU institutions' financial assistance is channelled through the accession-related prioritisation.

This provides the SEE 2030 with an opportunity to leverage additional funds available from all donors prioritising their assistance to support the implementation for SDGs, which would be complementary to the ones already allocated for sectors critical for the EU alignment. It is important to note that UN SDGs are of wider scope than the EU acquis with more socio-economic emphasis and therefore need further assistance in the areas that are prioritised by the SEE economies but receiving less donor support.

Furthermore, it would create a chance for the SEE Region to emphasise the importance of Development Cooperation Effectiveness and to establish a regional mechanism to pool these funds, if available for the implementation of SDGs, based on this principle. In addition to the development cooperation effectiveness principles some other regional selectivity criteria, such as complementarity to EU financed programmes, would also be included whenever appropriate.

Thus, it is proposed to create a SEE Regional Project Facility to attract funds from various donors to finance regional, sub-regional, economy level, and local SDG-related projects. In the implementation of such project facility, the SEE 2030 may provide its full support with ensuring policy ownership secured by its management structures, beneficiary side prioritization of areas via its technical level bodies, and contextualisation through its horizontal intervention areas (enhanced data quality and availability, civil society dialogue backed by think-tanking capacity, and budgetary transparency).

Stakeholder engagement

The involvement of civil society, private sector and local authorities is extremely important for the successful implementation of SDGs. Many aspects of SDGs could be better addressed through the localisation of their implementation.

The principle of subsidiarity will thus act as one of the main corresponding implementation principles of the SEE 2030 for a fact-based localisation, where appropriate. In this regard, the management structures of SEE would offer ample space for the involvement of private sector, academia, and local authorities. If agreed, sub-structures for steering the relevant parts of SEE 2030 would be recommended to these stakeholders for them to take the lead.

Moreover, particular effort is to be made to enhance the role and participation of think-tanks of the Region in the SEE 2030. The SEE 2030 could be instrumental in utilising the collective capacity of think-tanks by connecting them with the regional statistics and policy prioritisation effectors. At the same time, through enhanced regional dialogue, peer-to-peer reviews and other types of exchange, regional experiences could then be localised through think-tanks. It is safe to argue that there is a significant level of policy formulation capacity and advising capacity of think-tanks so far untapped in the SEE Region. Some of these think-tanks have strong access to donor-financed technical assistance and accumulated world-level experience. They have also substantial capability in doing policy-level research and recommendation. Taking actions to incorporate such capacity into the regional priorities of SEE 2030 would be extremely helpful in creating synergy between regional, sub-regional, economy-level and local initiatives and actions.

Engagement of parliaments

The role of Parliaments and their involvement in securing political ownership is one of the key factors. In each SEE economy, the respective parliaments are already involved in the implementation

of UN SDGs as priorities according to their economy level strategies. Given the fact that the SEE 2030 is to be built upon the SEE economy-level implementation of SDGs, the regular information exchange with the SEE Parliaments is seen necessary not only to secure the political level awareness of the Parliaments but to enhance the regional dialogue among the Parliaments of the SEE 2030.

Having the Parliaments informed with substantiated implementation reporting of SEE 2030 and collecting their feedback would enrich further extension of the SEE 2030 in parallel to the deepening of SEE economy-level implementation of SDGs.

Regional dialogue

The backbone and a key principle of the SEE 2030 Strategy are regional actions, regional connections and regional cooperation. Implementation will therefore feed from the solidarity, networking, and exchange of information and good practices. This will be achieved through the creation or strengthening of regional dialogue mechanisms at different levels, including the non-governmental sectors, facilitation of peer reviews and exchange of know-how, and others.

Region-to-region dialogue

The SEE 2030 Strategy attaches utmost importance to region-to-region dialogue through which good practices, know-how and experiences in the implementation of UN SDGs and Agenda 2030 would be shared at the regional level. In this regard, the Strategy aims to establish regional dialogue mechanisms with the Mediterranean and the Black Sea regions as the ones in close proximity of SEE where many SEE economies have overlapping memberships.

Communication and awareness raising

Raising public awareness of the SDGs is one of the strategic priorities of this SEE 2030 Strategy. Increased public awareness of the SDGs, and of their relevance to the societies of SEE region, will encourage more individuals and organisations to get involved with helping to achieve these goals. Greater awareness of the specific targets which SEE economies committed to achieving will reinforce economy level SDG reporting/review processes by ensuring greater participation, accountability and transparency.



Priorities, Targets and Actions

DIMENSION I: Prosperity of the SEE Region

Priority 1: Promoting economic growth through trade creation, sustainable and responsible tourism and enhancing transport connectivity

Targets:

- I. Sustain per capita economic growth in accordance with the individual circumstances of each SEE economy with a targeted regional average GDP growth of 6 per cent per annum in the SEE
- II. By 2030 record an increase in the agriculture sector value added to GDP per worker
- III. By 2030, at least double intra-regional merchandise trade volume in SEE
- IV. By 2030, achieve 40% of increase in exports originated from the SEE to the Contracting Parties of the Pan-Euro Med Convention other than the SEE economies
- V. By 2030, achieve at least 20% increase in exports originated from the SEE to the preferential trade partners of the SEE as well as with the GSP schemes which includes the Western Balkan economies of the SEE

Actions:

- 1.1. Facilitating regional trade in SEE through extending green lanes throughout the SEE whenever possible, eliminating procedural and regulatory barriers to trade, and using international and EU standards
- 1.2. Systemic identification of market access barriers in intra-SEE trade

1.3. Promoting creating of intra-SEE clusters to better integrate the Region into the global value chains

1.4. Facilitate agricultural trade between SEE economies in a way to promote rural development through enhancing trade connectivity between poorer parts of SEE economies

1.5. Promote digitalisation and green transformation in industry and agricultural production in SEE with the goal of creating multiplying effects to other sectors of economy (such as tourism)

1.6. Identification of key export markets to access in the overseas to support the creation of regional clusters by the existing preferential trade agreements between SEE economies, and between SEE and other regions

1.7. Facilitating trade in the selected transport corridors to benefit from the existing maritime transport connectivity by reducing release time

1.8. Promote regional cooperation in tourism development with a view of reducing barriers to development of joint regional tourism products and developing tourism offer that spans several economies in the region

1.9. Supporting development of TEN-T network and its indicative part in SEE, through promotion of extension of TEN-T core corridors to SEE region. Special emphasis will be put on the creation of a new core network corridor in the upcoming TEN-T revision, corresponding to the RFC 10 corridor connecting Austria to Turkey, as well as the potential Adriatic-Ionian corridor.

Priority 2: Promoting investment, research and innovation in renewable energy to increase the share of carbon free energy supply and improve energy efficiency

Targets:

- VI. By 2030, double the share of renewable energy in the total energy supply of SEE recorded in 2020⁴⁷

Actions:

- 2.1. Enhancing capacity of collection and quality of renewable energy statistics
- 2.2. Capacity building for developing bankable renewable energy projects to increase the generation capacity in renewables
- 2.3. Capacity building for public private partnerships in renewable energy generation
- 2.4. Supporting research and innovation in renewable energy including support for the local production of components and emergence of local value chains
- 2.5. Streamlining licensing procedures for renewable energy projects in SEE economies so as to expedite and facilitate licensing and make relevant procedures more predictable and transparent
- 2.6. Enhancing transparency and competitiveness of support schemes for electricity from renewable sources
- 2.7. Initiating regional dialogue for joint actions to improve labour skills in renewable energy technologies
- 2.8. Increase awareness of the population about potential benefits from energy transition and renewable energy self-production and consumption
- 2.9. Providing appropriate regional platforms to address further improvement of intercon-

nectivity and strengthening local infrastructure for high share of renewables

- 2.10. Development and improvement of energy market integration and liberalisation in line with the EU policies

Priority 3: Enhancing capacity to improve detection and risk reduction of natural disasters to minimize their impact on economic growth

Targets:

- VII. By 2030, strengthen the Region's preparedness to natural disasters and its collective capacity to mitigate relevant socio-economic disaster risk drivers (particularly for the poor and those in vulnerable situations) in the Region together with increased participation of the private sector in economic risk sharing

Actions:

- 3.1. Developing and mainstreaming a Regional Strategy for Disaster Risk Reduction which may include regional disaster risk mapping and assess existing disaster risk reduction programmes
- 3.2. Establish appropriate regional tools for exchange of information on disaster risk reduction
- 3.3. Promoting development and strengthening disaster risk transfer and sharing mechanisms
- 3.4. Strengthening regional institutional capacity in disaster preparedness, prevention and risk reduction through institutionalising regional capacity for cooperation on training systems and sharing training centres and capacities

Priority 4: Reducing digital divide through better broadband connectivity, development of digital skills and accelerated digitalisation of industry and public services

Targets:

- VIII. By 2030, increase digital access of vulnerable groups so as to share in the benefits of digital transformation to alleviate poverty and regional inequalities

Actions:

- 4.1. Upgrade digital connectivity through improved broadband infrastructure with a goal of providing universal access to high-speed internet for all citizens supported through enhancing digital skills
- 4.2. Improve digital public services and enable the full potential of e-government and e-health, with the aim of providing faster and more efficient access for all citizens and improving their uptake through enhancing digital skills, including through provision of the necessary ICT infrastructure
- 4.3. Enhance cybersecurity, adapt regulatory frameworks to new digital security risks, and develop capacities as a prerequisite for deployment of new technologies and services based on innovative technical solutions. Capacity building action also includes awareness raising on cybercrime and related crimes.
- 4.4. Support and incentivise deployment of emerging technologies, such as 5G, Internet of Things (IoT), Artificial Intelligence (AI), block chain, etc.

Priority 5: Enhancing public-private sector partnership and role of financial sector/financing for development for the implementation of SDGs in SEE

Targets:

- IX. Strengthen the capacity of domestic financial institutions to encourage and expand access

to banking, insurance and financial services for all

Actions:

- 5.1. Establish a Bankers Associations' Dialogue Mechanism for Development Financing, aiming to introduce innovative approaches in financing responsive to SDGs and the objectives of SEE 2030
 - 5.1.1. Improving capacities and practices of finance institutions and businesses with regards to access to finance and micro-finance
 - 5.1.2. Improving capacities and providing training programmes, aimed at enhancing access to finance for the transition to the green economy
 - 5.1.3. Orienting financial institutions' support programmes towards education, health and environment
- 5.2. Establish an Insurance Associations' Dialogue / Network
 - 5.2.1. Promote inclusive insurance for people and SMEs
 - 5.2.2. Disseminate best practices in inclusive insurance in the areas of health and environment
 - 5.2.3. Promote financial and insurance literacy
 - 5.2.4. Enhance dialogue between the two networks (banks and insurers) to work together to provide inclusive insurance
 - 5.2.5. Expand insurance coverage as risk mitigating action to decrease the economic cost which natural disasters would cause in SEE
- 5.3. Building capacity for preparation of bankable projects
 - 5.3.1. Project financing with minimum collaterals for health, education, research and innovation, and environment loans
 - 5.3.2. Training and capacity building for bankable project development in regional organisations, and central and local authorities, for

⁴⁷ Energy Community Contracting Parties of SEECPC have committed to achieve the renewable energy target set out by the Ministerial Council Decision, as a result of adopting the EU Governance Regulation 2019/1999



health, education, research and innovation, and environment

5.3.3. Develop programmes for addressing energy poverty

5.3.4. Capacity building to develop financing schemes for household renovation, that provide basic standards of living (in line with actions foreseen in the GAWB)

5.4. Improve local public service planning and provision through better coordination and co-

operation of local authorities and local stakeholders

5.4.1. Enhance collaborative spatial planning for the development of regional specialisations

5.4.2. Promoting and facilitating regional partnerships between municipalities and their cooperation with international organisations for better spatial planning (that accounts for education, environment and health)

Indicators:

Priority / Target	Indicator	UN SDG Indicator, if applicable	Sources of verification
1/i	Annual growth rate of real GDP per capita	8.1.1.	SEE Statistical Authorities
1/ii	Agriculture, forestry, and fishing, value added per worker	n.a.	World Bank, OECD, ILO
1/iii, iv, v	Merchandise trade (exports and imports) volume disaggregated by regions/economy groups and classification of goods (by HS chapter level)	n.a.	SEE Statistical Authorities
	Time Release Studies per selected transport corridors connecting the SEE Region to the maritime ports having higher international connectivity	n.a.	SEE Customs Authorities,
2/vi	Renewable energy share in the total final energy consumption	7.2.1.	IRENA, Integrated energy and climate progress reports, in line with Governance Regulation 2019/1999 as adapted and adopted for the Energy Community (NSIs, Eurostat)
	Renewable energy investment trends and financial flows per technology, instrument, investor	n.a.	IRENA, ECS
3/vii	Number of economies that adopt and implement economy level disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030	11.b.1., 13.1.2.	Ministries of Foreign Affairs of SEECP Participants

	Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national economy level disaster risk reduction strategies	11.b.2., 13.1.3.	Ministries of Foreign Affairs of SEECP Participants
3/viii	Proportion of population, if possible, by income levels, sex, and age under insurance coverage against the natural disasters risk by insurance sector	n.a.	SEE Statistical Offices or the Insurance Associations of SEE
	Direct and indirect economic losses caused by natural disaster compared to insured losses	n.a.	Ad-hoc survey in SEE, EM-DAT International Disaster Database
4/ix	Percentage of households with a broadband internet connection; (EUROSTAT)	n.a.	NSI, Eurostat, SEE Regulatory Authorities responsible for Electronic Communications
	Proportion of individuals using the Internet	17.8.1.	SEE Statistical Offices
	Percentage of individuals using the internet for interacting with public authorities; (EUROSTAT)		SEE Statistical Offices
5/x	(a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults	8.10.1.	SEE Statistical Offices, Banks Associations of SEE
	Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider	8.10.2.	SEE Statistical Offices, Banks Associations of SEE
	Share of total loans to private Sector per total assets	n.a.	Banks Associations of SEE, European Banking Federation
	Share of total loans by credit institutions to GDP	n.a.	Banks Associations of SEE, European Banking Federation
	Number of green products and services offered by financial institutions	n.a.	Banks' Associations of SEE
	Proportion of green financial products/services to total financial products/services (in %)	n.a.	Banks' Associations of SEE
	Proportion of household financial transactions to disposable income (according to OECD definition)	n.a.	SEE Statistical Offices, Banks Associations of SEE
	Proportion of loans for education, health, energy efficiency and green transition at household level in total loans of the credit institutions	n.a.	SEE Statistical Offices, Banks Associations of SEE
	Gross expenditures on research and development	n.a.	SEE Statistical Offices, EUROSTAT
	Innovation ranking	n.a.	SEE Statistical Offices, European Innovation Scoreboard



Means of Implementation:

Means of Implementation by Priorities and Actions	
Dimension I: Prosperity of the SEE Region	
Priority 1: Promoting economic growth through trade creation, sustainable and responsible tourism and enhancing transport connectivity	
1.1.	Actions of regional solidarity and assistance
1.2.	International Technical Assistance
1.3.	Actions of regional solidarity and assistance, International Technical Assistance
1.4.	Actions of regional solidarity and assistance, International Technical Assistance
1.5.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions supports
1.6.	Actions of regional solidarity and assistance, International Technical Assistance
1.7.	Actions of regional solidarity and assistance, International Technical Assistance
1.8.	Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance
1.9.	Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance
Priority 2: Promoting investment, research and innovation in renewable energy to increase the share of carbon free energy supply and improve energy efficiency	
2.1.	International Technical Assistance,
2.2.	International Technical Assistance, Actions of regional solidarity and assistance,
2.3.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions support
2.4.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance
2.5.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance
2.6.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews
2.7.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews
2.8.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews
2.9.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews

2.10.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance
Priority 3: Enhancing capacity to improve detection and risk reduction of natural disasters to minimize their impact on economic growth	
3.1.	Regional Dialogue, Actions of regional solidarity and assistance
3.2.	Regional Dialogue, Actions of regional solidarity and assistance,
3.3.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance
3.4.	Regional Dialogue, Regional Networking
Priority 4: Reducing digital divide through better broadband connectivity, development of digital skills and accelerated digitalisation of industry and public services	
4.1.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions support
4.2.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions support
4.3.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions support
4.4.	Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions support
Priority 5: Enhancing public-private sector partnership and role of financial sector/ financing for development for the implementation of SDGs in SEE	
5.1.	Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews,
5.2.	Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews, International Financial Institutions support
5.3.	Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance, International Financial Institutions support
5.4.	Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews



DIMENSION II: People of the SEE Region

Priority 6: Better utilisation of human capital potential of the SEE Region

Targets:

- I. By 2030, narrow the gap to full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- II. By 2030, substantially reduce the proportion of youth and women not in employment, education or training
- III. By 2030, recognise unpaid care and domestic work through the provision of public services, infrastructure and social protection policies

Actions:

1. Preparation of inventory of skills from a regional perspective which the SEE Region has the capacity to supply
2. Promoting movement of skilled labour within the SEE Region in order to fill the gaps in supplying the necessary skills
3. Utilising the capacity of diaspora to match the skills in shortage
4. Promoting well-organised, regular immigration to the SEE Region for the skills not met by the regional or diaspora resources
5. Fighting racism and xenophobia in labour markets and society in the SEE Region to attract immigrant skills which the Region lacks in supply
6. Ensure equal employment opportunities between men and women
7. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

8. Strengthening regional cooperation in the field of research and innovation through developing specialised skills and promotion of cultural and creative sectors
9. Coordinated efforts towards increasing public and private spending on Research & Innovation as part of GDP

Priority 7: Supporting diaspora to promote economic activity in the SEE Region

Targets:

- IV. By 2025, map all diaspora initiatives in the SEE and create communication strategies aimed at encouraging diaspora community to transfer know-how back to their economies of origin
- V. By 2030, develop and implement a Regional Diaspora Strategy targeting non-financial transfers such as the transfer and circulation of knowledge and skills to sustain the actions of SEE 2030
- VI. By 2030, substantially increase the participation of SEE diasporas in the implementation of SDGs by SEE economies and SEE 2030
- VII. By 2030, design incentives and schemes to cultivate and mobilise diasporas for the SEE economies

Actions:

1. Encouraging diaspora to import from the SEE Region (Export Promotion to Selected Diaspora Groups)
2. Establishing Network(s) between diaspora organisations of SEE economies and cooperating with these networks for the objectives of SEE 2030
3. Promoting instruments to attract diaspora capacity for research and innovation (R&I) in the SEE Region
4. Benefiting experiences from other diaspora exporting economies in the world

5. Better utilisation of digital economy and offering regional tools for enhanced circulation of high skills

Priority 8: Facilitating access to education and supporting improvement of its quality

Targets:

- VIII. By 2030, achieve that two thirds of SEE economies students in primary and secondary education receive the quality of education at or above the average of OECD economies
- IX. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including Higher Education Institutions
- X. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- XI. By 2030, eliminate gender disparities (disparities between sexes) in education and ensure equal access to all levels of education and vocational training for all population subgroups living at the risk of poverty
- XII. Build and upgrade natural disaster proof education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
- XIII. By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in SEE economies

Actions:

1. Creating regional programmes for student, researcher, and professor exchange (for secondary education and Higher Education Institutions) and cultural exchange for all levels of education establishments

2. Enhancing digital education and use of digital platforms to support facilitated access to education materials and increase flexibility of learning and teaching (i.e. combined traditional and digital learning), including in lifelong learning, and promoting equality in access, including initiating discussion between higher education institutions on developing joint eLearning programs
3. Promoting public private partnership and enhancing the role of financing for development in education in order to facilitate meeting skill shortages and improve quality of education with particular emphasis on reskilling workforce for green transformation
4. Creating SEE technological centres through university and industry collaboration promoting technology based entrepreneurship including green economy entrepreneurship
5. Detecting skill shortages at the regional level and establishing regional pool for mismatched skills
6. Promoting digital upskilling and reskilling and strengthening digital competence and literacy for citizens, and in particular for vulnerable groups to increase their capacities with the focus on using digital services based on sectoral needs

Priority 9: Facilitating access to health and supporting improvement of its quality

Targets:

- XIV. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- XV. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

- XVI.** Support the research and development of vaccines and medicines for COVID-19, its variations, and other communicable and non-communicable diseases that primarily affect SEE economies, provide access to affordable essential medicines and vaccines throughout the Region, in accordance with the relevant international rules regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
- XVII.** Substantially increase health financing and the recruitment, development, training and retention of health workforce
- XVIII.** Strengthen the capacity of SEE economies for early warning, risk reduction and management of SEE economy level and regional health risks

Actions:

1. Establishing regional dialogue mechanisms to strengthen the implementation of targets and measures agreed in the UN Political Declaration on Universal Health Coverage and promote the responsiveness of public budgeting to the actions related to prioritisation of health in public spending
2. Promoting People-First approach to public private partnership and enhancing role of financing for development in health
 - 2.1. Enhancing partnership between commercial banks and private sector health service providers in order to facilitate access to health services and improving the quality of services provided
 - 2.2. Promoting partnership between commercial banks, health insurance service providers and private sector health services providers to create sufficient level of turnover while making the provision of services affordable without increasing out-of-pocket spending
3. Establishing economic corridors in health
 - 3.1. Promoting partnership between public health insurance schemes and private sector services providers in the SEE in order to allow reimbursing the treatment abroad in the SEE in case the capacity and quality of health

- services in a given economy is limited
- 3.2. Facilitating the provision of supporting services to promote economic activity in health corridors to be established between economies in SEE
 - 3.3. All the available trade facilitation mechanisms and instruments such as transport connectivity, visa facilitation, partnership between health insurance providers, and cooperation between tourism establishments (tour operators, hotels and other hospitality service providers) should be pooled together to facilitate and promote economic activity in health corridors between SEE economies with the aim to provide an affordable and accessible health services in SEE
4. Utilising digitalisation of services for cooperation of Medical Schools and Health Service Providers in order to exchange experiences over the results of treatment protocols
 5. Cooperation of the economies of South East Europe on strengthening preparedness to deal with cross-border/boundary threats to public health
 6. Transformative digitalisation of all health systems

Priority 10: Improving equal access to and quality of justice and public services in SEE

Targets:

- XIX.** Promote the rule of law at the SEE economy and international levels, ensure equal access to justice for all and enable integrated, citizen-centric provision of public services to ensure a high-level of citizen satisfaction and trust in government

Actions:

1. Promote the rule of law at the domestic and regional level and ensure equal access to justice for all
 - 1.1. Develop adequate policy recommendations that improve access to justice in the SEE region

- 1.2. Encourage the use of alternative dispute resolution to speed up the resolving of legal issues and reduce the cost of accessing the justice system
 - 1.3. Increase the use of technology to allow some administration processes to be handled outside of courts
 - 1.4. Enhance judicial training in SEE region
2. Enhance the legal capability of individuals through improved access to information, particularly the capacities of vulnerable groups and communities
 - 2.1. Strengthen the cooperation among governments and CSOs in SEE through sharing best practices on improving access to information and legal education of individuals
 - 2.2. Improve access to information about laws, procedures and existing legal aid to enable individuals to identify their legal needs, and identify sources of legal aid
 3. Strengthen access to and quality of legal aid
 - 3.1. Advocate for regional funding for legal aid organisations particularly those representing vulnerable groups and communities
 - 3.2. Regional training for legal professionals to provide legal services to low-income and underserved individuals
 - 3.3. Promote transparency of available funding for legal aid, particularly among vulnerable groups and communities
 - 3.4. Support regional activities to increase the awareness and legal capacity of marginalised individuals in SEE
 4. Place particular focus on regional campaign to improve access to justice for disadvantaged groups
 - 4.1. Support the jurisdictions of SEE to establish legal procedures to protect the rights of people with limited capacity or other vulnerabilities
 - 4.2. Increase resources to improve access to justice for these communities
 - 4.3. Raise awareness on eliminating obstacles that limit the rights of persons with disabilities

- 4.4. Strengthen regional partnerships between CSOs and law enforcement to better serve underserved communities with a focus on victims of gender(sex)-based violence
5. Implement a citizen-centric approach to delivering government services to improve access and quality of service provision
 - 5.1. Establish regional dialogue with an aim to develop regional strategies on enhancing implementation of integrated public services bringing together government services so that citizens can access them in a single seamless experience based on their wishes and needs
 - 5.2. Exchange best practices and experiences in measuring and managing quality and performance in government service provision throughout the SEE Region
 - 5.3. Promote multichannel communication options to citizens, including self-serve channels enabled by digitalisation of government services, including health, education, and others

Priority 11: Improving access to and quality of environment/sanitation services and affordable, safer and healthier housing

Targets:

- XX.** By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- XXI.** By 2030, achieve access to adequate and equitable sanitation and hygiene for all, paying special attention to the needs of women and girls and those in vulnerable situations
- XXII.** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity



- XXIII.** By 2030, expand international, and regional cooperation, and capacity-building support in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and re-using technologies
- XXIV.** Support and strengthen participation of local communities in improving water and sanitation management
- XXV.** By 2030, ensure universal access to affordable, reliable and modern energy services
- XXVI.** By 2030, double the rate of regional improvement in energy efficiency in SEE⁴⁸
- XXVII.** By 2030, expand access to adequate, safe and affordable housing and basic services and upgrade slums
- XXVIII.** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality
- XXIX.** By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Re-

duction 2015–2030, holistic disaster risk management at all levels

Actions:

1. Prepare a socio-economic Impact assessment of Green Agenda and establish a Work Plan in order to avoid deepening of geographical inequalities, raise awareness on green financing
2. Enhance partnership between commercial banks and private sector to facilitate provision of green loans to households based on project financing
3. Capacity building in SEE authorities, including local, to prepare bankable projects for improving the quality of environment and sanitation services and access to affordable, safe and healthy housing, particularly for vulnerable groups and communities
4. Support local governments to digitalise public services and promote the use of IoT and the concept of smart cities, based on EU standards
5. Map energy poverty in SEEC and identify best practices and future measures compatible with the EU acquis
6. Establish a regional dialogue mechanism on water resources, including on data collection, reporting and capacity building

Indicators:

Priority / Target	Indicator	UN SDG Indicator, if applicable	Sources of verification
6/i., ii., iii.	Employment statistics by sex, age and educational attainment level	n.a.	SEE Statistical Offices
	Proportion of the population living below the mid-high income economies poverty threshold by sex, age, employment status and geographic location (urban/rural)	(international poverty line is replaced with mid-high income economies poverty line)	SEE Statistical Offices, World Bank (Poverty-Equity Data Portal), EUROSTAT
	Proportion of population living below the national poverty line, by sex and age	1.2.1	SEE Statistical Offices, World Bank (Poverty-Equity Data Portal), EUROSTAT
	Proportion of seats held by women in (a) national parliaments and (b) local governments	5.5.1.	SEE Statistical Offices Electoral Authorities
	Proportion of women in managerial positions	5.5.2.	SEE Statistical Offices
7/iv., v.	Adoption and implementation of SEE Diaspora Strategy	n.a.	SEEC and RCC reports
7/vi.	Number of Network meetings between SEE diaspora organisations in the context of SEE 2030	n.a.	RCC
7 vii.	Value of fiscal incentives allocated to diaspora for research and innovation in SEE	n.a.	SEE Statistical Offices SEE Tax Authorities
	Number of export promotion projects of SEE economies targeting the respective diaspora communities	n.a.	SEE Diaspora Organisations
8/viii.	Scores per SEE economy in programme for international student assessment	n.a.	OECD PISA Scores
	Completion rate (primary education, lower secondary education, upper secondary education)	4.1.2	SEE Statistical Offices
8/ix.	Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex	4.3.1.	SEE Statistical Offices

⁴⁸ Energy Community Contracting Parties of SEEC have committed to achieve the energy efficiency target set out by the Ministerial Council Decision, as a result of adopting the EU Governance Regulation 2019/1999



8/x	Proportion of youth and adults with information and communication technology (ICT) skills, by type of skill	4.4.1.	SEE Statistical Offices
	Proportion of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex	4.6.1	SEE Statistical Offices
8/xi	Parity indices (female/male, rural/urban, bottom/top and wealth quintile and others such as disability status, as data become available) for all education indicators on this list that can be disaggregated	4.5.1.	SEE Statistical Offices
8/xii	Proportion of schools offering basic services, by type of service (including their natural disaster proof level)	4.a.1. (additionally to check schools' level of natural disaster proof)	SEE Statistical Offices
8/xiii	Proportion of teachers with the minimum required qualifications, by education level	4.c.1.	SEE Statistical Offices
9/xiv	Coverage of essential health services	3.8.1	SEE Statistical Offices
	Proportion of population with large household expenditures on health as a share of total household expenditure or income	3.8.2.	SEE Statistical Offices
9/xv	Mortality rate attributed to household and ambient air pollution	3.9.1.	SEE Statistical Offices
	Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)	3.9.2.	SEE Statistical Offices
	Mortality rate attributed to unintentional poisoning	3.9.3.	SEE Statistical Offices
9/xvi	Proportion of the target population covered by all vaccines (including COVID-19 vaccines) included in their national programme	3.b.1 (COVID-19 vaccines are added)	SEE Statistical Offices

	Total net official development assistance and allocation of national budget to medical research and basic health sectors	3.b.2. (national budget allocations are added)	SEE Statistical Offices
	Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis	3.b.3	SEE Statistical Offices
9/xvii	Health worker density and distribution	3.c.1.	SEE Statistical Offices
9/xviii	International Health Regulations (IHR) capacity and health emergency preparedness	3.d.1.	SEE Statistical Offices
10/xix	Proportion of victims of violence in the previous 12 months who reported their victimisation to competent authorities or other officially recognised conflict resolution mechanisms	16.3.1.	SEE Statistical Offices
	Proportion of population experienced a dispute in the past two years and accessed a formal or informal dispute resolution mechanism, by type of mechanism	16.3.3.	SEE Statistical Offices
	Proportion of population using e-government services	16.6.2	SEE Statistical Offices
11/xx	Proportion of population using safely managed drinking water services	6.1.1.	SEE Statistical Offices
	Proportion of average price of drinking water per m3 to income of population living below national poverty line	n.a.	SEE Statistical Offices
11/xxi	Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water, if possible disaggregated by female/male, rural/urban, bottom/top and wealth quintile and others such as disability status, as data become available	6.2.1 (disaggregated indices are added, if possible)	SEE Statistical Offices
11/xxii	Change in water-use efficiency over time	6.4.1.	SEE Statistical Offices





11/xxiii	Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan	6.a.1 (only applicable for ODA eligible SEE economies)	SEE Statistical Offices
	Number of regional cooperation and capacity building projects related to water and sanitation	6.a.	Ministries of Foreign Affairs, National Development Agencies
11/xxiv	Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management	6.b.1	SEE Statistical Offices
11/xxv	Proportion of population with access to electricity, if possible disaggregated by female/male, rural/urban, bottom/top and wealth quintile and others such as disability status, as data become available	7.1.1 (disaggregated indices are added, if possible)	SEE Statistical Offices
	Proportion of population with primary reliance on clean fuels and technology, if possible disaggregated by female/male, rural/urban, bottom/top and wealth quintile and others such as disability status, as data become available	7.1.2. (disaggregated indices are added, if possible)	SEE Statistical Offices
11/xxvi	Energy intensity measured in terms of primary energy and GDP	7.3.1.	SEE Statistical Offices
11/xxvii	Proportion of urban population living in slums, informal settlements or inadequate housing	11.1.1	SEE Statistical Offices
11/xxviii	Annual mean levels of fine particulate matter (e.g., PM2.5 and PM10) in cities (population weighted)	11.6.2.	SEE Statistical Offices / SEE Environment Ministries or Agencies
11/xxix	Number of SEE economies that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030	11.b.1.	Ministries of Foreign Affairs / SEE Civil Emergency Agencies
	Proportion of local authorities that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies	11.b.2.	SEE Statistical Offices



Means of Implementation:

Means of Implementation by Priorities and Actions
Dimension II: People of the SEE Region
Priority 6: Better utilisation of human capital potential of the SEE Region
Regional Dialogue, Regional Networking, International Technical Assistance
Actions of regional solidarity and assistance, International Technical Assistance
Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance,
Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, International Technical Assistance
Regional Dialogue, Actions of regional solidarity and assistance,
Regional Dialogue, Regional Networking, Peer Reviews, International Technical Assistance
Regional Dialogue, Regional Networking, Peer Reviews, International Technical Assistance
Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Priority 7: Supporting diaspora to promote economic activity in the SEE Region
Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Regional Dialogue, Actions of regional solidarity and assistance
Regional Networks, Actions of regional solidarity and assistance
Regional Networks, Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Actions of regional solidarity and assistance, International Technical Assistance,
Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Priority 8: Facilitating access to education and supporting to the improvement of its quality
Regional Dialogue, Actions of regional solidarity and assistance,
Actions of regional solidarity and assistance, International Technical Assistance, International Financial Institutions Support
Regional Dialogue, Actions of regional solidarity and assistance, Peer reviews
Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance



Regional Dialogue, Actions of regional solidarity and assistance

Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance

Priority 9: Facilitating access to health and supporting to the improvement of its quality

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews,

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance,

Regional Dialogue, Actions of regional solidarity and assistance, Peer reviews, International Technical Assistance, International Financial Institutions support

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance,

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance,

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance,

Priority 10: Improving equal access to and quality of justice and public services in SEE

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Financial Institutions Support

Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews

Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews

Priority 11: Improving access to and quality of environment and sanitation services

Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance

Regional Dialogue, Regional Networking, Actions of regional solidarity and assistance, Peer Reviews

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance, International Financial Institutions Support

Regional Dialogue, Actions of regional solidarity and assistance, Peer Reviews, International Technical Assistance,

Regional Dialogue, Peer Reviews

DIMENSION III: Peace and partnerships in the SEE Region

Priority 12: Support to institutional strengthening for smart implementation of the SEE 2030 Strategy

Targets:

- I. Enhance region to region dialogue to facilitate know-how transfer and experience sharing in the implementation of UN SDGs and Agenda 2030 as well as SDGs oriented regional strategies
- II. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships
- III. By 2030 enhance capacity-building support to significantly increase the availability of high-quality, timely and reliable data disaggregated by income, sex, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in context of each SEE economy
- IV. Improve the quality of communication with parliaments of SEE economies and enhance their awareness on the implementation of SEE 2030 Strategy and UN SDGs
- V. Enhance transparency of national budgets in SEE economies and increase budgets' responsiveness to UN SDGs and Agenda 2030 as well as to SEE 2030 Strategy
- VI. By 2030, expand international and regional cooperation, and capacity-building support in policy development, systemic approach and performance management, transparency, public consultation and policy impact assessment, with greater reliance on data and evidence.

Actions:

1. Establishing regional platforms between RCC and other regions' regional organisations in order to exchange of experiences and for potential joint actions promoting the regional implementation of SDGs, including hu-

man rights, gender equality, and their mainstreaming in the regional implementation of the SDGs

2. Establishing Regional Network of SEE Statistical Offices
3. Establishing regular regional dialogue mechanisms with stakeholders comprising of representatives of civil society, private sector, and academia in the implementation of SEE 2030 and SDGs in SEE to foster their cooperation at the regional level. Localisation of SEE 2030 implementation will be determined in coordination and consultation with the SDG coordinators in SEE economies.
4. Engaging SEE Parliaments in the SEE 2030 implementation
5. Advocacy for SDGs responsive national budgeting and transparency
6. Promoting regional cooperation in the field of policy development and performance management through peer reviews and professional exchange of mid- and senior-level civil servants in SEE

Priority 13: Facilitating creation of sustainable funding mechanisms to support implementation of the SEE 2030 Strategy while respecting development cooperation effectiveness principles of transparency and accountability

Targets:

- VII. Mobilise additional financial resources for SEE economies from multiple sources to support the implementation of SDGs

Actions:

1. Establishing a regional project facility in the RCC to identify and assess feasibility of project intervention areas in the context of SEE 2030
2. Regular coordination of development partners towards the objectives of SEE 2030 Strategy and implementation of SDGs in SEE





3. Supporting to cluster and prepare feasibility of the priority areas of SEE 2030 Strategy for bankable investment projects
4. Advocating enhanced regional cooperation and dialogue amongst SEE development banks

Indicators:

Priority / Target	Indicator	UN SDG Indicator, if applicable	Sources of verification
12/i	Number of meetings between RCC and organisations representing other regions in Europe, Mediterranean, and Black Sea	n.a.	RCC, and reports of other regional organisations
12/ii	Number of regional dialogue meetings with civil society, think-tanks, academia, private sector, local authorities and other relevant stakeholders	n.a.	RCC, and reports of CSOs, think-tanks, academia, private sector, and other relevant stakeholders
12/iii	Statistical capacity indicator for Sustainable Development Goal monitoring	17.18.1. (with adjustments according to the needs of SEE 2030 Strategy)	RCC, SEE Statistical Offices, World Bank
12/iv	Number of meetings with SEE Parliaments on the implementation of SEE 2030 Strategy	n.a.	RCC, Reports of SEE Parliaments
12/v	Primary government expenditures as a proportion of original approved budget (%)	16.6.1.	SEE Statistical Offices, SEE Economies Budgets
	Proportion of public spending on education to GDP	n.a.	SEE Statistical Offices, SEE Economies Budgets
	Proportion of public spending on health to GDP	n.a.	SEE Statistical Offices, SEE Economies Budgets
12/vi	Number of peer reviews and professional exchanges implemented	n.a.	RCC
13/vii	Number of projects financed by the additional funding raised	n.a.	Financial and Narrative Reports of RCC Project Facility

**Means of Implementation:****Means of Implementation by Priorities and Actions****Dimension III: Peace and Partnerships in the SEE Region****Priority 12: Support to institutional strengthening for smart implementation of SEE 2030 Strategy**

Regional Dialogue
Regional Networking, Actions of regional solidarity and assistance, International Technical Assistance
Regional Dialogue, Actions of regional solidarity and assistance,
Regional Dialogue,
Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance
Regional Dialogue, Actions of regional solidarity and assistance, International Technical Assistance

Priority 13: Facilitating creation of sustainable funding mechanisms to support implementation of SEE 2030 Strategy while respecting development cooperation effectiveness principles of transparency and accountability

Actions of regional solidarity and assistance,
Regional Dialogue, Actions of regional solidarity and assistance
Regional Networks, Actions of regional solidarity and assistance
Regional Dialogue, Actions of regional solidarity and assistance

Means of implementation

The implementation of SEE 2030 Strategy is built upon regional actions agreed by all SEE economies. The backbone of these regional actions is the political willingness of SEE economies to act in solidarity towards reaching the UN SDGs and Agenda 2030 as well as to cooperate regionally in the areas determined by the SEE 2030 Strategy. In this regard, the actions foreseen under each dimension of the SEE 2030 Strategy would be implemented in three groups.

Regional dialogue, networking, actions of the regional solidarity and assistance, and peer-reviews (low cost)

This group of actions is to be built upon the regional cooperation and solidarity between SEE economies. Accordingly, the following means of implementation will be part of this group.

Regional dialogue

The regional dialogue means communication between SEE governance structures, the authorities formally responsible for the implementation of SEE 2030 Strategy in each SEE economy and the relevant stakeholders through existing or new dialogue mechanisms and instruments involving SEE economies.

At least one regional dialogue mechanism is to be established with the civil society, think-tanks and academia, and representatives of private sector, local authorities, and other relevant stakeholders in the context of SEE 2030 Strategy and UN Sustainable Development Goals.

In case of necessity, the regional dialogue with civil society, think-tanks and academia, private sector, local authorities and other stakeholders would be extended in a way to enhance and regularise dialogue with each stakeholders group separately.

The formal creation of regional dialogues requires consent of the SEEC Political Directors and decision of RCC Board.

Regional networking

Creating regional networks on particular actions is anticipated by the Strategy to enhance regional cooperation, experience and information sharing and gathering as well as regional planning of activities which may require reaching the relevant targets as described by the SEE 2030 Strategy.

According to the current content of SEE 2030 Strategy, one regional network is to be established to comprise officially mandated representatives of SEE statistical offices. More regional networks between representatives of SEE public authorities to be mandated according to the policy areas and actions foreseen by the Strategy could be established.

The regional network of SEE statistical offices would act as a substructure in the implementation of SEE 2030.

The regional network of statistical offices would be the main platform to exchange of experiences and know-how pertaining to the availability and standardisation of data collection with regard to the indicators of SEE 2030.

The formal creation of regional networks requires consent of the SEEC Political Directors and decision of RCC Board.

The SEE economies through SEE 2030 governance structures may decide to establish new regional networks in the context of SEE 2030 Strategy.

Actions of regional solidarity and assistance

Some of the actions anticipated by the SEE 2030 Strategy are appropriate for regional assistance and acts of solidarity between SEE economies.

In many policy areas, significant level of experience and know-how has been accumulated by the SEE economies. In this regard, SEE economies would be open to call for regional assistance, which could be financed by donor agencies of SEE economies, in the areas falling under the scope of SEE 2030 Strategy. The governance structures of SEE 2030 Strategy and RCC would formalise the ways and instruments of calls for regional assistance and actions of regional solidarity and the roles of facilitation the RCC Secretariat may have.

Peer reviews

Peer reviews and bilateral exchange of know-how and experiences would also be one of the means of implementation under this group. Even though the implementation may require bilateral action between SEE economies, the reporting and dissemination of information about the results of peer reviews and bilateral exchange of know-how and experiences will be regional in the context of SEE 2030 Strategy.

In principle, the regional dialogue, networking, actions of regional solidarity and assistance, and peer reviews and know-how transfer are expected to facilitate undertaking actions without requiring substantial external financial assistance. If appropriate and feasible, majority of the meetings would be held virtually in order to keep travelling expenses at minimum. However, the SEE economies may decide to allocate funds to the use of SEE 2030 Strategy, particularly to finance administering the activities under this group.



International Technical Assistance (medium cost)

The second group of actions foreseen in three pillars would be carried out as technical assistance projects in collaboration with international organisations which have global expertise and know-how in the given policy areas.

In many policy areas various international organisations have developed a number of tools such as guidelines, standards or monitoring instruments including statistical indices.

For appropriate actions and upon the agreement of the relevant governance bodies of SEE 2030 Strategy, the RCC Secretariat would approach the relevant international organisations and conclude technical assistance agreements where direct beneficiaries would be SEE economies, participation of which could be determined according to their performance per indicators of achievement.

The budget for technical assistance would be financed either from international or national donors which would be available for the RCC or through direct financing by SEE economies of the given international organisations.

International Financial Institutions support (high cost)

The third group of actions includes the ones requiring high budget. Furthermore, due to the high budgetary requirements, these actions would have to be suitable for investing by international development banks active in the Region and interested in financing SEE 2030 Strategy and implementation of UN SDGs in SEE.

In this regard, the RCC aims to establish internal capacity for analysis of the actions foreseen by the SEE 2030 Strategy which are suitable for bankable projects as well as capacity to contribute to the feasibility of these projects to be proposed by the RCC for financing by international development banks.



The budget for economic and financial analysis as well as undertaking feasibility studies of bankable actions in SEE 2030 could be allocated to RCC Project Facility the creation of which is foreseen by Action 2.1. under Peace and Partnerships Pillar.

In conclusion, all the actions stipulated by the SEE 2030 Strategy would be carried out via one of these means of implementation. Some of them might be transferred from one means to another depending on their multi-annual character.



Financing Mechanisms and Budget

Sustainable financing for implementation

Addressing the financing needs of the SEE 2030 Strategy is going to present a challenge for SEE economies, particularly in the context of still ongoing COVID-19 pandemic. However, creating and sustaining financial mechanisms for the implementation of UN SDGs as well as the SEE 2030 Strategy is of crucial importance for improving lives over the long-term. This will require a comprehensive approach, one that will support sustainable development by mobilising: public finance through appropriate public policy and strengthening national and regional enabling environment; private finance through unlocking transformative potential of the private sector and citizens incentivised to change consumption, production and investment patterns; and strengthened regional and international partnership in development cooperation. In this regard, the SEE 2030 foresees several sources of finance outlined below.

Trade creation for development

In particular, the actions under Priority 1 aim to create new trade among SEE economies as well as with other markets. If the developmental objectives of each trade related actions are fully reflected into their implementation, it is expected that additional net regional income would be created by the SEE as well as their positive side effects such as increased employment in the backward regions of SEE economies.

Financing for development through public-private partnership

Another complementary channel of financing for the implementation is promoting and mobilising

the financial resources in private sector through well targeted awareness raising actions of the SEE 2030 toward private sector. In addition, potential success to be reached in the actions targeting development financing in SEE would create an opening for the Strategy to benefit from additional financial opportunities from the private sector.

Development cooperation effectiveness and donor financed assistance

Streamlining programming priorities of financial assistance among Official Development Assistance (ODA) eligible SEE economies towards UN SDGs and SEE 2030 Strategy and making the donor financed assistance programmes more SDGs responsive, particularly coordinating donors to align their programming priorities with the economy-level priorities related to SDG implementation challenges as well as with the objectives of the SEE 2030 Strategy would facilitate raising additional funds from which the SEE 2030 Strategy may also benefit indirectly.

RCC project facility for low and medium cost actions

A Project Facility in the RCC is planned to be created in the framework of the SEE 2030 Strategy to assist in financing low-cost actions, mainly those planned to be implemented through regional actions of solidarity and assistance. Provided the funds to implement SEE 2030 Strategy are available beyond the statutory budget of the RCC, this Project Facility would be employed as a contracting instrument to finance technical assistance actions exclusively for SEE 2030. Project Facility funds could be utilized to commission technical assistance by international organisations as

foreseen by the relevant actions of SEE 2030 and based on their areas of expertise. Another area of Project Facility engagement would be to undertake preparations for high-cost actions which require relatively complex analysis before turning them into bankable projects and presenting to international financial institutions. Again, depending on the availability of funds committed to the Project Facility, creating an in-house capacity of economic and financial analysis within RCC or its outsourcing would be considered.

Budget

The budgeting of the SEE 2030 Strategy will be done in line with the programming and monitoring cycles of Strategy implementation. The priority actions identified are intended to be financed through a multitude of sources including:

Regional dialogue, knowledge exchange and peer learning actions will be supported directly by the RCC in its convening role, with support for imple-

mentation of these actions coming from the RCC's statutory budget, wherever possible, as well as other funding sources available to the Region.

Actions of regional solidarity and assistance would be supported by the economies of SEE, as well as through the involvement of regional and international members of the OECD Development Assistance Committee (DAC) and other provider countries, in line with the comparative advantage of their respective programmes.

Technical assistance in support of SEE 2030 and SDGs implementation, as identified in the biennial programming exercises, would be provided through multilateral and bilateral donor support, with fundraising efforts executed under the SEECP auspices.

Bankable projects developed under the SEE 2030 Strategy and with the support of international technical assistance would be offered for funding to the international financial institutions operating in the Region.

Monitoring and Evaluation

Monitoring and Evaluation

Monitoring Cycle

The monitoring cycle of SEE 2030 Strategy includes quantitative and qualitative analysis of the implementation of SEE 2030 based on its indicators per dimension with the aim to measure the progress to reach the corresponding targets within each priority under three dimensions. The list of indicators would be subject to a review by the SEE statistical offices to confirm the availability of relevant data and feasibility of data collection before initiating the first monitoring cycle.

Similar to the SEE 2020 Strategy, the RCC Secretariat will prepare the annual **implementation**

report of SEE 2030 Strategy based on the quantitative and qualitative analysis. This report is submitted to the RCC Annual Meeting in June and its highlights are presented to the SEECP Summit.

The preparation of the SEE 2030 Strategy Implementation Report Strategy starts with receiving qualitative data from each SEE economy about the progress in implementation of SEE 2030 Strategy based on its targets and indicators. To avoid additional work of statistical offices regarding reporting, additional unplanned costs of possible production of non-existing indicators and their aggregation, as well as double reporting, the existing indicators will be used to the greatest extent.



The regional network of SEE statistical offices is of crucial importance in order to coordinate and facilitate data collection in the context of SEE 2030 Strategy, while taking care to minimise administrative burden and costs. Regional Network of SEE Statistical Offices will consider the previous practices of data collection carried out in the SEE 2020 Strategy. The RCC will do its best efforts to extend its existing online data collection to all SEE economies and upgrade it whenever necessary.

Based on the quantitative data to be received from SEE economies, the RCC Secretariat and its potential regional and international partners for the actions for which their collaboration is agreed prepares the first draft of SEE 2030 Strategy Implementation Report.

The Draft Report is presented to the SEE 2030 Strategy Monitoring Committee which would comprise of senior officials of SEE economies who are mandated by their respective governments.

The SEE 2030 Strategy Monitoring Committee of SEE economies will carry out its activities according to the rules of procedures which are to be adopted by the Committee. The previous rules of procedures of SEE 2020 Strategy will be taken into consideration during the adoption of new rules of procedures.

After the adoption of SEE 2030 Annual Report on Implementation, the report will be submitted by the RCC to the RCC Board Annual Meeting in June and presented to the SEECF Summit.

During each implementation year, the RCC Secretariat will regularly present the progress of SEE 2030 Strategy to the relevant meetings of SEECF and RCC Board meetings.

Monitoring Committee of SEE 2030 Strategy

The Monitoring Committee consists of the appointed high-level officials at the level of Assistant Minister or State Secretary, or their designates, in charge of UN SDGs coordination and

implementation, from the governments of South East Europe and representative/s of the RCC Secretariat.

Each government is invited to appoint up to three participants to the Monitoring Committee. Two out of three participants appointed by each National Coordinator of SEE 2030 should come from the policy side. One of the three participant delegations of each SEE economy may include a representative of statistical offices, preferably the same official to be delegated to participate in the regional network of SEE Statistical Offices.

Representatives of RCC participants from the region and non-governmental entities, private sector, international organisations or others who can provide a relevant and constructive contribution to the work of the Committee may be invited to attend the meetings as observers, with prior consultation of the Committee participants.

Engagement of SEE parliaments in the implementation of SEE 2030 Strategy

As foreseen by Activity 1.3. of Dimension III, the SEE parliaments are foreseen to be updated regularly about the implementation of SEE 2030 Strategy. Such updating will take place annually in the framework of draft Annual Implementation Report presentation, and the remarks of parliaments will be collected. Before each regular update, the draft monitoring reports will also be shared with the representatives of SEE Parliaments.

In the Annual Implementation Report, a chapter will be devoted to the remarks of SEE Parliaments about the implementation and presented together with each year's implementation report.

Collection of remarks through regional dialogue with Civil Society of SEE 2030 Strategy

One of the monitoring activities which will be undertaken in parallel to the above mentioned actions is to collect comments of the relevant civil society stakeholders in the framework of Regional Dialogue as foreseen by Activity 1.3. of Dimension

III, Drafts of Annual Implementation Report are to be shared with the representatives of civil society in May. Meetings in May every year with civil society in the framework of the referred activity will be devoted to collecting comments of civil society representatives on the implementation of SEE 2030 Strategy.

In the Annual Implementation Report, a chapter will be devoted to the remarks of civil society stakeholders about the implementation and presented together with each year's implementation report.

Regular biennial update of SEE 2030 Strategy

Based on the findings of SEE 2030 Annual Implementation Reports and progress in the implementation of activities, the priorities and activities of SEE 2030 Strategy will be updated to ensure relevance and feasibility of proposed actions.

The updating exercise will be initiated by the invitation of Monitoring Committee. In this invitation, the Monitoring Committee will summarise findings of the report about implementation related

issues and challenges regarding each Dimension, if any, and how they might be addressed. In the same invitation, the Monitoring Committee will propose priorities and actions deemed appropriate for updating. The list of priorities and actions proposed by the Committee would be indicative and SEE economies will have liberty to propose additional priorities and actions for updating.

All the proposed priorities and actions would also be accompanied by updated/new targets and indicators corresponding to the proposed update(s).

The RCC Secretariat will be responsible to compile the proposals of update(s) and present the updated version to the Monitoring Committee. Once the updated version is agreed with the Monitoring Committee, the final draft of updated version of SEE 2030 Strategy will be submitted to the RCC Annual Meeting for approval.

It is expected that the updated version of SEE 2030 Strategy is adopted by RCC Board at its March meeting of the following year.



Implementation Timetable

Implementation Timetable

Initial period (2021–2023):

- Establishing Monitoring Committee of SEE 2030, confirmation of its delegates, and adoption of its rules of procedure and terms of reference
- Establishing regional dialogue, networking and peer reviews for the corresponding actions
- Selection of actions appropriate for international technical assistance and starting consultation with the corresponding international organisations according to their areas of expertise
- Creating a Project Facility provided sufficient funds are raised to finance the Facility
- Identifying and clustering bankable projects, and carrying out their economic and financial analysis
- Updating the SEE 2030 Strategy

Mid-term (with three updates in every two years) (2023–2029):

- Implementation of international technical assistance projects
- Implementation of IFI financed projects

Final term (2029–2030)

- Completion of all international technical assistance projects
- Completing of all IFI financed projects
- Submitting Final Report of SEE 2030 Strategy to RCC Board and SEECP Summit



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