

# ALBANIA IN THE BERLIN PROCESS



CURRENT ACHIEVEMENTS  
AND UPCOMING CHALLENGES  
FOR THE PARIS SUMMIT

Fall 2015



# ALBANIA IN THE BERLIN PROCESS

*Current achievements  
and upcoming challenges for the Paris Summit*

Fall 2015

Cooperation and Development Institute / ShtetiWeb



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**Hanns  
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**Konrad  
Adenauer  
Stiftung**

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**Friedrich Ebert Stiftung**

Tirana Office

Str. “Abdi Toptani”, Torre Drin

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Bvd. “Dëshmorët e Kombit”

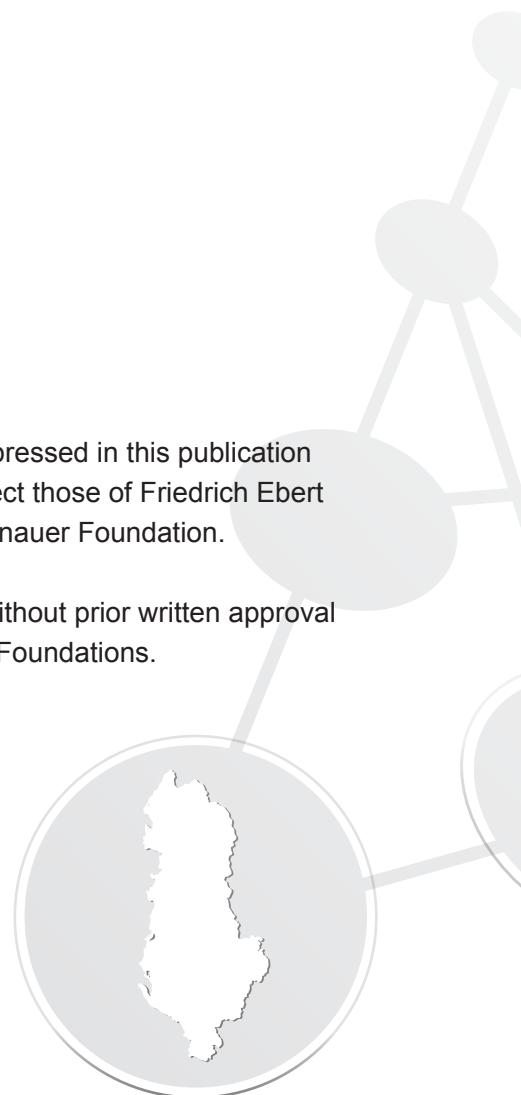
Twin Tower 1, 11th Floor, Office A3

Tirana, Albania

<http://www.kas.de/albanien>

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## PREFACE

The present publication is the first comprehensive policy document examining the Berlin Process. It is the result of a close collaboration amongst CDI / ShtetiWeb and its regional partner CSOs, Friedrich Ebert Foundation, Hanns Seidel Foundation, Konrad Adenauer Foundation, German and French Embassies in Tirana, EU Delegation to Albania, Prime Minister's Office, Ministry of Foreign Affairs and prominent Members of the Albanian Parliament.

The first part of the publication includes a research paper on the Berlin Process, conducted by the research team of CDI / ShtetiWeb, and completed with an assessment of Albania's position in this process as of November 2015. The research paper served as a working document for the conference "*Albania in the Berlin Process: Fall 2015 Stocktaking and Recommendations*", held in Tirana on 5 November 2015. The contributions of the participants were redacted and are presented in written form in the second part of the publication.

We would like to express our gratitude to all the contributors for their time and commitment to such a pioneering endeavour. Any eventual error or omission is our own responsibility.

The Conference on the Berlin Process will be followed in 2016 by several follow-up initiatives in Albania and in the Western Balkans countries, in view of the preparation of CSOs' contribution to the Paris Summit.

CDI / ShtetiWeb

Tirana, December 2015



Ardian HACKAJ, Gentiola MADHI, Krisela HACKAJ

**ALBANIA**  
**IN THE BERLIN PROCESS**  
*Current achievements*  
*and upcoming challenges for the Paris Summit*

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## List of acronyms

<b>CEFTA</b>	Central European Free Trade Agreement
<b>CSO</b>	Civil Society Organization
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>FES</b>	Friedrich Ebert Foundation
<b>IPA</b>	Instrument for Pre-Accession Assistance
<b>KfW</b>	KfW Development Bank
<b>MARRI</b>	Migration, Asylum, Refugees Regional Initiative
<b>MoU</b>	Memorandum of Understanding
<b>MTB</b>	Medium Term Budget
<b>MTBP</b>	Medium Term Budgetary Planning
<b>NERP</b>	National Economic Reform Programme
<b>NIC</b>	National Investment Committee
<b>PECI</b>	Projects of Energy Community Interest
<b>PIF</b>	Project Identification Fiche
<b>RCC</b>	Regional Cooperation Council
<b>SEE</b>	South East Europe
<b>SEEC</b>	South East Europe Cooperation Process
<b>SEETO</b>	South East Europe Transport Observatory
<b>SPDU</b>	Strategic Planning and Development Unit
<b>SMG</b>	Strategic Management Group
<b>SPP</b>	Single Project Pipeline
<b>SRC</b>	Strategic Relevance Criteria
<b>SSMG</b>	Sectorial Strategic Management Group
<b>SSPP</b>	Sectorial Single Project Pipeline
<b>SWG</b>	Sector Working Group
<b>TEN-T</b>	Trans-European Transport Network
<b>WB6</b>	Western Balkan countries
<b>WBIF</b>	Western Balkans Investment Framework



Under the leadership of the German Chancellor Angela Merkel, was called in Berlin, in August 2014, a High Level Conference on the Western Balkans. It aimed to show the unwavering political commitment of the European Union to its future enlargement in the Western Balkans.

The Berlin Conference was the starting point of the official coming to existence of the so-called “Berlin Process”. This new initiative aims to enhance joint regional economic governance - in the framework of the European perspective of the Western Balkan countries - by laying the foundations for higher and sustainable growth. The process would contribute to the reinforcement of a sound economic environment and reliable political, legal and societal structures in these countries.

The Berlin Process has a proper agenda - known as the “Berlin Agenda” – which focuses primarily on economic governance and infrastructure connectivity projects. It uses existing financing programmes such as Western Balkans Investment Framework, institutions and mechanisms such as National Investment Committee, Sector Working Groups, Single Project Pipeline, etc. to identify, select and financially support regional initiatives, including infrastructure projects and soft measures. It is harmonised with respective EU policies through existing EU initiatives such as TEN-T, SEETO or PECL.

However, the Berlin Process remains still a thinly documented development. There are very few official documents, studies, assessments, etc. that offer a comprehensive view on this extremely important initiative. Against this setting, this research paper aims to cover this gap and provide a first outline of this process.

The methodology is based on the identification, subsequent analysis and assessment of: a) official declarations and joint statements, public speeches, political statements, and press releases of the main EU and WB6 institutional actors; b) their impact, and recent developments in Albania; completed with c) semi-structured interviews with beneficiaries and implementing stakeholders.

The research has been enriched with some of the key messages outlined by the speakers during the Conference “*Albania in the Berlin Process: Fall 2015 Stocktaking and Recommendations*”, organized by ShtetiWeb in partnership with Friedrich Ebert Foundation, Hanns Seidel Foundation and Konrad Adenauer Foundation. The Conference was held in Tirana on 5 November 2015.

This research paper focuses on the historical roots of the Berlin Process, definition(s), approach, goals, actors, mechanisms and funding opportunities. Then, it deals with the description and analysis of the institutional, legal and policy framework at the EU, regional and national level; it treats the assessment of connectivity agenda with reference to its contribution to growth and prosperity in the region; and, is complemented with an overview of the existing regional initiatives that directly or partially affect the Berlin Agenda. The available evidence has been used to perform a comparative analysis, (where applicable) so as to identify overlaps and synergies among different regional initiatives.

## 1. The Berlin Process

### 1.1 Outlining the Berlin Process

2014 marked a particular historical moment for the European continent. It signed both the 100<sup>th</sup> anniversary of the outbreak of the First World War and the 10<sup>th</sup> anniversary of the biggest enlargement wave of the European Union - towards the Central and Eastern European countries. In this framework, and with the aim of giving a fresh impetus to regional cooperation and European integration process of the WB region, the German Chancellor Angela Merkel hosted in Berlin, on 28 August 2014, the High Level Conference on the Western Balkans. The Conference provided a joint forum of communication for Western Balkan leaders vis-à-vis each other as well as vis-à-vis the participating EU Member States and European Commission.

Notwithstanding the echo in the WB6 media and public opinion, there is neither a widely accepted definition nor an official explanation of what exactly is the 'Berlin Process'. In general terms, it has the features of a political multilateral initiative amongst the Western Balkan countries, and is perceived as being under the "German patronage". Its duration is from 2014-2018, although some political commitments go beyond the agreed timeframe.

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While proclaiming its aim to generate tangible benefits for the citizens of the WB6 countries, the Berlin Final Declaration (hereinafter Berlin Declaration) does not make any reference to the word "process". As stated in the final document, the main purpose is to "provide a *framework* for a period of four years".<sup>1</sup> During this window, WB6 countries are expected to further their endeavours en route for additional progress in their engaged reforms towards a fully-fledged democracy and functioning market economy, complete the reconciliation process, and enhance regional economic cooperation as main basis for sustainable growth and prosperity.

Even though it is difficult to find out who coined it first - WB6 leaders or the media - the concept of '*framework*', as stated in the Berlin Declaration, was converted into a '*process*' in the post-Berlin phase. In fact, the concept of 'process' was inferred during the press conference of 28 August 2014, when Chancellor Merkel declared that the Berlin Conference "is not a one-day event, but there will be a continuum, there will be a working process".<sup>2</sup>

1 Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, point 1.

2 Joint Press Conference of Prime Minister Rama, Chancellor Merkel and European Commission President Barroso, Berlin, 28 August 2014, available at: <http://www.kryeministria.al/en/newsroom/news/historic-moment-for-the-common-future-of-the-western-balkans>

Since the very beginning, the WB6 governments themselves wanted to consider it a 'process', so as to give the idea of the continuity of the initiative.<sup>3</sup> However, the terminological shift is not completed yet by detailed clarifications about this 'process' such as its actors, mechanisms, expected outputs, monitoring, and available resources. The shortage of such information has led to initial high speculations and expectations about significant additional financial resources earmarked for WB6.

The first identified official document making a clear reference to this process is the European Commission's Enlargement Strategy of October 2014. It states that the "'Berlin Process' can be instrumental for encouraging reforms and agreeing realistic priorities for core connectivity investments. It can also act as a spur to help resolve outstanding bilateral issues".<sup>4</sup>

Accepted as such and officialised ex-post, the Berlin Process has been positively assessed by the WB6 governments as well as by the EU and EU-related structures. It has (re-)generated a much-needed momentum for the regional cooperation component, in addition to bringing back to EU's attention the geostrategic role of the Western Balkans and their related European perspective.

*The Berlin Process has (re-)generated a much-needed momentum for the regional cooperation component, in addition to bringing back to EU's attention the geostrategic role of the Western Balkans and their related European perspective.*

The Vienna Final Declaration's (hereinafter Vienna Declaration) preamble made reference to 'Berlin Process' without further describing it. The Vienna Summit was already conceived a year earlier – hence the continuity concept - as the opportunity to assess the initial results of the Berlin Conference, and continue the work on issues of key importance for the Western Balkans.<sup>5</sup> The forthcoming Paris and Rome Summits have sanctioned the mutation of this framework into a process.

The Berlin Process has been fully embraced by Albanian Government. It has expressed its unwavering commitment and issued several political declarations and commitments. However, the practical outcomes as well as the efficiency of this intense institutional activity have been difficult to assess. 2016 will be the year to demonstrate their capacity to deliver on the political engagements. Also apart from the joint statements, press releases, interviews and certain articles on the success of infrastructure projects in the media, no other Berlin Process documents have been accessible to the general public.

## **1.2 How did we get here?**

The Berlin Conference was already announced in early June 2014 as a reassurance of the European perspective of the Western Balkans as well as of the German presence in the region.<sup>6</sup> In turn, the Western Balkan countries should make use of this momentum and deliver on the expected

3 Bushati, Ditmir, Speech of the Minister of Foreign Affairs, *Minutes of the Second Meeting of the National Council on European Integration*, Tirana, 21 July 2015, p. 4, available at: [http://www.parlament.al/web/Procesverbal\\_date\\_21\\_07\\_2015\\_20825\\_1.php](http://www.parlament.al/web/Procesverbal_date_21_07_2015_20825_1.php)

4 European Commission, *Enlargement Strategy and Main Challenges 2014-2015*, Brussels 8.10.2014, COM(2014) 700 final, p.17.

5 Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, point 2.

6 Die Bundeskanzlerin, "*Klare EU-Perspektive für Balkanstaaten*", 7 June 2014, available at: [http://www.bundeskanzlerin.de/Webs/BKin/DE/Mediathek/mediathek\\_node.html?cat=videos&id=875926](http://www.bundeskanzlerin.de/Webs/BKin/DE/Mediathek/mediathek_node.html?cat=videos&id=875926)

reforms in their countries. This version of “multilateral diplomacy”<sup>7</sup> was considered as a suitable, immediate and easily available ‘patch’ to plug the gap created by Juncker’s declaration<sup>8</sup> referring to the suspension of the enlargement process till 2019.

The Western Balkan leaders perceived positively the strong political signal sent by Chancellor Merkel, since the Berlin Process provides a good chance to move forward the integration process - both at regional and European level. However, it is important to state that the process is not a substitute for the EU accession process. Instead, it is conceived as a reinforcing instrument at the service of the EU accession perspective and of the economic and political ties between the WB countries. The process has generated several practical and political declarations and commitments that are in line and / or complement the EU integration process.

*The Berlin Process is not a substitute for the EU accession process. It is conceived as a reinforcing instrument at the service of the EU accession perspective and of the economic and political ties between the WB countries.*

Seen in a wider perspective, there is an unusually large variety of factors that did contribute to the dynamics of this “*conference-turned-into-a-process*”. The list goes from geo-political to simply financial factors. Faced with the conflict in Ukraine, the increase of Russia’s and Turkey’s influence in the region, and the negative image of “enlargement fatigue”, hosting a High Level Conference in Berlin with the partner governments from Western Balkans was an encouraging political signal for the region. As the Arab Spring was destabilising the southern shores of the Mediterranean, it was geopolitically right for the Union to keep alive and strong its “ring of friendship”<sup>9</sup> with the neighbouring WB6 partners. It is safe to say that security concerns were the underpinning corner stone of this initiative.

On the EU side, there were three other main issues that contributed to sustain the Berlin momentum:

- The persistence of the financial and economic crisis of 2008, and the perceived “dis-unity and powerlessness” of the EU to face it. The ‘*conference-turned-into-a-process*’ would be an efficient way to re-package the EU political and financial commitments towards WB6;
- The rise of populist movements and extremist political parties, whose EU agenda is based on anything but enlargement; to counter their anti-enlargement message, a conference would offer at least a framework to restate the EU destiny of the WB6 countries;
- The perceived end-of-the-current-model of enlargement, as shown by the persistent problems of Romania and Bulgaria once in the EU. This factor explains – amongst other - the focus of the Berlin Process on concrete, clearly identifiable and measurable infrastructure projects.

Whereas, the WB6 partners have been embracing the Berlin Process mainly because of:

7 “Multilateralism can be defined as the practice of coordinating national policies in groups of three or more states, through ad hoc arrangements or by means of institutions”, in Keohane, Robert O., ‘*Multilateralism: An Agenda for Research*’, International Journal, vol. XLV, 1990, pp. 731-764.

8 Juncker, Jean-Claude, “*A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change*”, Political Guidelines for the next European Commission, Opening Statement in the European Parliament Plenary Session, Strasbourg, 15 July 2015, p. 12, available at: [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)

9 The concept “*ring of friends*” was conceived by Romano Prodi, former President of the European Commission, in his speech “A wider Europe – A proximity policy as the key to stability”, Brussels, 5-6 December 2002, available at: [http://europa.eu/rapid/press-release\\_SPEECH-02-619\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-02-619_en.htm)



- The inability to deliver on the expected reforms, and the resulting need to produce something new, fresh and of high profile;
- The persistence of low growth rate, high unemployment and absence - or inability to produce – a realistic and inclusive economic development strategy adapted to this context. Anything that gives the impression that local politicians are seriously committed to improve the economy is useful;
- The increased inequalities within WB6 countries and the resulting real risks of internal instability. Better connecting to the heart of Europe is expected to naturally make local citizens and voters feel better and more European;
- A local fascination with “German excellence”. The image of “Eurocrats”, in the abstract and cloudy Brussels, is replaced in the popular image, by the motherly caring figure of Chancellor Merkel and of the all-powerful German economic locomotive.

It is interesting to notice that, since the phasing out of the Stability Pact for South Eastern Europe, for the first time, WB6 asked for an alternative to the usual normative approach that the Union has been supporting and promoting since the Stabilisation and Association Process. The political commitment to intensified regional cooperation of WB6 leaders has been very pronounced. The Albanian and Serbian Prime Ministers appear to be personally invested in its success. Every meeting, every step forward, every document signed is presented back home as their own political success.

Overall, this multilateral initiative recalls to the attention of the European Union the geostrategic relevance of the Western Balkan countries. The efforts now should aim at converting the rhetorical regional cooperation commitments into an effective and efficient one implemented on the ground and with tangible results. The main challenge remains its continuity in the political commitments, and the effectiveness of the regional ownership as translated in concrete measures, and the quality, sustainability and impact for the citizens. This will really convert regional cooperation into a value on its own, owned by the WB6 citizens, instead of being tied to, or interpreted as another pre-condition of the European integration process.<sup>10</sup>

## **2. The Policy Framework**

*Policy framework* is usually defined as a “set of principles and long-term goals that form the basis of making rules and guidelines, and give overall direction to planning and development of [a specific] organization”.<sup>11</sup> It is a visionary document and is generally written for a broad audience.

Standing to this definition, the Berlin Process has its policy framework which provides to the involved actors the necessary rationale and philosophy in the designation of specific projects, as well as the guidance during the projects’ implementation phase. However, there is not any identified document describing it. This policy framework can be identified only through a comparative analysis of the adopted final declarations of the annual summits and joint statements of the follow-up meetings during the timeframe August 2014 – August 2015.

<sup>10</sup> Anastasakis, Othon & Vesna Dojicic - Dzelilovic, “*Balkans Regional Cooperation and European Integration*”, London School of Economics and Political Science, July 2002, p. 56.

<sup>11</sup> Definition according to Business Dictionary, available at: <http://www.businessdictionary.com/definition/policy-framework.html#ixzz3mk9QgT95>



The Berlin Declaration affirms that there exists a jointly agreed agenda, whose proposed goals are going to be achieved through the support and implementation of specific regional projects.<sup>12</sup> Additionally, there are two mutually reinforcing transversal issues concerning the: a) firm European perspective of all WB6; along with b) strengthening of the rule of law and good governance in their path towards EU membership.

## 2.1. Three thematic dimensions

The thematic areas of the Berlin Agenda can be represented in a three-dimensional structure:

1. *Diplomatic dimension*: aims at resolving the outstanding bilateral disputes among the WB6 countries, in view of enhancing good neighbourly relations and regional stability. In this regard, during the Vienna Summit the WB6 Ministers of the Foreign Affairs signed a joint declaration committing to a peaceful resolution of all bilateral issues and avoid blocking the progress of respective neighbours on their respective EU path.<sup>13</sup>
2. *Economic dimension*: focuses on the development of joint infrastructure projects and sustainable growth in the region. Currently, none of the WB6 countries is yet considered to be a functioning market economy.<sup>14</sup> The prolonged economic crisis - illustrated by a high unemployment rate and various structural obstacles to growth - underlines the necessity of the WB6 countries to find alternative ways of dealing with slow growth and global competition.
3. *Social dimension*: highlights the relevance of civil society and people to people relations. The Berlin Conference included the civil society in the list of strategic partners for regional cooperation. The WB6 countries signed the joint declaration on the establishment of the Regional Youth Cooperation Office of the Western Balkans. Moreover, the Berlin Conference reserved a particular attention to the enhancement of academic and vocational training, as a mean to tackle youth unemployment and raise locally the number and level of qualification of the skilled labour forces. Considering the importance of the human dimension, the first *Joint Science Conference* of the Western Balkans was held in Berlin/Halle in July 2015, with the purpose of reducing brain drain phenomenon and strengthening the science-politics-society dialogue for decision-making.

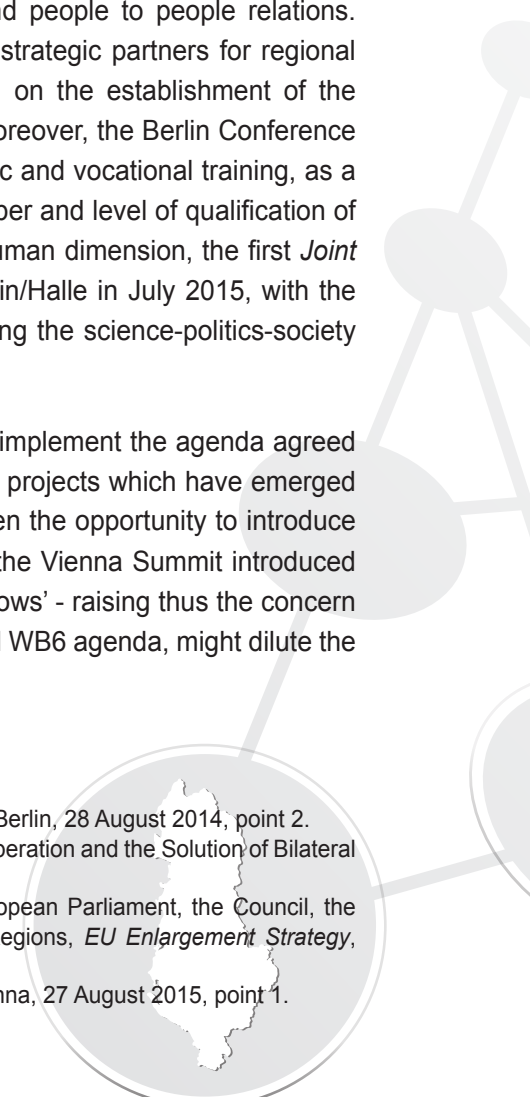
The Vienna Declaration states that the participants “agreed [...] to implement the agenda agreed in Berlin, [...] expanded in Vienna, and to push forward the various projects which have emerged in the course of the year”.<sup>15</sup> This ambiguous expression leaves open the opportunity to introduce new policy issues in the framework of the Berlin Agenda. *Per se*, the Vienna Summit introduced in the Berlin Agenda the issues of ‘foreign fighters’ and ‘migration flows’ - raising thus the concern about the extent to which actuality issues, that dominate the EU and WB6 agenda, might dilute the initially planned process.

<sup>12</sup> Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, point 2.

<sup>13</sup> Vienna Western Balkans Summit 2015, Addendum, Annex 3, Regional Cooperation and the Solution of Bilateral Disputes, 27 August 2015.

<sup>14</sup> European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *EU Enlargement Strategy*, COM(2015) 611 final, Brussels, 10.11.2015, p. 8.

<sup>15</sup> Final Declaration by the Chair of the Vienna Western Balkans Summit, Vienna, 27 August 2015, point 1.



The analysis of the five joint statements (enlisted in table 2) shows that the primary focus of the follow-up meetings has been the economic governance and connectivity - both in the transport and energy sectors. In this context, all countries have agreed to:

- continue with the implementation of the already existing SEE 2020 strategy;
- ensure complementarity with SEECF;
- identify the core network projects; and,
- address without delay all the relevant measures that could bring about immediate connectivity benefits for the WB6 participants at a reasonable cost.

## 2.2. Focusing on concrete and measurable projects

The appearance of existing initiatives that cover same or similar sectors of cooperation brings up the question of the novelty and individuality of the Berlin Process. To assess whether the Berlin Agenda offers a new and visionary policy framework, or a simple ‘repackage’ of already implemented strategies in the WB6 region, four political documents of the last three years have been taken into analysis (as shown in table 1).

**Table 1:** Panorama of policy areas included in each political document, 2013-2015

Macro Area	.. as in SEE 2020 strategy (2013)	.. as in Enlargement Strategy 2013	.. as in Berlin Declaration 2014	.. as in Vienna Declaration 2015
<b>EU integration</b>	European perspective	EU integration	The path to a future in Europe	European perspective
<b>Regional cooperation</b>	Regional cooperation	Regional cooperation Dealing with bilateral issues and overcoming legacy of the past	Intensifying regional cooperation as an essential basis	Regional cooperation and the solution of bilateral disputes
<b>Good governance</b>	Good governance Fighting organized crime	Rule of law Functioning of institutions guaranteeing democracy	Strengthening good governance	Rule of law and good governance
<b>Sustainable economic growth</b>	Trade and investment Job growth	Economic governance and competitiveness (Other measures to boost competitiveness, investments, growth and jobs)	Increasing prosperity via sustainable economic growth	Market integration – trade facilitation, mobility and joint growth initiatives
	Infrastructure and environment			Economic prosperity and connectivity
<b>Fight against Extremism and Radicalization</b>	-	-	-	Fight against extremism and radicalization
<b>Migration</b>	Migration management and asylum	Rule of law	-	Migration

<b>Youth, Education, Science and Research</b>	Education and innovation	Economic governance and competitiveness	Intensifying regional cooperation as an essential basis	Youth, education, science and research
<b>Civil Society</b>	Civil society	Fundamental rights		Civil society

Source: SEE 2020 Strategy (2013)<sup>16</sup>; Enlargement Strategy (2013)<sup>17</sup>; Berlin Final Declaration (2014); Vienna Final Declaration (2015), compiled by the authors

The analysis includes the SEE 2020 Strategy and the European Commission Enlargement Strategy 2013 because of their strategic importance and reference made to those documents by the main stakeholders of the Berlin Process. SEE 2020 Strategy is currently being implemented by Regional Cooperation Council<sup>18</sup> and it is expected to approximate WB6 national priorities into common positions within the regional framework in the areas of economic growth, investments, employment, etc. The Enlargement Strategy 2013 constitutes the strategic document and Union's approach outlining the development of the Western Balkans, and it was still in force when the Berlin Conference took place.

As it can be noticed, sustainable economic growth is of high priority in all the considered documents along with the European perspective, regional cooperation, good governance and inclusion of the civil society. All these areas - except for the fight against extremism and radicalization – basically reiterate the content of the SEE 2020 pillars and of the Enlargement Strategy 2013. Hence, it can be argued that the Berlin Agenda priorities appear to be to a certain extent a 'repackage' of the Union's normative approach to membership (EU Enlargement Strategy of 2013) and of the regional competitive and growth strategy (SEE 2020), rather than a novel and tailored approach towards the WB6 countries.

However, for the moment the advantage of the Berlin Process consists in the fact that it is rather "limited and focused", hence allowing for moving forward the WB6 and bring them closer to the EU.<sup>19</sup> The importance given to concrete projects associated with concrete and measured benefits is expected to push forward the pace of reforms and of the investment agendas of WB6 countries. It is also expected to create a climate of positive collaboration and healthy competitiveness between them. Basically the working hypothesis is that through regional cooperation on practical projects and respective joint investments, WB6 countries are expected to reach tangible mutual benefits as well as progress quicker towards their integration into the EU.

16 Regional Cooperation Council, *South East Europe 2020: Jobs and Prosperity in a European Perspective*, November 2013, available at: <http://rcc.int/files/user/docs/reports/SEE2020-Strategy.pdf>

17 European Commission, *Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2013-2014*, COM(2013) 700 final, Brussels, 16.10.2013.

18 See more about the role of the Regional Cooperation Council in the Berlin Process in page 16.

19 Johan Sattler in Manu, Doris, *"EU Enlargement to the Balkans: The Berlin Process is moving Things Forward"*, European Western Balkans, Brussels, 23 November 2015, available at: <http://europeanwesternbalkans.com/2015/11/23/eu-enlargement-to-the-balkans-the-berlin-process-is-moving-things-forward/>

### 3. Features of the Institutional Framework

#### 3.1 Definition of the Agenda, Composition and Actors

The Berlin Process provides a new meeting format, whose main aim is to provide a better cooperation at regional level. Even though not stated in any official document, the process is driven by follow-up meetings to the annual summit.

Despite the fact that it is often made reference to the Berlin Agenda, in practical terms there is no settled calendar of the follow-up meetings and of the respective areas under discussion. There is no established rule even on where the next summits will be. We understand that it is up to governments to step forward and manifest their will. Already at the Berlin Conference in 2014, the Federal Chancellor of Austria offered to host the first follow-up conference of 2015, which will be followed subsequently by France and Italy, in 2016 and 2017 respectively.

The Berlin Conference was followed by seven follow-up meetings and five joint statements, which delineated on-the-go the policy areas of cooperation among the Western Balkan countries. They resulted into concrete proposals as prepared at the Vienna Summit in August 2015. Table 2 gives a general overview of the already held ministerial meetings in a chronological order.

**Table 2:** List of summits and follow up meetings 2014-2015

Date	Venue	Level of Meeting	Type of Meeting	Final Document
28/08/2014	Berlin	Berlin Conference	Launching Conference	Final Declaration
24/09/2014	Budva	WB6 Ministers of Economy	Conference: "Economy – Linking Basis for Western Balkan"	-
23/10/2014	Belgrade	WB6 Ministers of Economy & Minister of Foreign Affairs	Conference: "Economic Governance and Connectivity"	Joint Statement
25/03/2015	Pristina	WB6 Ministers of Transport & Ministers of Foreign Affairs	Ministerial: "Improved Connectivity and a Strong Core Network"	Joint Statement
21/04/2015	Brussels	WB6 Meeting of Prime Ministers	WB6 Summit: "Building Networks, connecting People"	Joint Statement
23/04/2015	Brdo	WB6 Ministers of Foreign Affairs <sup>1</sup>	Ministerial: "Positive Agenda for Youth in the Western Balkans"	Joint Statement
22/06/2015	Riga	WB6 Ministers of Transport	Meeting at TEN-T Forum	-
02/07/2015	Vienna	WB6 Ministers of Energy	Ministerial: "Connecting Systems, connecting Markets"	Joint Statement
27/08/2015	Vienna	Vienna Summit	Annual Summit	Final Declaration

Source: Authors' own elaboration based on data from official on-line sources of the participating institutions

The annual summit format has seen the participation of the WB6 Heads of Government, representatives from European Commission, EU Member States (Germany, Austria, France, Italy, Slovenia and Croatia), International Financial Institutions, Regional Cooperation Council, CEFTA, SEETO and Energy Community Secretariats.

Regarding the **typology of actors** involved in this process, there is no specific rule on who will be present where. In the summit format (Berlin and Vienna) all the countries (except France and Italy) have been represented by groups of respective Prime Ministers, Ministers of Foreign Affairs and Ministers of Economy/Finances.<sup>20</sup> In Berlin in 2014, the **European Commission** was represented by President Jose Manuel Barroso, whereas in Vienna the representation was delegated to the High Representative for Foreign Affairs and Security Policy and Vice President of the Commission, Federica Mogherini. This alteration is due to the reorganization of the European Commission, as of November 2014, which increases the powers of the High Representative.

It is interesting to note that in the Vienna Summit, **France** has been represented by the Secretary of State in charge of European Affairs, accompanied by a Special Envoy of the Minister of the Foreign Affairs. Considering that France is hosting the Paris Summit 2016, and taking into consideration presence of the Austrian Chancellor in Berlin a year ago, a higher presence of the French government would have been expected. **Italy** has joined the Berlin Process only in 2015 – in Vienna it was represented by the Minister of Foreign Affairs.

The **International Financial Institutions** participating in the annual summits have been the Council of Europe Development Bank; European Bank for Reconstruction and Development; European Investment Bank; World Bank Group; and Kreditanstalt für Wiederaufbau – KfW.

Meanwhile, existing regional initiatives covering the areas of trade, transport and energy such as **CEFTA, SEETO and Energy Community Secretariats** have seen increased their role during the Vienna Summit. The Vienna Declaration has allocated to each of these secretariats specific roles in their respective subject matters.

The **follow-up meetings** have been attended by WB6 ministers according to the thematic area under discussion. On the EU side, these meetings have seen the participation of EU Commissioner Hahn, and according to the issue, of the European Commission's Vice-President for Economic and Monetary Affairs and the Euro, the European Commissioner for Transport, the European Commissioner for Energy and Climate, and/or the rotating Presidency of the Council of the EU, etc.

The structure of **Regional Cooperation Council** has been present in the all follow-up meetings and annual summits. Its inclusion was foreseen by the Berlin Declaration, which clearly emphasized RCC's role in the strengthening of regional cooperation among the WB6 countries. This was then reflected in the joint statement of the Belgrade follow-up meeting, underlying the relevance of the implementation of SEE 2020 strategy in the context of the national economic reform programs. Overall, RCC saw its role and influence reinforced in the Vienna Declaration, which assigned to it precise tasks in the field of mobility, growth and dual vocational education. The role of RCC was deemed as useful for offering a platform of coordination regional cooperation, and as an interlocutor

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<sup>20</sup> Annex 1 provides a comprehensive view of posts and of the ministers that have attended the 2014 Berlin Conference and 2015 Vienna Summit.



for which could also contribute in avoid overlapping and strengthening synergies between the WB6 countries.

### **3.2 New Kid on the Block: the Civil Society**

The Berlin Declaration emphasized the role of an active civil society and of its constructive support in the further enhancement of the democracy in Western Balkans. In Vienna, civil society representatives were gathered on the fringe of the summit to discuss their contribution. Six of their representatives presented the CSOs' conclusions and debated with the Prime Minister of Albania and Serbia, ministers from Montenegro and Bosnia and Herzegovina as well as European Commissioner in charge of enlargement policy.

*A clear break with the past integration and regional cooperation approaches is the perceived willingness of EU and WB6 to consider the civil society as a strategic actor to be heard from the beginning of the policy-making and agenda-setting.*

In broad terms, the inclusion of the civil society dimension in such endeavours is in line with the usual EU policy on the promotion of inclusiveness and direct consultation with civil society during the policy-making process. However, this time the civil society activists and media representatives, supported by Friedrich Ebert (FES) and ERSTE Foundations, caught the opportunity to further engage and institutionalise their role in the process. It may be argued that they were as interested as EU and WB6 politicians in the new process. For the first time ever in such high-level summits, they were officially invited to have their word heard over the EU integration and regional cooperation processes, and succeeded to have their view mentioned in the final declaration.<sup>21</sup> At this point in time, the only clear break with the past integration and regional cooperation approaches, is the perceived willingness of EU and WB6 to consider the civil society as a strategic actor to be heard from the beginning of the policy-making and agenda-setting.

In this spirit, during early 2015 three preliminary regional workshops were organized by WB6 civil society and addressed the following topics: (i) creation of jobs and prosperity, led by FES; (ii) building a culture of regional cooperation, led by ERSTE Foundation; and, (iii) freedom of expression, led by Balkan Investigative Reporting Network. Prior to Vienna Summit, the civil society representatives elaborated a series of recommendations on the above-mentioned issues, demonstrating the capacity of the region's CSOs to speak with a single voice. For the first time, the civil society was engaged in a dialogue with EU and non-EU political leaders, and demanded to WB6 governments to accept it as an equal partner in the EU integration process.

<sup>21</sup> Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, point 8.

## 4. The Economic Dimension

The Berlin Process emphasizes the need to strengthen economic governance in the WB6 countries, in line with the new approach of the European Commission.<sup>22</sup> Moreover, it emphasizes the necessity of the WB6 countries for open markets and increased foreign direct investments, reduction of current account deficits, strengthening of legal certainty, as well as enabling a positive investment climate. At the Vienna Summit the WB6 leaders agreed on bringing to an end the ongoing negotiations in CEFTA on the Trade Facilitation Agreement before mid-2016 and further foster the development of regional value chains. They also stressed the need and recognized the importance of including the social partners in the economic reform processes.

In this framework, under the technical support of the European Commission, the WB6 countries agreed to prepare every year National Economic Reform Programmes,<sup>23</sup> including both a *macroeconomic and fiscal programme* along with a *structural reforms and competitiveness programme*.<sup>24</sup> In January 2015, they submitted to the European Commission the first NERPs, which included clear timelines and detailed budgetary implications.

### 4.1 Connectivity Agenda

Connectivity projects are strongly linked to economic governance and to the National Economic Reform Programmes prepared by the WB6 countries. The implementation of the NERP is deemed as a key factor for enhancing growth and employment. The designation of a 'connectivity agenda' aims at enhancing regional cooperation, providing new prospects for sustainable economic growth and employment, and allows for positive spill-over effects in the region. The agenda includes the identification, design, approval, implementation and sustainability procedures for complex transport and energy infrastructure projects and investments, which will bond the Western Balkans countries to the Trans-European Transport Network.

The process of identification and selection of the main connectivity projects has taken place during the follow-up meetings. For example in April 2015, the Western Balkans Six Prime Ministers agreed on the Core Transport Network;<sup>25</sup> whereas in June 2015, during the Riga Forum, it was decided on extending three Trans-European Transport Network's core corridors to the Western Balkans.<sup>26</sup>

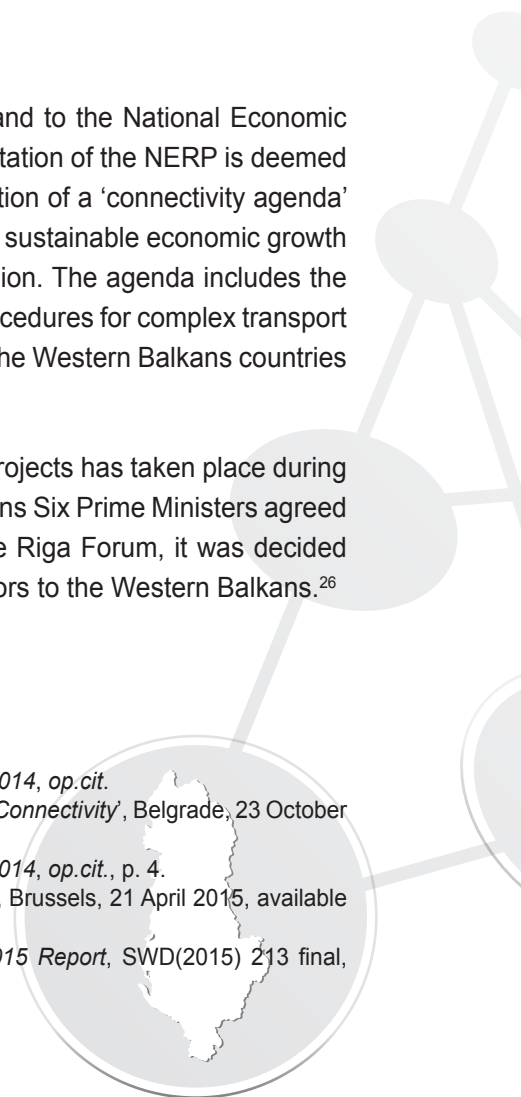
22 European Commission, *Enlargement Strategy and Main Challenges 2013-2014*, *op.cit.*

23 Joint Statement, 'Western Balkan 6 Ministerial – Economic Governance and Connectivity', Belgrade, 23 October 2014, point 5.

24 European Commission, *Enlargement Strategy and Main Challenges 2013-2014*, *op.cit.*, p. 4.

25 European Commission, *Western Balkans 6 Meeting in Brussels*, Statement, Brussels, 21 April 2015, available at : [http://europa.eu/rapid/press-release\\_STATEMENT-15-4826\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-15-4826_en.htm)

26 European Commission, Commission Staff Working Document, *Albania 2015 Report*, SWD(2015) 213 final, Brussels, 10.11.2015, p.22.



During the Vienna Summit, the WB6 governments presented an ambitious connectivity agenda, with 50 projects seeking co-financing, namely<sup>27</sup>:

- 11 road construction projects;
- 8 rail construction projects;
- 20 road and rail renovation projects;
- 6 power line projects; and,
- 5 strategic gas projects.

However, the number of mature projects in the pipeline was reduced to solely 10: four energy and six transport projects. The prioritization of this limited number of investment projects ensures for a focusing of effort and on higher implementation chances.<sup>28</sup>

The total cost of the approved connectivity projects amounts to 616.5 million EUR, of which 205.7 million EUR will be grants from the EU's Instrument for Pre-Accession Assistance (IPA II). The connectivity projects are to be funded by international donors according to the WBIF financing procedures. Grants are allocated mainly for technical assistance to prepare the infrastructure investments, while loans are contracted for infrastructure investments.<sup>29</sup>

In the short term, the WB6 countries are also expected to be engaged in fully implementing the priority list of 'soft measures', as elaborated by SEETO and Energy Community with regards to transport and energy sectors respectively. The implementation of these 'soft measures', is expected to open markets, eliminate trade barriers and generate a transparent regulatory environment.<sup>30</sup> Whereas, in the medium term, they will implement a series of priority projects identified along specific section of the core corridors.<sup>31</sup>

***The Berlin Process remains still highly political and calls for better connectivity among the WB6, without any precise data on current achievements and at what cost for the national budgets. The political ambitions are high and costly, reflecting the complex infrastructure connectivity projects in transport and energy.***

However, at the moment the Berlin Process remains still highly political. It calls for better connectivity and sensibly higher investments among the WB6 should be backed by precise data on current achievements and at what cost for the national budgets. The political ambitions of WB6 are high and costly, reflecting the complex infrastructure connectivity projects in transport and energy. The connectivity projects require specialized competencies and pitch-perfect national coordination during the preparation phase until they reach the creation of the Single Project Pipeline. They have a long-term implementation period and thus call for very good sequencing of implementation, high cross-border relevance, besides the significant impact on other components of the socio-economic development strategies of the WB6.

27 Holzner, Mario, Robert Stehrer & Hermine Vidovic, "Infrastructure Investment in the Western Balkans", Vienna Institute for International Economic Studies (WIIW), Research Report, nr. 407, September 2015, pp. 22-26.

28 Ibid., p. 33.

29 More information on the WBIF financing procedures are available at: <https://www.wbif.eu/About%20WBIF>

30 European Commission, *EU Enlargement Strategy 2015*, op.cit., p. 9.

31 Ibid., p. 10.



## 4.2 The 'Berlin projects' in Albania

The connectivity projects are actually large-scale infrastructure investments identified under the SEETO Comprehensive Network Projects<sup>32</sup> and / or are part of the Energy Community PECL list<sup>33</sup>. These projects have either received grant funding or have been identified as beneficiaries for EU grants, in order to complement the loan financed under the Western Balkans Investment Framework.

Although there is no factual evidence, it seems logical to draw the conclusion that these connectivity projects have been prioritized by the Berlin Process because of the fact that they use an existing legal, institutional and financial regional framework. Moreover, it should be underlined that they fall under two specific chapters of the *acquis communautaire*, respectively chapter 21 on trans-European networks and chapter 15 on energy.

*Connectivity projects seems to have been prioritized by the Berlin Process because of the fact that they use an existing legal, institutional and financial regional framework.*

In a broader context, WBIF pools stakeholders' resources and expertise to finance projects in WB6, and to strengthen coordination amongst donors and beneficiaries.<sup>34</sup> The framework has been functional now for almost six years and has been successfully supporting the WB6 beneficiary countries in preparation of mature infrastructure projects, whose implementation has been financed mainly through IFIs loans and / or EU funding. In this regard, it can be argued that the Berlin Process underlines the regional dimension of these connectivity projects. Initially, WBIF did select the projects to be financed "on the basis of regional and/or country needs and their consistency with EU accession priorities".<sup>35</sup> An example of this approach has been the rural road infrastructure improvements. In the latest calls for projects, under the framework of the Berlin Process, it has been stressed the 'regional dimension' of the infrastructure projects in energy and transport as a precondition to placing them in the European framework.

Concretely, the last call for proposal clearly indicates that:

- for the energy sector: "*Investment projects that feature on the list of Projects of Energy Community Interest (PECL) adopted by the Ministerial Council of the Energy Community Treaty in October 2013 will receive particular attention*"<sup>36</sup>;
- in the transport sector it is clearly stated the regional dimension: "*WBIF projects, particularly regional ones, must be part of the SEETO Comprehensive Network and/or included in EC policies and SEETO Memorandum of Understanding*"<sup>37</sup>.

<sup>32</sup> More information on SEETO Comprehensive Network Projects is available at: <http://www.seetoint.org/projects/seeto-comprehensive-network-projects/>

<sup>33</sup> Energy Community, "*Development and application of methodology to identify Projects of Energy Community Interest*", Final Report, Vienna, 26 September 2013, available at: [https://www.energy-community.org/portal/page/portal/ENC\\_HOME/DOCS/2558181/0633975AD4927B9CE053C92FA8C06338](https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/2558181/0633975AD4927B9CE053C92FA8C06338)

<sup>34</sup> More information on the WBIF financing procedures are available at: <https://www.wbif.eu/About%20WBIF>

<sup>35</sup> Western Balkans Investment Framework, "*A new approach to financial support*", 12 November 2010, p. 2, available at: [http://ec.europa.eu/enlargement/pdf/western-balkans-conference/wbif-a4-def\\_en.pdf](http://ec.europa.eu/enlargement/pdf/western-balkans-conference/wbif-a4-def_en.pdf)

<sup>36</sup> Western Balkans Investment Framework, "*Practical Guidelines for WBIF Project Application and Submission*", January 2014, p. 8.

<sup>37</sup> *Ibid.*, p. 9.

In Vienna, Albania got approval for co-funding just one project, the 400 kV interconnection transmission line Elbasan – Bitola (MK). This constitutes the most important electricity project and the estimated cost amounts to 129 million EUR.<sup>38</sup> The investment in the Albanian section of the transmission line is equal to 70 million EUR; 80% of the value is in loan form and will be covered by KfW Development Bank, whereas the remaining 20% will be co-financed by the IPA II in grant form.<sup>39</sup> This joint investment is part of the European Commission's initiative to establish an East-West electricity transmission corridor between Bulgaria, Macedonia, Albania, Montenegro and Italy.<sup>40</sup>

The two Albanian projects mentioned in the Vienna Summit as 'new entries', and eligible for WBIF support, are:

- "400 kV OHTL interconnection Fier-Elbasan-Bitola (Albanian part)" co-financing of investment; and,
- "Feasibility study for Adriatic-Ionian Highway/expressway (Route 1 and Route 2)" as a technical assistance grant.

The feasibility study for Adriatic-Ionian Highway/expressway was approved by the WBIF Steering Committee meeting on 16 December 2015 in Paris. The technical assistance grant amounts to 3.5 million EUR and the leading financial institution is the European Bank for Reconstruction and Development.

Overall, to finance and implement the Berlin Agenda, the Government of Albania is using the mechanisms already built by WBIF. However, it must be mentioned that the main change rests in the very high visibility that those projects are receiving right now. While WBIF was unknown to the general public, the projects of the Berlin Process have been publicized widely.

### **4.3 National Institutional Set Up and Mechanisms**

Under the guideline of the European Commission, the WB6 countries have established their National Investment Committees, which are in charge of endorsing the respective Single Project Pipeline. This new framework puts a strong emphasis on NIC's capacity to become a comprehensive prioritisation and detailed planning mechanism, able to ensure the country's budgetary resources and fiscal space, along with contracting the loans and implementing the investment projects on time.<sup>41</sup>

<sup>38</sup> Holzner, Stehrer & Vidovic, *op.cit.*, p. 24.

<sup>39</sup> Vienna Western Balkans Summit 2015, Addendum, Annex 1, Connectivity Agenda, *Co-financing of Investment Projects in the Western Balkans in 2015*, p. 4.

<sup>40</sup> Western Balkans Investment Framework (WBIF), Albania – the Former Yugoslav Republic of Macedonia Power Interconnection (II): Grid Section in the Former Yugoslav Republic of Macedonia, p.1, available at: [http://ec.europa.eu/enlargement/pdf/publication/2015/20150820\\_wbif\\_cf\\_1002\\_mkd\\_ene.pdf](http://ec.europa.eu/enlargement/pdf/publication/2015/20150820_wbif_cf_1002_mkd_ene.pdf)

<sup>41</sup> Ibid.

Albania has been using already the existing WBIF mechanism for the preparation of the connectivity project-financing documents. Since last year, WBIF's "New methodology to support Infrastructure Projects in the Western Balkans" has introduced the following novelties:

- the investments co-financing scheme;
- a clear distinction between 'national' and 'regional' projects;
- has sanctioned the establishment of an institutionalized mechanism (i.e. NICs).

This methodology aims to identify, prepare and select for funding the prioritized investment projects - regardless of the source of funding - through the establishment of the National Investment Committee and of the Single Project Pipeline. The establishment and functioning of the latter is 'key' to the approval of investment co-financing grants for regional projects, and future soft technical assistance projects within the WBIF framework.

While the process and its actors may sound as a 'novelty', thus far in Albania there has been in place the Strategic Planning Committee – a decision-making structure headed by the Prime Minister. This committee has been slightly modified in order to embrace NIC's principles of ownership, strategic coherence, long-term sustainability and transparency, as well as the importance and commitment of political level for the final choice of the projects. In order to support the WB countries to implement this framework, the technical assistance has been made available by the Coordination Office for International Financial Institutions.

*The preparation of the National Single Project Pipeline is under the competencies of the Strategic Planning and Development Unit and it consists of a seven steps procedure.*

The preparation of the National Single Project Pipeline is under the competencies of the Strategic Planning and Development Unit (part of the Department for Development, Financing and Foreign Aid) at the Prime Minister's Office. The SPDU, as part of the Secretariat of the Strategic Planning Committee/NIC, has led and coordinated the whole process.<sup>42</sup> The mechanism in place in Albania can be described in seven main steps, whose end-result is the final adoption of the Single Project Pipeline.

- **1<sup>st</sup> Step:** Establishment of Sectorial Strategic Management Group (SSMG)

The structure's set up is based on an Order of the Lead Minister (i.e. Ministry that is impacted most). The SSMG in question is headed by the Minister or respective Secretary General. The SSMG is in charge of identifying the strategic relevance criteria for each sector that will be used to shape the formats of the Project Identification Fiches (PIFs). The PIFs will serve as the initial document defining the scope the upcoming completed project. The SSMGs will evaluate, score and rank the PIFs in compliance with the agreed strategic relevance criteria; and will finally produce the draft Single Sector Project Pipeline (the list of projects of this specific sector ranked by their relevance).

<sup>42</sup> The information on the methodology, mechanism and process implementation is provided by Ms. Oriana Arapi, Director of the Strategic Planning and Development Unit (part of the Department of Development, Financing and Foreign Aid) at Prime Minister's Office. The SPDU led and coordinated the process with line ministries and involved institutions for the finalization of SSPPs as well as for the preparation and approval of the SPP by the Strategic Planning Committee/National Investment Committee.

During July – August 2015, there have been established four SSMGs in the fields of transport, energy, environment and social issues. In order to avoid overlapping and make better usage of existing human resources, the SSMGs have been activated based on the existing structures of 'Strategic Management Groups', which are part of the preparation of the annually Medium Term Budgetary Planning (MTBP) process.

- **2nd Step:** Preparation of Strategic Relevance Criteria of Project Identification Fiches and training of Albanian staff

The Strategic Relevance Criteria are applied in the assessment phase of the PIFs by the SMG. They were discussed and agreed by the involved line ministries and have been formally adopted by the each Strategic Management Group during the months of August - September 2015. The PIF preparation methodology was prepared in early September.

The new methodology was presented to the Albanian stakeholders and to the line ministries through a series of trainings/workshops: (i) three in July for each of the transport, energy and water sectors; and (ii) one in September for the social sector. These workshops were half-day trainings, through which the framework, process, procedures and work ahead were made known to Albanian staff from the concerned ministries.

- **3rd Step:** Preparation and submission of 112 PIFs

In mid-September, the total number of Project Identification Fiches submitted for formal screening to the Technical Secretariat of the National Investment Committee was equal to 112. Due to the shortage of staff, the Technical Secretariat performed only the eligibility and general assessment of the PIFs completion quality. It resulted from this process that the quality of the submitted PIFs did not meet the expectation.

During this phase there were identified some key issues. Firstly, the Local Government Units were not involved in preparation phase of the PIFs, which affects the acceptance and endorsement of the local population to the Berlin Process as well as the local development plans and territorial strategies. Secondly, the quality of the submitted fiches was affected by the absence of the completed strategic frame (National Strategy for Development and Integration, 2015-2020<sup>43</sup> as well as Transport and Energy Sectorial Strategies, 2015-2020). Thirdly, it is still unclear the size of financial window available for national co-financing of these projects. Moreover, the potential connection and harmonization with the MTBP should be better performed at this stage - the Budget Directorate should be fully involved in the process (this is expected to be corrected in 2016). Finally, while the financing needs of the already on-going projects have been included in some cases – i.e. in the Blue Corridor - they are missing / not available for the water and waste projects.

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43 The preparation of the National Strategy for Development and Integration (NSDI) 2015-2020 lies under the competencies of the SPDU. This document represents the main national strategic overarching document for the country, which combines the development perspective and the European integration of the country. NSDI provides for the policy priorities and the main development directions to be implemented within 2020, while providing guidance for the financial and macroeconomic perspective. NSDI provides for a natural frame to include the Berlin Process under the main policy priorities and allocation directions for the country. The draft NSDI is in its way to being finalized and approved by the Strategic Planning Committee.

- **4<sup>th</sup> Step:** Strategic Management Group and the Completion of Strategic Relevance Assessments

Each of the Strategic Management Groups is responsible for the completion of the strategic relevance assessment and grid of the projects. Under the coordination of the senior programme officer and upon approval at the political level of each sector leading ministry, the SMG produce the final ranking of proposed projects ranked by sector, which will then is presented to the donors. At this step, we have still four different sector project pipelines (one for each sector) and not yet a Single Project Pipeline.

CSOs, think tanks and academia should also be involved at this stage. The opening up of the process to the civil society is related to the transparency and participatory policy-making, which is crucial for a better planning of priority projects for the country. This issue needs to be addressed by the next round of the SSPP update.

- **5<sup>th</sup> Step:** Finalization of four SSPPs and consultation with donors

During this stage, the four SSPPs are completed with the respective gap assessments and grids. Moreover, the fiscal space is identified in cooperation with Budget Core Group. In addition, the harmonization of the MTBP, with the IPA, is done with the responsible ministries.

Basically the SMG receives four different SSPPs and is free to select the projects that will be presented for financing. While sounding logical, this approach leaves the project list vulnerable to the political cycle and resulting electoral preferences. The impact of the “political last word” becomes bigger given the time duration of those projects and their cost.

In this stage, the four SSPPs lists are consulted with the donors, but there is need to open up the consultation also to other stakeholders, as representatives of the CSOs, academia, etc. The consultation and opening up of the process provides for a prerequisite to limit the influence of political cycles as much as possible.

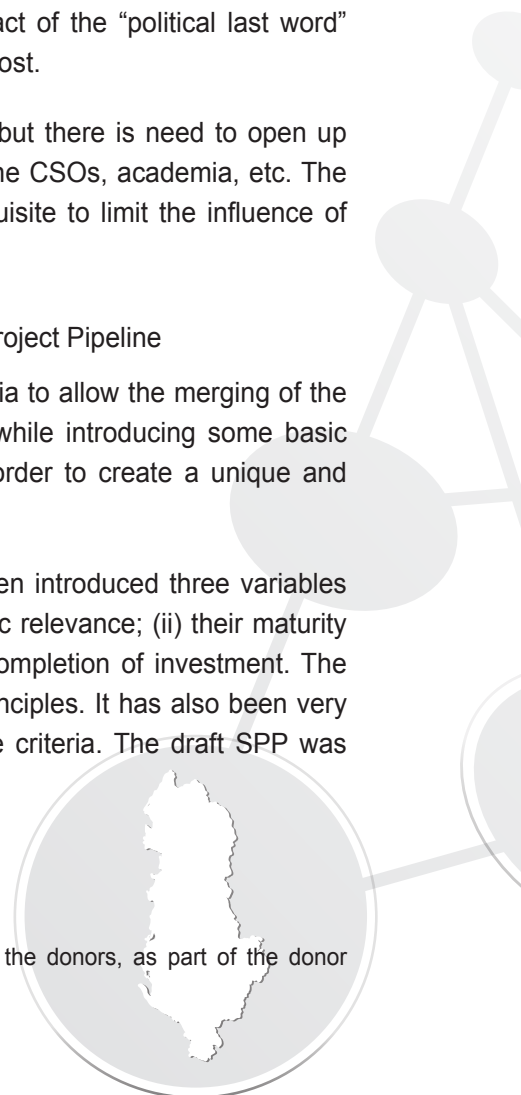
- **6<sup>th</sup> Step:** Finalization, consultation and approval of the Single Project Pipeline

In this phase, the main challenge remains the identification of criteria to allow the merging of the different SSPP in one single SPP. This difficulty was overcome, while introducing some basic principles in the ranking and the prioritisation of the projects, in order to create a unique and homogeneous project list or SPP.

Upon suggestion of the technical support of IFICO, there have been introduced three variables to categorize and ultimately rank the Berlin projects: (i) the strategic relevance; (ii) their maturity in terms of implementation; and, (iii) their financial viability after completion of investment. The projects assessment has been performed based on these three principles. It has also been very important the inclusion of the regional collaboration and relevance criteria. The draft SPP was presented to the Development and Integration Partners’ Meeting.<sup>44</sup>

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<sup>44</sup> Development and Integration Partners’ meeting is a regular gathering of the donors, as part of the donor coordination mechanism run by the Donor Technical Secretariat.





- **7<sup>th</sup> Step:** Closure of the process

The SPP list was discussed by the Strategic Planning Committee/NIC that debated on the strategic relevance of main priority project and subsequently approved the final SPP. The final SPP was submitted to the European Union Delegation in Tirana and will be presented at the Paris Summit.

By mid-September, the total number of submitted Project Identification Fiches amounted to 112. In the meantime, it has been reduced to 78 (as shown in table 3) prioritising the projects with the highest quality. Their quality was affected mainly by the capacities of staff (in terms of persons involved), lack of an approved National Strategy for Development and Integration 2015-2020, and of a Sector Strategy for Transport and Energy for the timeframe 2015-2020.

**Table 3:** Single Sector Project Pipeline, as November 2015

No.	Sector	No. of submitted PIFs	No. of assessed projects	Estimated cost/sector (in million EUR)
1	Energy	13	13	175
2	Transport	13	13	1193
3	Environment	20	20	508
4	Social issues	32	17*	165
	<b>Total</b>	<b>78</b>	<b>63</b>	<b>2041</b>

Source: Prime Minister's Office and authors' own elaboration.

\*Projects in education field are not included.

The total cost for the implementation of the 78 fiches amounts to roughly 2.041 million EUR, and approximately 58% of this estimation is to be allocated in transport projects.

By mid-December, the final SPP - composed by 15 regionally relevant projects (or connectivity agenda projects) and 24 national relevant projects - was presented to both EU and WBIF. These 39 projects require a total financing of 1.899 billion Euro and 92% financing gap (only 141 million Euro is covered through grants/loans or budget).

At this stage, the key challenge concerns the identification of the available fiscal space for the financing of these projects. This will clarify the size of financial window available for national co-financing of the projects. In the short run, Albania like almost all the WB6 countries faces high unemployment and low growth rates, along with high public debt concerns. The squeeze of public finance may affect the co-financing factor of the above projects and hence their feasibility. No assessment exists yet on their efficiency and cost-effectiveness, as compared with other potential public investment impacting the budget spending. A better assessment and subsequent management of actual failed or interrupted investments, or the orientation of actual investments towards the national policy priorities, would not be sufficient. Innovative and alternative financing solutions should be explored through foreign direct investments and the participation of private actors in these "big investments package". The Government needs to be more aggressive in terms of attracting more FDIs, that would bring fresh capital and modern technology, would promote development, and would generate gainful employment and wealth.

## 5. Berlin Process and ‘Ali Baba Cave’ of Regional Initiatives

### 5.1 Lessons from the Stability Pact

The Stability Pact for South Eastern Europe launched in 1999, was succeeded in 2008 by the Regional Cooperation Council. It is interesting to note that – with a six-year divide – the Berlin Process and the Stability Pact share similar goals, such as the encouragement and strengthening of the cooperation between countries of the region as well as streamlining the existing efforts towards EU membership. Their intervention areas are roughly the same, even though the starting conditions differ substantially from one another.

Both these initiatives are considered highly relevant for the region’s development and have generated great expectations. From the political perspective, the Stability Pact is considered as a positive experience which provided the grounds for the Berlin Process, enabling thus the creation of the “interconnectivity pact” and aiming for a “democracy and development pact”.<sup>45</sup>

The *Stability Pact* did have a broad multilateral nature<sup>46</sup>, which turned into showing the donors’ lack of capacity to effectively coordinate with each other when directing the funds towards specific intervention areas.<sup>47</sup> Moreover, the Stability Pact suffered from some congenital misconstrued strategy: a) a lack of clear direction; b) ill-conceived and with comparatively non-transparent mechanisms for the selection of priority projects for funding; and, c) a lack of serious regional involvement or input in the Stabilisation and Association Process.<sup>48</sup> It is useful to point out that donors and experts have constantly argued that Stability Pact managed to produce lists of projects rather than comprehensive strategies and action plans.<sup>49</sup>

As concerns the *Berlin Process*, compared to the Stability Pact the number of involved actors is rather small (and we would underline the strategic inclusion of civil society). However, it is striking the fact that Berlin Process gives a heavy emphasis to high-cost infrastructure projects as well. Currently, notwithstanding favourable conditions in international capital markets, due to high level of public debt, WB6 governments effectively lack the resources to partially co-finance these high-cost infrastructure projects. Moreover, there are no comprehensive studies on the costs and benefits of such investments, and the impact on the economy of the concerned countries. Quite a

45 Ditmir Bushati in Ministry of Foreign Affairs of the Republic of Albania, “*Minister Bushati attends Conference of SEE Foreign Ministers in Berlin*”, 25 November 2015, available at: <http://www.punetejashtme.gov.al/en/press-office/news/minister-bushati-attends-conference-of-see-foreign-ministers-in-berlin&page=1>

46 The term refers to the considerable number of participants to the Stability Pact, starting with EU Member States, members of G8, International Organizations (UN, OSCE, Council of Europe, UNHCR, NATO, OECD, WEU), International Financial Institutions (World Bank, IMF, EBRD, EIB), Regional Initiatives (Royaumont Process, BSEC, CEI, SECI, SEECP), and other countries.

47 H. D. Jacobsen, “The Stability Pact for South East Europe – Did it work?”, Contribution to the Isodarco 15<sup>th</sup> Winter Course “South-Eastern Europe – Internal Dynamics and External Intervention”, Andalo, 20-27 January 2002, see more at: <http://www.isodarco.com/courses/andalo02/paper/andalo02-jacobsen.html>

48 Ibid.

49 Ibid.

few infrastructure projects in the near-past in the region have been marred by corruption claims and very high running and maintenance costs.

It appears that in the absence of clear local and regional development strategies, of viable WB6 economic development models, of reliable and competent political counterparts, the international donors prefer to share out the earmarked funds in projects that have visible and measurable results.<sup>50</sup> This behaviour fits also into the business model of international financial institutions – public and private - which are very present in the process. In the case of the Berlin Process - and the related unstable WB6 economies - it is still not clear to what extent the donors (and the banks) would get involved in the post-infrastructure project fade, and which would be the cost that countries should cover themselves.

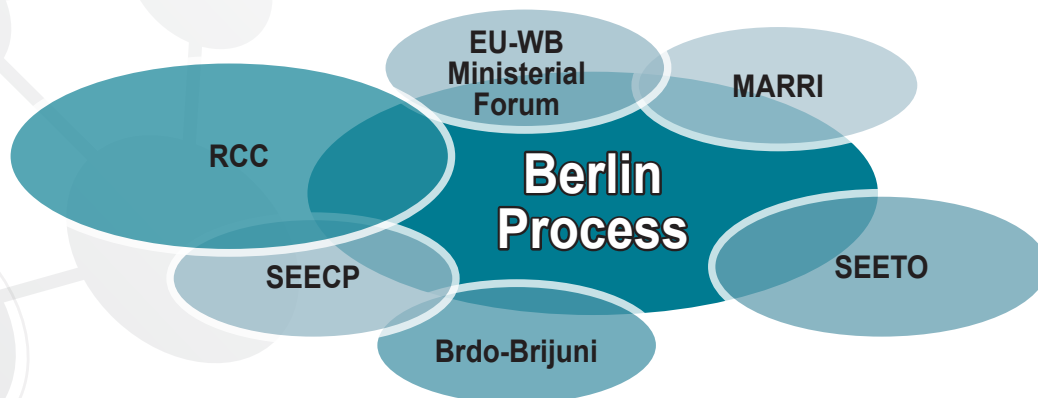
## 5.2 Western Balkans Cooperation Matrix

Various thematic initiatives have emerged in the region since the launch of the Stability Pact, with the purpose of establishing stronger links between the WB6 countries and to facilitate technical cooperation in areas of mutual interest. Despite their ambitions to achieve reconciliation and transformation of the region, most of these regional cooperation initiatives have been encountering fragmentation, overlap of responsibilities, lack of influence, etc.

The over-positioning of Berlin Process in the current regional cooperation matrix, risks to ‘step on the toes’ of already existing set-up and running initiatives. To avoid any potential duplication of competences, the WB6 representatives have argued that, in the framework of the Berlin Process, their governments are going to act complementarily and synchronize *ex-ante* with previously established initiatives.

The cross-comparison of the Berlin Agenda with the existing regional thematic initiatives identifies the existence of several overlaps which need to be addressed properly through joint coordination, synchronization and/or abolition measures. Figure 1 gives an overview of the initiatives’ field of activity and the overlapping extent with the Berlin Process.

**Figure 1:** Overlap between various regional initiatives and Berlin Process.



Source: Authors' own elaboration.

50 Ibid.



Initially, the cooperation with the **Regional Cooperation Council** has been ensured through the enrolment of RCC as a permanent actor of the Berlin Process.

The five remaining initiatives are either technical or highly political and as such continue side by side and in cooperation (some in synchronisation, such as SEETO) with the Berlin Process.

- **South East Europe Transport Observatory** (SEETO) is a *technical regional organization* established in 2004 with a Memorandum of Understanding (MoU) between the WB6 countries. Its overall task is to assist in the implementation of the MoU and has no executive powers. SEETO promotes cooperation on the development of the main and ancillary transport infrastructure in the South East Europe; endeavours to enhance local capacity for the implementation of investment programmes; and to integrate the SEETO Comprehensive Network in the framework of the wider Trans-European Network. The SEETO Comprehensive Network matches the TEN-T network and it consists of 6,554 km of roads, 4,807 km of rail, 4 rivers, 10 seaports, 17 airports and 8 inland waterway ports. SEETO is the main entry gate of transport connectivity projects in the Berlin Process.

The Berlin Declaration emphasized the relevance of transport infrastructure for the Western Balkans, as a positive impetus for the economic development as well as for region's logistical connections to the European markets.<sup>51</sup> In this regard, at the follow-up meeting of Brussels, the WB6 Prime Ministers agreed to work on the basis of the core transport network based on the SEETO Comprehensive Network and reflecting the TEN-T guidelines. The Berlin Process was officially synchronized with SEETO during the Vienna Summit, which tasked RCC to coordinate the development of the concept of economic corridors with SEETO and other related actors, in view of the next Paris Summit.<sup>52</sup>

Then, there are four regional *political initiatives* covering the same thematic areas of the Berlin Agenda, namely:

- **South East Cooperation Process** (SEECF) is a regional non-institutionalised initiative, launched in 1996, and seeking to strengthen the process of democratic reforms in the region. SEECF relies on the principle of regional ownership and envisages cooperation in political, economic and technology areas. It sees the participation of high-level state representatives and on a rotation basis each member country holds the presidency for one year. SEECF has no permanent Secretariat due to the reluctance of some member countries which feared that stronger involvement would endanger their progress towards EU membership.<sup>53</sup> SEECF has never gone beyond political statements, lacking hence a proper influence at the regional level, missing visibility in the region and converting regional ownership principle in a mere rhetorical statement.<sup>54</sup>

In the framework of the Berlin Process, the follow-up meetings of Belgrade and Brdo affirmed the necessity to enhance their cooperation and ensure complementarity with the SEECF. Consecutively, SEECF recognized its strategic partnership with RCC in deepening the regional cooperation

51 Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, point 16.

52 Final Declaration by the Chair of the Vienna Western Balkans Summit, Vienna, 27 August 2015, point 28.

53 Malinka Ristevska Jordanova, "Regional Cooperation in the Balkans 1996-2008 – from Imposed to Intrinsic", in FES (ed.), *Dialogues: Ownership for Regional Cooperation in the Western Balkan Countries*, June 2009, p. 57.

54 Ibid., p. 64.

process, calling on for “further inclusiveness and openness of the Berlin Process including with more substantial financial involvement”.<sup>55</sup> However, up to end of 2015 no further actions have been taken regarding the potential role of SEECP in the Berlin Process.

- **Migration, Asylum, Refugees Regional Initiative (MARRI)** is an international organization, established in 2003 in Skopje, seeking to facilitate the exchange of information, experience, and for taking decisions of common interest in the field of asylum, migration, border management, etc. It is based on the concept of regional ownership. MARRI Regional Forum is the highest body providing political support. It is composed of the WB6 Ministers of Interiors, who meet twice a year for coordination and consultation purposes on cross-cutting issues.

In its last meeting, the MARRI Regional Forum adopted the Skopje Declaration, which affirms the forum’s commitment to the Berlin Process and to work more intensively in the regional structures. The Vienna-widened Berlin Agenda gives a particular relevance to the issues of migration, although it never makes reference to MARRI and its potential contribution.

Completely detached from the Berlin Process is also the EU-Western Balkans Ministerial Forum.

- **EU-Western Balkans Ministerial Forum** on Justice and Home Affairs is an initiative established with a mandate from the Thessaloniki European Council Conclusions of June 2003. The meetings are attended by WB6 countries, representatives of EU institutions and agencies, Regional Cooperation Council, etc.
- **Brdo-Brijuni Process** was launched in 2013 by Croatia and Slovenia with the purpose of enhancing regional cooperation and strategic dialogue. It is a high level initiative which gathers once a year the Head of States of the WB6 countries and eminent representatives from EU Member States.

Although not formally part of the Berlin Process, the Brdo-Brijuni Process has constituted a platform for regional political dialogue on reciprocal good neighbourly relations and mutual understanding. The annual meeting of July 2014 saw the participation of the German Chancellor Merkel, and it focused on the prerequisite to invest in key infrastructural projects and energy policy in the Western Balkans.<sup>56</sup> Whereas, the 2015 annual meeting of the Brdo-Brijuni Process was attended by the Austrian President and particular attention was paid to the fight against extremism, to sustainable economic growth, interconnectivity and youth mobility.<sup>57</sup>

*The role of the Brdo-Brijuni Process should be reconsidered towards more powers, as it provides a valid platform for the inclusion of the WB6 Head of States in the Berlin Process.*

Overall only RCC and SEETO are functionally integrated in the framework of the Berlin Process. Meanwhile, the role, contribution and cooperation with SEECP, MARRI and EU-Western Balkans Ministerial Forum is still under question. Considering the membership and the thematic area, it is not un-conceivable that MARRI and EU-WB Ministerial Forum merge into a single initiative.

<sup>55</sup> SEECP Tirana Summit Declaration, Tirana, 26 May 2015, point 5.

<sup>56</sup> Office of the President of the Republic of Slovenia, Slovenian President Pahor and Croatian President Josipović Host Leaders at Brdo Process in Dubrovnik, Press Release, Dubrovnik, 15 July, 2014, see more at: <http://www.up-rs.si/up-rs/uprs-eng.nsf/pages/86AC1F31BD4A4B2FC1257D3400433769?OpenDocument>

<sup>57</sup> Office of the President of the Republic of Slovenia, Conclusions of the Annual Summit of Brdo-Brijuni Process, Budva, 8 June 2015.

Whereas the role of the Brdo-Brijuni Process should be reconsidered towards more powers, as it provides a valid platform for the inclusion of the WB6 Head of States in the Berlin Process.

## 6. Will Paris make it a “Process”?

While it is un-deniable the thawing effect that the Berlin Process has had in the political cooperation of WB6 so far, we have yet to assess its implementation on the ground, the impact on the targeted specific sectors, and at what cost for the national budgets and for the WB6 populations. The settled ambitions are high and expensive, reflecting the high cost of infrastructure connectivity projects. Furthermore, these projects are complex, have a long-term implementation period, and high cross-border stakes for WB6. In the worst-case scenario, their implementation may distort the existing national strategies for development and integration, the respective budgetary planning and fiscal balance, and/or negatively impact the national accounts.

A joint economic strategy including the necessary reforms in the Western Balkans countries themselves is the only possibility to speed-up the catching up process with the EU. This could give a new impetus for the enlargement and integration process. It is highly appreciated that in Berlin Process the economic and social issues play a bigger role, but balanced growth needs a comprehensive approach.

*A joint economic strategy including the necessary reforms in the Western Balkans countries themselves is the only possibility to speed-up the catching up process with the EU.*

A simplistic strategy of promoting the construction of the necessary infrastructure will not succeed, unless it is complemented by a strategy to support micro and small enterprises. The economic development cannot be based only on the construction sector, building roads (publicly financed) and houses (often financed by remittances). The region needs a parallel development of the infrastructure including better and faster rail connections and local public transport on the one hand, and a re-industrialization in connection with digital services on the other hand. Only such a balanced development may foster economic growth and create high added value and sustainable jobs for the younger, often better-educated, and trained generation.

Connecting the region will undoubtedly increase the chances of its citizens and companies to lower their operating costs and be more competitive in the EU and world markets. However, without a proper industrial policy that supports the local productive tissue, that encourages the establishment of innovative and high value-added economic activities, that embeds the WB6 enterprises in the EU value chain, the connectivity infrastructure will only convert Western Balkans into a big market of consumers. WB6 joint economic governance focusing on re-industrialisation - adapted to 21<sup>st</sup> century - must at least be on the same par as connectivity.

The Berlin Process offers a unique opportunity for the WB6 to be better prepared and coordinated, so as to increase their weight in different negotiations, not only with EU, but also with other IFI or international organisations. Albania shares a similar profile and long term goal with its neighbours: a candidate country that wants to be integral part of the European Union family. However, the

lingering financial and economic crisis, the migration flux and the very questions that EU is asking about where it wants to go for the next 10 to 30 years, render the cooperation with our Balkan neighbours even more necessary. This regional dimension of national policies can be illustrated with the speech of Prime Minister Rama in Hong Kong where he promoted Albania as a foothold in a market of 26 million inhabitants.<sup>58</sup>

At the national level, Albanian institutions need to further work towards a better preparation of the infrastructure projects, starting with a better coordination of different line ministries. The fiscal space needs to be realistically taken into account when planning for financing as well as the complexity and costs of the maintenance. On the 'soft measures', Albania holds the initiative on the Regional Youth Cooperation Office and should use this opportunity to increase its profile. Other issues such as VET or migration need also full attention of the authorities to allow for a professional and fully coordinated participation of the country in the Berlin Process.

Last but not least, Albania's civil society contribution remains one of the trump cards that the country should use to achieve the pre-agreed objectives on an efficient participation in the Berlin Process. The knowledge, energy, networks and resources of the Albanian civil society are an invaluable asset and should be used in organic cooperation with the government and eventually parliamentary institutions.

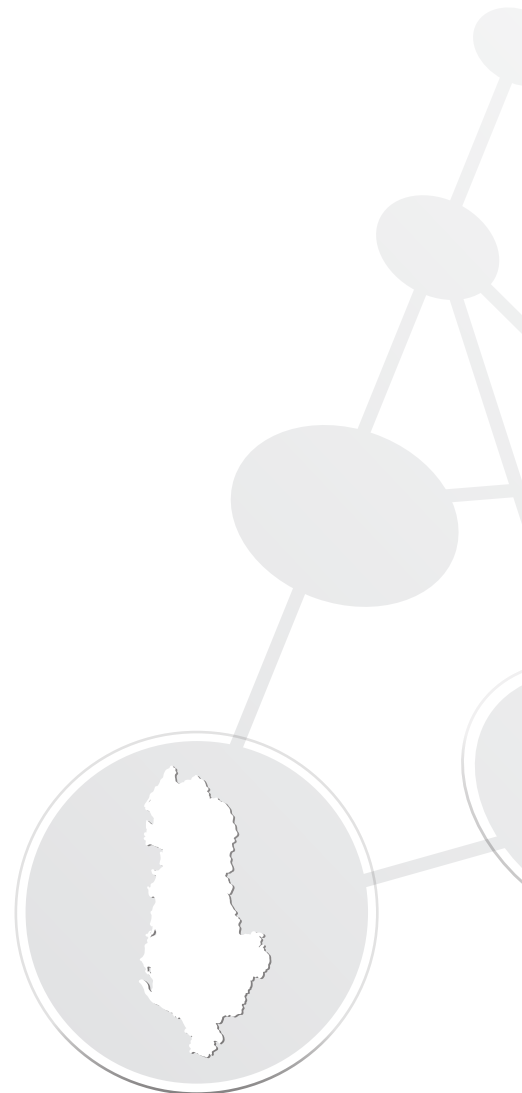
## **7. Unanswered Questions**

Overall, the Berlin Process is considered as an encouraging and constructive initiative both for the intergovernmental relations and for the economic development of the region. However, in the course of the research, the authors have identified a series of concerns that have remained without an appropriate answer yet, namely:

- First, all the joint statements and declarations refer to 'long-term investments and financial support from international donors'. It would be interesting to find out why were preferred infrastructural investments, instead of addressing the attention to other sectors, such as the ones stated in SEE 2020 strategy;
- Second, as Berlin Process is expected to last till 2018, how much is going to be delivered by WB6 countries in terms of meeting the main EU benchmarks by then?
- Third, no reference has been made to the effective financial sustainability of the projects. In the short run, almost all the WB6 countries face high unemployment and low growth rates, along with high public debt concerns. No assessment exists on their efficiency if compared with other potential targets impacting the size of public investment of the WB6;
- Fourth, how will these infrastructure projects – which are all long term and go beyond 2018 - affect and enhance the opening and closing of the negotiation chapters? Does EU membership remains WB6 top priority or does regional cooperation come first?
- Fifth, how is the Berlin Process embedded in the national strategies for development and integration? How does it interact with budgetary planning, action plans, other sector strategies, and especially with the socio-economic development strategies?

<sup>58</sup> Edi Rama, "Investimi ne Shqiperi do te thote investim ne nje treg 26 mln banoresh", Dita Newspaper, 28 October 2015, available at: <http://www.gazetadita.al/investimi-ne-shqiperi-do-te-thote-investim-ne-nje-treg-26-mln-banoresh/>

- Sixth, Vienna Declaration increases the number of topics under attention. It included also the fight against extremism and radicalization, as well as migration, creating thus a precedent for the inclusion of other issues during the next three remaining years. The swelling of the agenda risks shifting the attention from connectivity to justice and home affairs and/or up-to-minute issues. The lack of a hierarchy of political priorities may undermine the process;
- Finally, the importance given to youth and to the civil society is a strategic development that needs to be capitalized in. This opportunity needs to be completed with a clear vision, realistic plan of activities and properly supported in the long term by national authorities and also by EU and EU memberstates engaged in the Berlin Process.



## Annex

**Table 4:** Participants at the Berlin Conference and Vienna Summit

	Berlin Conference	Vienna Summit
<b>Albania</b>	<b>Edi Rama</b> , Prime Minister <b>Ditmir Bushati</b> , Minister of Foreign Affairs <b>Arben Ahmetaj</b> , Minister of Economic Development, Tourism, Trade and Entrepreneurship	<b>Edi Rama</b> , Prime Minister <b>Ditmir Bushati</b> , Minister of Foreign Affairs <b>Arben Ahmetaj</b> , Minister of Economic Development, Tourism, Trade and Entrepreneurship
<b>BiH</b>	<b>Vjekoslav Bevanda</b> , Chairman of the Council of Ministers <b>Zlatko Lagumdžija</b> , Deputy Chairman of the Council of Ministers <b>Boris Tučić</b> , Minister of Foreign Trade and Economic Relations	<b>Denis Zvizdić</b> , Chairman of the Council of Ministers <b>Mirko Šarović</b> , Deputy Chairman of the Council of Ministers and Minister of Foreign Trade and Economic Relations <b>Igor Crnadak</b> , Minister of Foreign Affairs
<b>Macedonia</b>	<b>Nikola Gruevski</b> , Prime Minister <b>Vladimir Peševski</b> , Deputy Prime Minister for Economic Affairs <b>Bekim Neziri</b> , Minister of Economy	<b>Nikola Gruevski</b> , Prime Minister <b>Nikola Popovski</b> , Minister of Foreign Affairs <b>Bekim Neziri</b> , Minister of Economy
<b>Montenegro</b>	<b>Milo Djukanovic</b> , Prime Minister <b>Igor Lukšić</b> , Minister of Foreign Affairs <b>Vladimir Kavarić</b> , Minister of Economy	<b>Milo Djukanovic</b> , Prime Minister <b>Igor Lukšić</b> , Minister of Foreign Affairs <b>Vladimir Kavarić</b> , Minister of Economy
<b>Kosovo</b>	<b>Hashim Thaci</b> , Prime Minister <b>Enver Hoxhaj</b> , Minister of Foreign Affairs <b>Besim Beqaj</b> , Minister of Finances	<b>Isa Mustafa</b> , Prime Minister <b>Hashim Thaci</b> , First Deputy Prime Minister and Minister of Foreign Affairs <b>Lutfi Zharku</b> Minister of Trade and Industry
<b>Serbia</b>	<b>Aleksandar Vučić</b> , Prime Minister <b>Ivica Dačić</b> , First Deputy Prime Minister and Minister of Foreign Affairs <b>Dušan Vujović</b> , Minister of Finance	<b>Aleksandar Vučić</b> , Prime Minister <b>Ivica Dačić</b> , First Deputy Prime Minister and Minister of Foreign Affairs <b>Dušan Vujović</b> , Minister of Finance
<b>European Union</b>	<b>Jose Manuel Barroso</b> , President of the European Commission <b>Günther Oettinger</b> , Vice President of the European Commission <b>Stefan Fule</b> , Commissioner for Enlargement	<b>Federica Mogherini</b> , High Representative of the Union for Foreign Affairs and Security Policy <b>Maros Sefcovic</b> , Vice President of the European Commission <b>Johannes Hahn</b> , Commissioner for Neighborhood Policy and Enlargement Negotiations
<b>Austria</b>	<b>Werner Faymann</b> , Chancellor <b>Reinhold Mitterlehner</b> , Vice Chancellor and Minister of Economy <b>Sebastian Kurz</b> , Minister of Foreign Affairs	<b>Werner Faymann</b> , Chancellor <b>Reinhold Mitterlehner</b> , Vice Chancellor and Minister of Economy <b>Sebastian Kurz</b> , Minister of Foreign Affairs



<b>Croatia</b>	<b>Zoran Milanovic</b> , Prime Minister <b>Vesna Pusic</b> , Minister of Foreign and European Affairs <b>Ivan Vrdoljak</b> , Minister of Economy	<b>Zoran Milanovic</b> , Prime Minister <b>Vesna Pusic</b> , Minister of Foreign and European Affairs <b>Ivan Vrdoljak</b> , Minister of Economy
<b>France</b>	<b>Alain Richard</b> , Special Envoy of the Minister of Foreign Affairs for Economic Diplomacy to the Balkans	<b>Harlem Désir</b> , Secretary of State in Charge of European Affairs <b>Alain Richard</b> , Special Envoy of the Minister of Foreign Affairs for Economic Diplomacy to the Balkans
<b>Germany</b>	<b>Angela Merkel</b> , Chancellor <b>Siegmar Gabriel</b> , Vice Chancellor and Minister for Economic Affairs and Energy <b>Frank - Walter Steinmeier</b> , Minister of Foreign Affairs	<b>Angela Merkel</b> , Chancellor <b>Siegmar Gabriel</b> , Vice Chancellor and Minister for Economic Affairs and Energy <b>Frank - Walter Steinmeier</b> , Minister of Foreign Affairs
<b>Italy</b>		<b>Paolo Gentiloni</b> , Minister of Foreign Affairs <b>Amedeo Teti</b> , Director General of DG “International trade policy” of the Ministry for Economic Development
<b>Slovenia</b>	<b>Alenka Bratušek</b> , Prime Minister <b>Karl Erjavec</b> , Minister of Foreign Affairs <b>Metod Dragonja</b> , Minister of Economic Development and Technology	<b>Miro Cerar</b> , Prime Minister <b>Karl Erjavec</b> , Minister of Foreign Affairs, <b>Zdravko Počivalšek</b> , Minister of Economic Development and Technology

Source: Authors' own elaboration based on data from online media sources.



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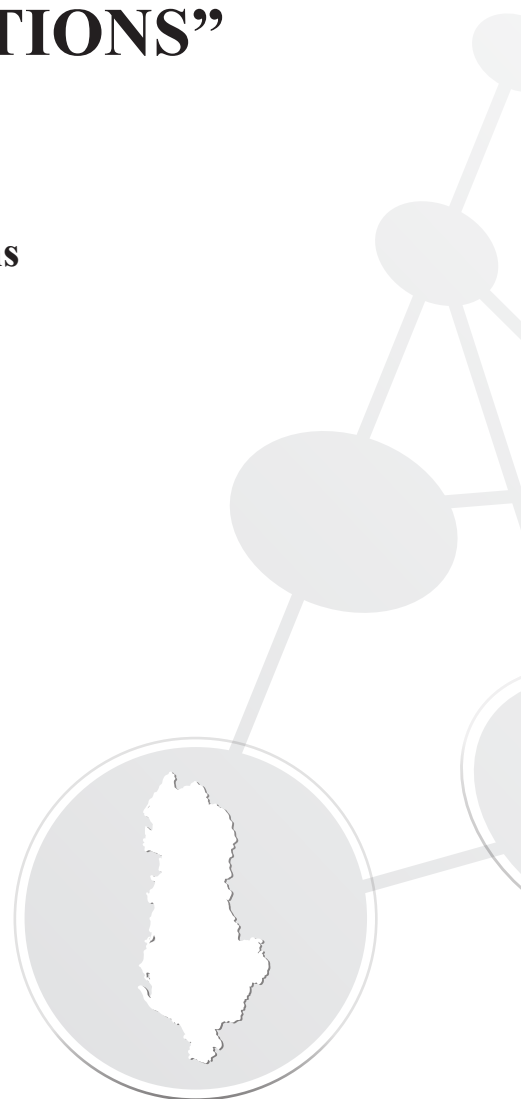
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**CONFERENCE**  
**“ALBANIA IN THE BERLIN PROCESS:  
FALL 2015 STOCKTAKING  
AND RECOMMENDATIONS”**

*5 November 2015*

**Speeches and Contributions**



## **“Civil Society: A Political Actor in the Western Balkans” - FRANK HANTKE, Director of Friedrich Ebert Foundation, Office Tirana**

The Friedrich Ebert Foundation (FES) supports the civil society organizations for a stronger participation on policy-making in general and as a partner in the Berlin Process in detail. Thus FES was one of the organizers of the Civil Society Forum which take place in Vienna as a part of the official Balkan Conference.

### **Civil Society is a political actor**

Civil Society in the Balkans has to become aware that it is for a living democracy an actor in politics – not only in a passive way as voter but also in a very active way as an all-day critical advisor, as an expert-pool or as an innovative factor in reforms and developments. This not only is an offer of democracy but a need and duty for all citizens. Therefore, are needed civil-society-organizations (CSO) to focus on different interests and give them a strong voice. It was a very good progress for the CSO to have been invited as partners in the Berlin-Process!

### **Civil Society Organizations need a common voice and the trust of the citizens**

There is no lack of quantity of CSO on the Balkans but still the lack of unity and readiness of acting strongly – on national and regional level. There is also to be noticed that many CSO – despite they are working quite well – do not have enough contact and relationship to the citizens – even more on the countryside. Unity and good relationship to the citizens therefor first is the challenge the CSO have to cope with.

In the Balkan countries there are already many good examples of CSO-work, but mostly they are not known by others. A well-functioning regional network is needed to get more competence and to become more innovative. Nevertheless the power of CSO in the region and their influence in regional politics depends from their ability to act on national level. There is a non-solvable interdependency.

### **Economic development and social cohesion are natural twins**

The main targets of the Balkan progress are very similar in the countries. Economy has to be raised and social cohesion has to be the second strong leg of a successful European integration. There is no blue-print from no country or from the EU. The Balkans themselves have to develop their model as a part of a patchwork of different social welfare models in Europe. But the passage all have to take is the “European Economic and Social Model”.

There will be no social cohesion without economic progress – but there also will be no economic progress without social development in many fields.

## **Education and professional training is a key issue**

Only one, but an important one is education and professional learning. To create new industries, to strengthen handicraft or to empower agriculture, to develop tourism or also administration there is needed a well skilled workforce – non-academic and academic one – on all levels and all over the countries. Professional training for all professions and duties is the key-condition for creating new workplaces and bring the economy forward.

## **Cooperation is needed for reforms**

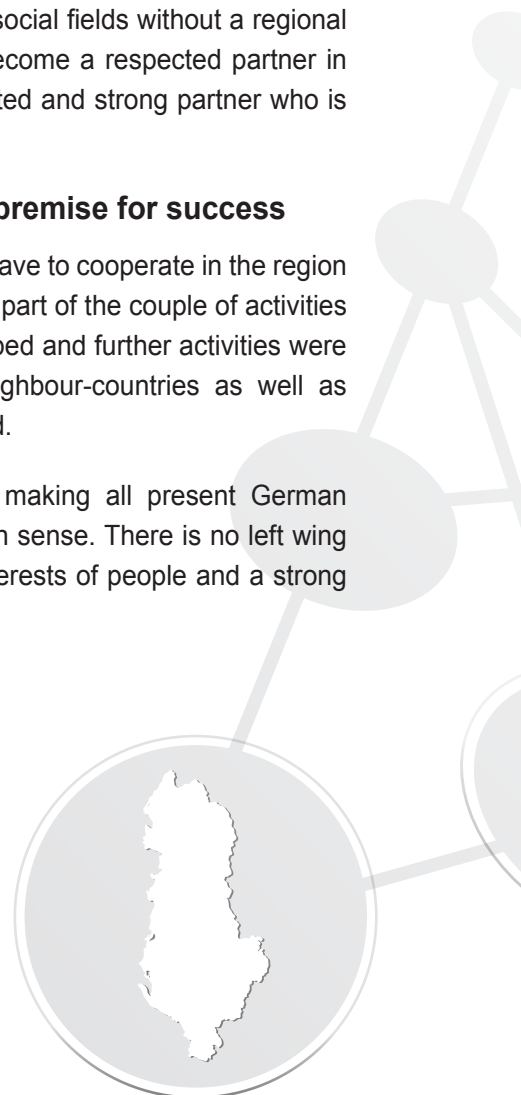
Politicians can – and they should – develop the respective frameworks, but business, trade unions, civil society organizations and the citizens themselves are the real engine for economic success. Without them, without their willingness and competence there will be no real reform – despite the fact that the flood of nice analysis- and strategy-papers becomes stronger and stronger.

The heads of the Balkans and the EU decided about some very important issues in Vienna. Big programs are planned and even bigger words and numbers games were published. Now it is up to them to translate this into real and visible activities in cooperation with them who have to do the job – citizens, business, experts and others. Still many politicians don't see the “gold in the brains” of the citizens – and still many citizens and their organizations do as if they even are not aware of it. The CSO have the aim to bring people with similar interests together, to focus their wishes and possibilities to become a competent and strong partner for a better Balkan region in evidence. And this also is a fact: there will be no positive solution on economic or social fields without a regional cooperation. Each country itself is too small to act alone and to become a respected partner in the integration process – but the whole region could be this respected and strong partner who is needed in the interest of the Balkan's citizens.

## **Similar problems to solve – common regional voice as premise for success**

Like the countries of the Balkans and their politicians also the CSO have to cooperate in the region and as one common strong solution-partner. This conference was a part of the couple of activities to be done on the way to become stronger. New ideas were developed and further activities were planned. There participated considerable CSO-partners from neighbour-countries as well as experts of the whole region. This should be continued and deepened.

To underline the relevance of the CSO's participation in policy making all present German foundations supported this conference in common and in a common sense. There is no left wing or right wing needed in the civil society but the idea of common interests of people and a strong common voice for it.



***“The Berlin Process as the next step in the EU integration path of the Western Balkans”*** - KLAUS FIESINGER, Director of Department for Central, Eastern and South Eastern Europe, Caucasus, and Central Asia, Hanns Seidel Foundation

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Once again, the countries of the Western Balkan region are in focus of international attention and interest.

Poverty migrants or war-refugees, travelling from their respective origin countries to Central Europe by using the so-called “Balkan Route”, are becoming more and more a deep absorption problem of the European Union. Even more crucial is the fact that the asylum seekers, who are leaving due to only poverty reasons their homelands in Southeast Europe - defined as “Safe Origin Countries”- are still nearly half of the whole wave of migrants.

Despite of this migration-related “negative image” of the Western Balkan region, we should be also aware of the positive aspects of Southeast European countries, considering their evident progress of democratisation and development.

Since more than 10 years, all Western Balkan countries have received some integrative components of the so-called Pre-Accession Strategy of the European Union. Already in June 2003 at the EU Summit of Thessaloniki, the Western Balkans was promised a clear and concrete perspective of future EU membership.

Meanwhile, all the countries of the Western Balkans region have received either EU membership (such as Croatia) or have got some official EU candidate status, as for instance Albania, or at least some potential EU candidate status, as for instance Bosnia and Herzegovina.

In relevance to this reason the Berlin Process having been started in the year 2014 can logically be characterized as some concrete continuation of the decisions on the Thessaloniki summit of 2003.

The ideas and intentions of the on-going international conference cycle and negotiation platform, called Berlin Process,- initiated and inspired by German Chancellor Angela Merkel - are clear and evident: further implementation and consolidation of institutional, economic and socio-political reforms in the Western Balkan states.

However, there are still existing doubts and uncertainties according to the concrete application and transposition of this paramount approach.

Several questions need to be answered precisely:

For example, how can this approach be realized from the abstract to the concrete form of conduct? Or for instance, how can the above-mentioned intentions and targets be transformed from the



macro-level to some manageable micro-level of development projects? Finally, the question must be answered if the aspirational and required issues of the Berlin Process are in conformity and coherence with IPA II, and if they fall under the framework of the 'Europe 2020' Strategy. In other words: Does the considered timeframe go beyond 2018?

The purpose, intention and contents of the Tirana Conference "Albania in the Berlin Process" - organized by ShtetiWeb in cooperation with the branch offices of Friedrich Ebert Foundation, Hanns Seidel Foundation and Konrad Adenauer Foundation on 5<sup>th</sup> November 2015 - were aiming at giving specific clarification to the above-mentioned questions, in order to give more detailed information about the construct of Berlin Process.

In the Western Balkans Summit held in Vienna in August 2015, the civil society for the first time was sitting side by side to the WB6 leaders. The encouraging result of this summit created consequently the opportunity of the NGO-network to operate as an active component of the Berlin Process.

These facts influenced the decision of the three German political foundations located in Albania, to foster the above-quoted "Tirana Conference" and to promote a summarising publication with the function of a comprehensive and structured compendium on the subject matter.

Crucial element of project activities of German political foundations in the Western Balkans region is the advancement of EU accession process, through a sustainable support of the democratic reforms.

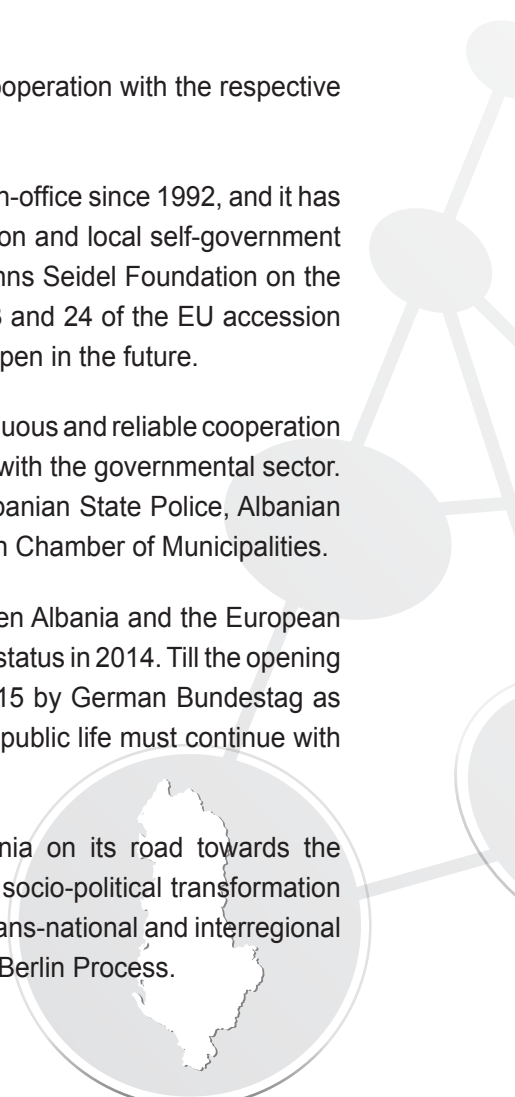
Each of the political foundations is accomplishing this approach in cooperation with the respective local partner institutions.

Hanns Seidel Foundation has been represented by its Albanian branch-office since 1992, and it has been engaged since then with projects on the reforms of administration and local self-government as well as in the sector of justice and home affairs. The focus of Hanns Seidel Foundation on the "rule of law" and "internal security" issues corresponds to chapter 23 and 24 of the EU accession negotiations, which Albania will be facing once the negotiations will open in the future.

Hanns Seidel Foundation is conducting these project activities in continuous and reliable cooperation with its Albanian local partner institutions at the NGO level as well as with the governmental sector. HSF partner institutions are for instance the General Directorate of Albanian State Police, Albanian Constitutional Court, Albanian Supreme Court as well as the Albanian Chamber of Municipalities.

After the signature of the Stabilisation and Association Treaty between Albania and the European Union in 2009, it took five years until the award of the official candidate status in 2014. Till the opening up of Albania's EU negotiations - which was qualified in autumn 2015 by German Bundestag as a safe origin country - the on-going reforms in all sectors of state and public life must continue with undiminished efforts.

Hanns Seidel Foundation will also in the future accompany Albania on its road towards the European Union, through sustainable assistance to institutional and socio-political transformation of the country, and through operational contribution to cross-border, trans-national and interregional cooperation in the Western Balkans – inspired and confirmed by the Berlin Process.



***“Furthering reforms and closer economic cooperation of Western Balkans countries”*** -THOMAS SCHRAPEL, Director of Konrad Adenauer Foundation, Office for Albania

Your Excellency Mr Hoffmann, Ambassador of Germany, and Your Excellency Mr Fitoussi, Ambassador of France,

Your Excellency – Ambassadors of Montenegro, Macedonia and Kosovo,

Honourable ladies and gentlemen,

Welcome to the Conference “Albania in the Berlin Process”.

As my colleagues said earlier on, it is a special pleasure for me to extend the welcome to the members of the civil society, emphasizing their role in the Berlin Process and in the European integration of the region.

Given the traditional agenda of similar events, usually the politicians speak first. However, today we have a precise schedule and this is exactly the purpose of the conference. I do not know if there are any Members of the Parliament present, however they are included in the agenda and will hold some speeches in the third panel.

The European issues in general and the role of the institutions in the EU enlargement process are very important aspects of our activities as Konrad Adenauer Foundation (KAS).

KAS Office for Albania has supported various initiatives in the framework of the Albania’s European integration, with various partners, being those politicians or civil society actors. We also have in focus specific priorities for the younger generations.

I believe that all of us can say that there exists a clear European perspective for Albania. Albania is a stabilising factor for the whole South Eastern Europe. This is the reason why Chancellor Merkel took the initiative of the Berlin Process.

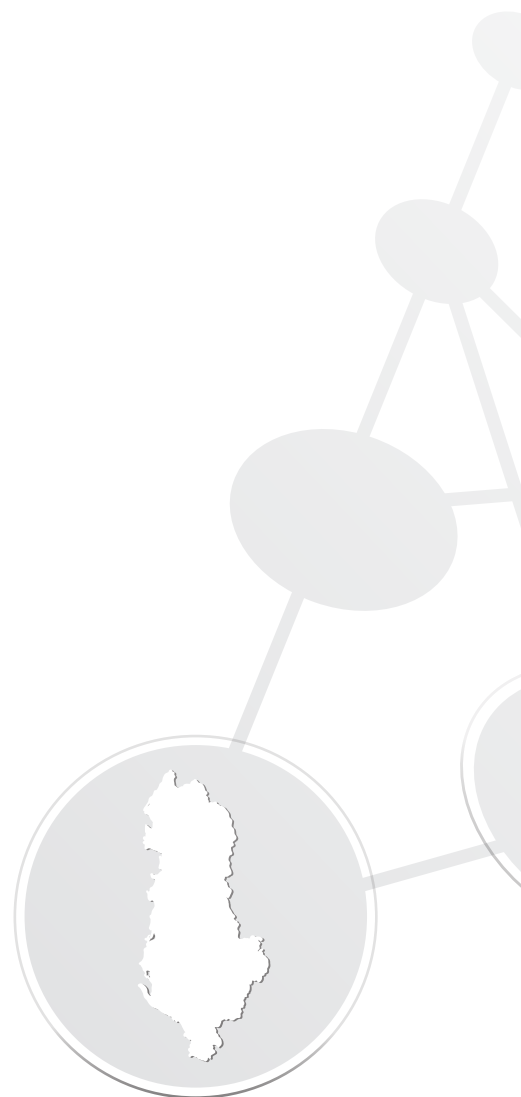
I would like to emphasise the importance of the Berlin Process. You can understand its relevance in the fact that it was created and developed when some EU Member States – such as Germany itself – demand for EU enlargement. EU enlargement is still an unfinished process.

However, it is quite important to analyse the real state of affairs in the Western Balkan countries. A good analysis, that allows the comprehension of the respective roles of the government, parliament or different stakeholders, is extremely vital for the EU accession process.

Yesterday I read in the newspaper that Albania and the EU will open the accession negotiation in 2016 and that the Prime Minister is confident to. While reading the article it seems like everything is certain and this is a problem. If the accession negotiations would start next year, we need to work earlier on. Currently, we have some other important steps to be taken and these steps are within the Parliament – and especially in the German Parliament where there will be a voting process, which then passes through the Government.

Albania and the Western Balkan countries should coordinate their efforts so as to advance the reform process and regional cooperation to the benefit of economic development and prosperity for the citizens.

The Berlin Process created a new impetus in the region and the countries should work together in order to realize the main aspiration: EU membership.



***“From Berlin Conference to Berlin Process: A German perspective”***  
**- HELLMUT HOFFMANN, Ambassador of the Federal Republic of Germany to Albania**

I would start with congratulating the three German Political Foundations on the joint support and joint appearance in this Conference. This does not happen so often and it is a clear indication that the Berlin Process is something quite special.

Moreover, I would welcome Dr. Hackaj's initiative to make Western Balkans Conference - “Berlin Process” - object of scrutiny with the interested people. I am not so sure but I believe that the notion of ‘Berlin Process’ came from Tirana – it is not invented by “us”. I am not against this terminology and I believe that you should make it part of your work and include as many citizens as possible.

I arrived in Albania almost two years ago, in August 2013, and I was a witness of the process since the very beginning. The origin of the Berlin Process is linked to the commemoration of the outbreak of the First World War in 1914.

Obviously, one could have opted for a classical remembrance event, for instance a Franco-German event, i.e. in Verdun. But I believe that the idea was to do something with direct political relevance and with operational future orientation. Therefore, the focus was placed on the region where the First World War started, namely in Sarajevo, and where tensions and conflicts continue to pose serious problems for region itself as well as for Europe as a whole. In focusing the WWI remembrance in this way, Germany sends clear signal to region: *“We care about Western Balkans!”*

Naturally, it was raised the question on how to do it. I am very pleased to state that there are some positive elements characterizing the Berlin Process.

Firstly, this is not a one-off conference, but a series of five conferences during the timeframe 2014-2018. It would have been quite easy to bring together the Balkan leaders in Berlin in 2014, to organize a one shot event. The series of five conferences will ensure continuity to the process and will have enough time to demonstrate its results.

Secondly, there are various important partners engaged in the process, namely: Western Balkans Six, Croatia, Slovenia, Germany, France, Austria and since 2015 Italy, plus the EU institutions and in particular, the financial ones, along with the World Bank. The participants in the conferences of the Berlin Process are top level country representatives, such as the Heads of Governments, Foreign Ministers and Ministers of Economic Affairs.

Thirdly, the process is not only production of encouraging words about the maintenance of peace and security etc. It focuses on concrete and relevant projects with operational contribution from WB6 countries! As a diplomat, I know how important is the repetition of right words, and it is

important to say the right words at the right moment. This is particularly true also for the Balkans, as especially in here it happens again and again that people use backward-oriented words.

Moreover, I would emphasise the very significant EU commitment of financial support for projects and Mr. Jan Rudolph from the EU Delegation will certainly elaborate on this issue. This type of approach is particularly important, because the Western Balkans Conference was and is not *only* a regional initiative! There are approximately 45 initiatives/formats in place in the South Eastern Europe.

Hence, it is important that the process focuses on specific important aspects, and here there are two major project fields with obvious relevance:

- Building up of regional youth exchange
- Connectivity agenda

I would emphasis in particular the improvement of cross-national highway connections. Albania does not have yet an uninterrupted connection with the European highway system.

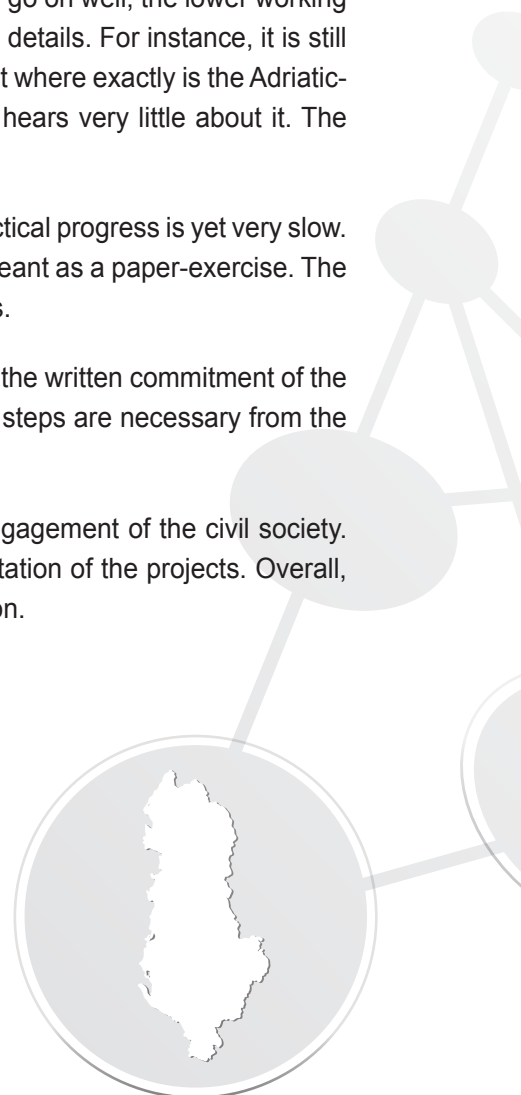
A very positive and intended side-effect of the Berlin Process is that the Western Balkans 6 had to come up with own ideas and coordinate these among themselves! Hence, as a result, the frequent meetings among all the Western Balkan 6 or on bilateral basis are a very good opportunity.

However, I have the impression that while on the political level things go on well, the lower working level – i.e. technocrats – are facing struggles in filling in the practical details. For instance, it is still unclear if the Ministry of Transport has a clear idea or even plan about where exactly is the Adriatic-Ionian highway going to be built in Albania? I am not sure, as one hears very little about it. The Ministry seems waiting for EU consultants to define it.

Regarding the youth exchange, there is still work to be done. The practical progress is yet very slow. So far, there are only statements of good intentions, and this is not meant as a paper-exercise. The structure should be built up so as to organize more youth exchanges.

A very important point that came out of Vienna Summit this year was the written commitment of the WB6 leaders to resolve the outstanding bilateral disputes. Concrete steps are necessary from the region's political leaders towards lasting reconciliation in the region.

In conclusion, I would like to reemphasize the importance of the engagement of the civil society. Also the media should be engaged and should follow the implementation of the projects. Overall, the Berlin Process offers good bridging links on path to EU integration.



***“Paris Summit: The next milestones for regional cooperation” -  
BERNARD FITOUSSI, Ambassador of France to Albania***

The European Union promotes regional cooperation between the Western Balkan countries since mid-1990s. Under the French Presidency, the EU launched in 1995 the Royaumont Process, aiming at the association of the Western Balkan countries in the creation of a “New Europe – A Europe of democracy, peace, unity, stability and good neighbourliness”.

The outbreak of the war in Kosovo marked the end of the initiative. However, the failure was not without consequences. The EU learned that the deepening of the regional cooperation in the Western Balkans requires a more institutionalized framework, with technical and financial means, and above all, a common objective – that of the European integration.

For this purpose, the EU created the Stability Pact for Southeast Europe in June 1999, followed in 2008 by the Regional Cooperation Council. In 2005, the European Council clearly pronounced in this sense when it declared that “the progress of each country in terms of European integration [...] depends on the efforts of this country [...] in the framework of the Stabilization and Association Process. Among the dimensions of this process, regional cooperation and good neighbourly relations will remain essential elements of EU policy”. The Council joined the action to the word by including the obligation to strengthen regional cooperation in almost all agreements with the governments of the region.

The EU supports the implementation of regional projects by providing to the countries specific technical and financial means (multi-beneficiary programmes). It provides for the promotion of regional cooperation about 10% of its total pre-accession aid. In 2012, this amount represented 213 million Euro, against 130 million in 2007.

The European Union is not the only actor promoting regional cooperation in the Western Balkan countries. France also is bounded to the Western Balkans through history, political, cultural and linguistic ties – where Francophonie has its role – as well as through economic relations.

Earlier on, the President of the Republic, Mr. François Hollande, responded positively to the invitation of the Balkan countries to support their efforts towards European integration.

The informal meetings are transformed into instruments of cooperation. The institutionalization of the dialogue will take place through the establishment of a framework, where there will be sustainable exchanges and fruitful cooperation between the countries of the region.



## **1. Brdo Conference: Launching the regional initiative of the Balkans and the support of France**

Before Berlin there was Brdo as the set up where the first discussions emerged on the regional cooperation in the Balkans.

The Head of States of eight countries – Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia, Slovenia and Albania met in an informal setting, with the initiative of the Slovenian and Croatian Presidents, Borut Pahor and Ivo Josipovic, on 25 July 2013.

The French President, Mr. François Hollande, participated in the event as guest of honour and representative of the EU. Among the participating countries, Slovenia and Croatia are now EU Member States, the first since 2004 and the second since 2013. The rest of the countries are advancing in this process. The disputes between Serbia and Kosovo have a special attention, but the presence of the two countries side by side in this summit marks an appeasement of their relations since the normalization agreement signed in April 2013.

The so-called Brdo Process represents a great opportunity, as it institutionalizes the informal meetings between the leaders of the region, whose common objective is to engage on the path to the European Union and reconciliation.

### European perspective of the Balkans and engagement of France

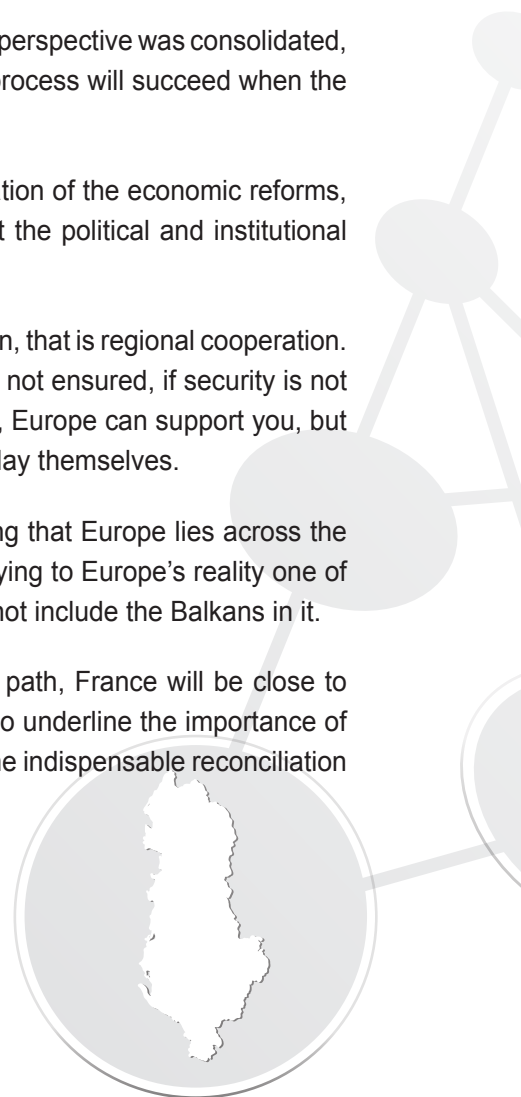
It was during French Presidency in 2000 in Zagreb, that the European perspective was consolidated, through the statement of will of all parties. Certainly, the accession process will succeed when the required conditions to be satisfied by the countries.

The first condition that every country should fulfill, is the implementation of the economic reforms, like any country willing to join the EU. But also it should implement the political and institutional reforms – the reforms addressing the rule of law.

The second condition to be fulfilled by the whole region is reconciliation, that is regional cooperation. This process has started. If the disputes are not settled, if stability is not ensured, if security is not guaranteed, there cannot be integration in Europe. Europe can help, Europe can support you, but Europe cannot substitute the role that the Balkan countries should play themselves.

Why France is attached to the European perspective? After admitting that Europe lies across the continent; building Europe without the Balkans is somehow like denying to Europe's reality one of its pieces. There will be no Europe of peace, of reconciliation, if we not include the Balkans in it.

There is a lot to do: Slovenia and Croatia illustrate it better. In this path, France will be close to these countries, including its role in the European Council, in order to underline the importance of this process, of this perspective, and to assist through its mediation the indispensable reconciliation in the Balkans.



## **2. Berlin (2014) and Vienna (2015), a confirmation of regionalisation towards Paris Summit**

As presented by my German and EU counterparts, the Summits of Berlin and Vienna have continued and deepened the process launched in Brdo.

These summits have strengthened the links between the countries and have brought out the civil society, which is ready to engage in a long term perspective in the field of reconciliation and regional cooperation.

Vienna has allowed for a greater involvement of the civil society. It also proposed an original framework, inviting researchers to work on proposals that can contribute in the solution of regional conflicts.

Finally, there have been approved many projects that connect the countries through infrastructure – 10 projects of regional interest in transport and energy will be co-financed by the European Union.

### What will happen in Paris?

Mr. Alain Richard, Charge d’Affaires for the organization of the Paris Summit in 2016, will be in Tirana next Monday to discuss with his Albanian counterparts. Next week we will have more information available.

Since the Vienna Conference, three major axes were set as priorities for the Paris Summit:

- Economy – mobilization of the private sector in region’s increase of investments;
- Youth – official launching of the Regional Youth Cooperation Office. A priority of 2016 will be the creation of the operational structure, according to the Vienna Declaration;
- Connectivity – implementation of the on-going projects, identification of new projects and funding aspects related to financial institutions.

## **3. Focus on youth: A priority for the Paris Summit, like the Franco-German reconciliation**

At the Vienna Summit, on 27 August 2015, the Prime Ministers of Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia signed a Joint Declaration on the establishment of the Regional Youth Cooperation Office in the Western Balkans. In this declaration, the Franco-German Office is mentioned as the source behind this initiative.

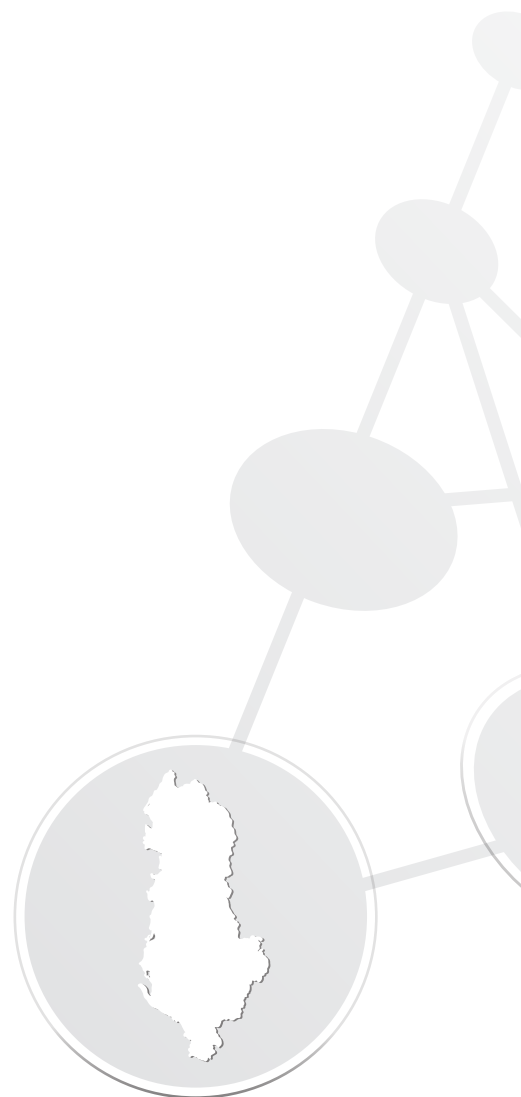
In 1962, in Ludwisburg, General De Gaulle said to the German youth “Ihr seid kinder eines großen Volkes” (you are the children of great people). This message emphasised the trust in youth, on its capacities to transcend the disputes of the past and act for progress.

Hence in 1963, the Élysée Treaty established the Franco-German Youth Office (FGYO), an international organization serving to Franco-German cooperation. Its mission is to foster the relationships between young people in the two countries, to strengthen their understanding and to change the representations of the neighbouring country. Some main figures of the work of this office are: since 1963, the most perfect instrument of Élysée has enabled 8.2 million French and

German youngsters to participate in 300.000 exchange programmes. The office has subsidized on average 9.000 exchanges, reaching over 200.000 young people. These programmes are open also to the youth coming from third countries. FGYO is based on the principle of subsidiarity with nearly 6.000 partner organizations. It plays an advisory and intermediary role for the local government and civil society in France and Germany, regarding youth exchange programmes.

The exchange programme is intended for all audiences from three to thirty years old: children in the kindergarten, elementary school pupils, college or high school, apprentices, students, unemployed and employed youth. FGYO contributes to building the Franco-German friendship and it is one of the most significant successes of the Élysée Treaty.

This instrument has proven the role of youth exchange in the Franco-German reconciliation. By inviting youth in the regionalization process, the Balkan countries are betting on their future.



***“Complementarity or Diversion: How connectivity impacts the EU integration dynamics of WB6?” - JAN RUDOLPH, Head of Political, Economic and Information Section, Delegation of the European Union to Albania***

The Western Balkan region has come a long way in the last 20 years. It has left behind years of war, and is now moving towards a future within the European Union. However, this peace and stability must not be taken for granted.

The Berlin Process and the Western Balkans 6 is a way to drive the EU integration process forward, and to reaffirm our commitment to the Western Balkan countries' EU perspective.

Connectivity – better physical connections between the Western Balkan countries and with the EU – is an important aspect of this process.

Investments in infrastructure will bring concrete benefits to citizens of enlargement countries in terms of jobs and business opportunities already before EU accession, and open opportunities for EU investors.

But the Berlin Process goes beyond economy and infrastructure. It has brought the Western Balkan leaders together at one table to work towards a common goal.

The creation of the Coal and Steel Community – to achieve mutual economic benefits, but also to promote peace and stability in Europe – is the reason why I am sitting here together with the French and the German ambassadors today.

The Berlin Process is about giving people opportunities to cooperate and communicate across borders. To this end, I would like to stress the important commitments made to promote youth exchanges within the Western Balkans and with Europe.

Another important pillar of the process is the Joint Sciences Conference, which brings the crucial contribution of the voice of science to the process.

Your leaders have made important promises in the framework of the Berlin Process. Now, it is time to turn these commitments into action.

In August this year, at the Western Balkans summit in Vienna, Prime Ministers from the region and from Member States agreed on priorities for further infrastructure developments.

They committed to completing the most urgent priorities in the areas of transport and energy, including:

- A regional core transport network
- Three EU transport corridors extended to the Western Balkans
- And integration of power systems and better gas supply

To achieve the maximum benefit of these infrastructure investments, they must be complemented by “**soft measures**”, such as opening markets and facilitating border crossing procedures. Delivering on these “soft measures” will be a key challenge.

In order to move forward in the process, Albania and the other Western Balkan countries now need to present **concrete project proposals that are ready to be implemented**.

Your countries are now in the driver’s seat when it comes to drafting project proposals that include all relevant technical aspects, and where the relevant financial resources have been set aside. This is your process that you should take ownership of.

For Albania, in order to be able to free the resources needed for investment projects, improving public financial management is an important aspect.

It will also require **results in the fight against corruption**, and making sure that money that belongs to Albanian citizens goes to new infrastructure or public services instead of private interests.

Civil society has an important role to play in all of these respects. This was also highlighted in Vienna during the Civil Society Forum, which perhaps some of you here today attended.

- It can monitor and hold authorities accountable for delivering what they have promised.
- It can make a crucial contribution in enhancing regional cooperation – by strengthening mutual understanding, contributing towards policies and strategies, help improving the institutional and legal environment for civil society regionally.
- Finally, its expertise can be valuable also in policy areas such as infrastructure and energy.

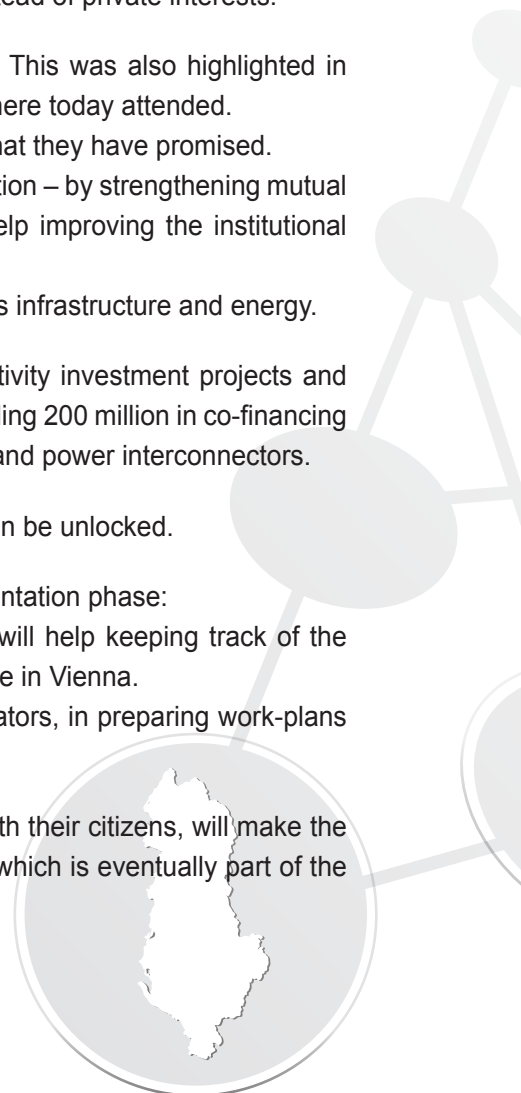
The European Union has set aside up to 1 billion euro for connectivity investment projects and technical assistance for the period 2014-2020. In 2015 we are providing 200 million in co-financing for 10 priority projects, including two bridges, three railway projects and power interconnectors.

Through realistic and well-planned project proposals, these funds can be unlocked.

The EU is also ready to provide relevant support during the implementation phase:

- We are planning on creating a monitoring mechanism, which will help keeping track of the progress of each country in delivering on the commitments made in Vienna.
- The countries will also get support from our European Coordinators, in preparing work-plans for the transport corridors and getting them implemented.

Action towards implementing these priorities, by leaders together with their citizens, will make the Western Balkans a stronger and more prosperous region, and one which is eventually part of the EU.



***“Tangible benefits for the country/citizens: Berlin connectivity projects” - NAND SHANI, Programme Manager, Regional School of Public Administration***

### **EU enlargement: state of play**

The EU accession process is the key driver for reform in the Western Balkan Countries. The accession agenda encourages countries to address fundamental reforms in rule of law, public administration reform and economic governance.

Strengthening the rule of law is a major challenge for most of the countries and additional efforts are needed to improve the effectiveness and efficiency of public administrations in the enlargement countries.

None of the Western Balkan countries is yet considered to be a functioning market economy. High unemployment rates, low growth and investment and fiscal vulnerabilities are important challenges in the Western Balkans. Better economic governance is seen as an important instrument for overcoming these challenges. As a response to the global economic crisis, the EU has strengthened substantially its economic governance and member states coordinate fiscal and structural policies before national parliaments adopt annual government budgets. A similar approach is being proposed for the enlargement countries as well. They are invited to prepare National Economic Reform Programmes (NERP), will set out a medium-term macroeconomic and fiscal policy framework, as well as a proposal of sectorial structural reforms (such as transport, energy, education, environment, research, industry, competition, internal market).

Some of the priorities in the Albanian NERP for 2015 include reinforcing public finances, improving the efficiency of the financial sector, removing rigidities in product markets, and upgrading the educational system to better align with the needs of the private sector.

### **Role of regional cooperation**

Regional cooperation and good neighbourly relations are one pre-condition to EU accession. More recently, there has been a much welcome shift from peace and stability to cooperation for economic development and growth. Under the auspices of the Regional Cooperation Council, ministers of economy of the Western Balkan countries and their governments have adopted the SEE 2020 strategy, and committed to working jointly to achieve substantial goals of integrated, smart, sustainable and inclusive growth, underpinned by a good governance framework. This strategy emphasizes the need for a comprehensive reform agenda to achieve economic growth and higher competitiveness.



## Berlin Process and ‘Western Balkans Six’

The Western Balkans Six (WB6) constitutes a new framework for the cooperation among the six Western Balkan countries. After two WB6 Ministerial meetings in Belgrade on 23 October 2014 and in Pristina on 25 March 2015, the Prime Ministers of the Western Balkans gathered in Brussels on 21 April 2015 to reaffirm their commitment to connectivity, good neighbourly relations, regional cooperation and European integration. Cross-border transport, energy and communications networks are underdeveloped such infrastructure investments are much needed to boost economic development in the region. They agreed on the core transport network for the Western Balkans, the creation of National Investment Committees and the establishment of Single Project Pipelines of priority investments.

Indicative extension of the Trans-European Transport Network to Albania

Corridor VIII	Tirana/Durres (Albania) – Elbasan (Albania)- Struga (The former Yugoslav Republic of Macedonia) – Tetovo (The former Yugoslav Republic of Macedonia) - Skopje (The former Yugoslav Republic of Macedonia) -Deve Bair (Bulgarian Border)
Route 2	Podgorica (Montenegro) – Durres (Albania) – Fier (Albania) – Tepelena (Albania) – Qafë Botë (Greek border)
Airport	Tirana Airport
Sea Port	Durres sea port

One year after the Western Balkans Summit, the second meeting of the Berlin Process took place in Vienna on 27 August 2015. Infrastructure and connectivity, regional cooperation, youth, the refugee challenge and civil society involvement dominated the agenda.

### Impact on the ground

Through IPA II, the EU will provide EUR 11.7 billion for the period 2014-2020 to support the enlargement countries. IPA II increases focus on priorities for EU accession in the areas of democracy and rule of law as well as competitiveness and growth. The novelties of IPA II are the introduction of a sector approach, incentives for delivery on results, increased budget support and prioritisation of projects. The Western Balkans Investment Framework (WBIF) is an important instrument for supporting infrastructure investments that will create jobs and growth and promote connectivity in the region.

Under the WBIF, the European Commission, bilateral donors and international financial institutions are supporting 4 billion euros worth of investments per year in transport, energy, the environment, climate change, supporting a resource efficient economy, the social sector and private sector. Countries have set up National Investment Priorities that would lead to single sector project pipelines.

However, a coherent approach and solid planning mechanisms are need to ensure the identification and prioritization of investments, especially for countries such as Albania, where fiscal space is rather limited. The establishment of single project pipelines is an important instrument which requires institutional and procedural adjustments. The establishment of National Investment Committees (NIC) draws on the work of sectorial working groups and should develop clear methodologies for the prioritization of infrastructure projects that will strengthen ownership and transparency and guidelines for the activities of the sector working groups.

## **Relevance for the country/citizens**

There is ample evidence that the returns from investing in telecommunications, transport, and energy infrastructure exceed those from other forms of capital investment. Improved infrastructure and connectivity can promote greater investment, make it faster, cheaper, and easier for people and goods to move across borders within the region; enhance competitiveness through stronger regional production systems and economies of scale; improve connection to economic centres and economic opportunities for low income populations; and expand access to basic services such as energy and water.

However, hard and soft infrastructure interacts and reinforces each other's impact. Hard infrastructure need to be supported by relevant transport services, customs procedures and harmonized standards, regulatory and legal frameworks for instance.

In order to maximize the impact of increased connectivity, complementary policies need to be pursued. For instance, enabling labour mobility in the region would help better match skills and jobs.

Notwithstanding the clear gains from improved infrastructure and connectivity, there will be a part of the population and activities that will be harmed by the effects of improved connectivity and reduced trade costs. Environmental concerns and other negative externalities need to be addressed through appropriate policies and institutions.

Given limited fiscal resources and still huge investment needs in the region, a clear prioritization of government agenda, coupled with support from the international community, becomes a key success factor. The consultations with the private sector needs to be maintained throughout in order to better identify barriers to regional integration, prepare together about increased competition and explore partnerships in realizing the investments.



*“Institutional context, financial instruments and mechanisms: Preconditions for an efficient national process”* - ARDIAN HACKAJ,  
Director of ShtetiWeb

I would like to start with a short description of the **main actors of the Berlin Process**.

As Ambassador Hoffmann mentioned, this is a highly political process. The international structures are the Head of Governments' meetings. There have been seven follow-up meetings from the Berlin Conference, without counting the ministers' meetings in Vienna and Berlin. As mentioned also by Ambassador Fitoussi, at the moment the meetings are mainly attended by the Ministers of Foreign Affairs, Ministers of Economy and Ministers of Energy. They come from six EU Member States – Germany, France, Austria, Italy, Slovenia and Croatia. There are also the representatives of the Commission of the European Union and of the Regional Cooperation Council, mainly for the topics included in the SEE 2020 Strategy as well as for mobility, economic growth and vocational education. It has been officialised the participation of the civil society. In this framework, the civil society has given a really strategic contribution to the Vienna Summit, and it has been affirmed as an indispensable actor, without which it would be difficult to go ahead – which it should be also taken in consideration for the Paris Summit.

It is really interesting the fact that Albania bears the “paternity” of the term “Berlin Process”, as mentioned also by Ambassador Hoffmann. Also from Albania, ten days ago, with an initiative of a Member of the Parliament, Ms. Majlinda Bregu, came up the innovative proposal that the members of the parliaments of the Western Balkan countries get organized, so as to become an active part of the Berlin Process.

With regards to the **local actors**, in Albania the main actor is the National Investment Committee, as the most relevant structure dealing with the final approval of the list of projects that will be financed in the framework of the Berlin Process. In our country, this structure has been established with a Decision of the Council of Ministers, as of 20 April 2015. In order to understand the importance of this process, it suffices to mention that the Council is headed by the Prime Minister himself, Mr Rama.

At the sectorial level there exist the Sectorial Strategic Management Groups, which are currently four: transport, energy, environment and social affairs, established during the timeframe July-August 2015. One of the main results of these groups is the preparation of 112 Project Identification Fiches. During the first phase, these projects have been listed by sector, in order to enable the identification of the priority products. These projects have been assessed and ranked according to criteria, which we will discuss later.

A highly important structure is the technical assistance team to the National Investment Committee, composed of the Department on Strategic Planning and Donors' Coordination. This structure

assesses the projects coming from the ministries and ranks them according to their strategic relevance. According to the institutional context, we have the National Investment Committee at the Prime Minister's level and the Sectorial Strategic Management Groups at the ministerial one.

Strategic components are the **financial institutions**. Firstly, there is the European Commission, providing the overwhelming financial assistance through the IPA instrument – an amount of one billion Euros, mentioned earlier from the EU Representative, for the next six years for the Balkan countries, is very important. Then there are the international financial institutions as the Council of Europe Development Bank; European Bank for Reconstruction and Development; European Investment Bank, etc. and above all the group of four financial institutions of the World Bank. Overall, what is really important and active, currently with a project in Albania, is the KfW – German Development Bank. Also quite important are the bilateral donors and other financial institutions, where are included also the private donors.

I would like to continue with the institutional context of all donors dealing with the funding, and with the auxiliary structures. As mentioned by Mr. Shani, the main structure is the Western Balkans Investment Framework, which can be described as a mechanism combining grants and loans to the needs and demands. Moreover, WBIF assists the Western Balkan countries in the preparation of mature projects to the financial institutions. In the framework of the Berlin Process, these projects should respect and take into account the EU connectivity agenda and relevant initiatives. I would mention only two from 46 existing initiatives, which are quite important for the connectivity agenda: South East Europe Transport Observatory (SEETO) and Projects of Energy Community Interest (PECI). Both these initiatives guide the national structures towards projects of strategic interest for the European Union. The projects part of the connectivity agenda and of the Berlin Process, should be also part of the wider European plans for the reconstruction of road and energy infrastructure. This is highly relevant as for the first time there is a synchronisation, linking the infrastructure planning of the Western Balkan countries with the EU Member States. In this regard, the Western Balkans are being considered not only as an area where is still being invested in the rule of law, but also as taking part – more or less – in the EU development policy-making, ex-ante and not ex-post.

As regards the **financial instruments**, WBIF offers grants and loans. The grants are provided mainly for technical assistance, for the preparation of technical documents for the infrastructure investments, for research and investment analysis, as well as to support political reforms and institutional building. Whereas the loans – and this is very, very important, again referring to my predecessor Mr. Shani – are provided for investments in infrastructure. Namely, if a road segment costs 100 million Euros, 5% of the amount can be covered with a grant, while the rest should be covered with loans or funds to the beneficiary countries.

Now we move on a more complicated part, but I believe that we will be able to explain in sufficient details the mechanics of preparation and identification of a “Berlin Project”. What I would like to emphasize – referring here to Ambassador Hoffmann, Ambassador Fitoussi, Mr. Rudolph – is that the Berlin Process is an initiative owned by the national authorities. That is, we – the Albanian authorities - should prepare the projects. The European Union and its Member States will assist us in preparing them better, but they remain our projects. We need to respond to our qualitatively to our needs. The dynamics described below explains more or less this concept:

The *first step* consists of the establishment of the Sectorial Strategic Management Groups. As previously mentioned, these groups operate at a sectorial and not ministerial level, and for the moment there four groups: transport, energy, environment and social affairs.

The *second step* consists in the preparation of strategic relevance criteria and project identification fiches. This is strictly related to the methodology, which has been prepared with the technical assistance of WBIF - in direct consultation with the Albanian partners - and later on adopted by the involved ministries.

During the *third step*, the established groups prepare the project fiches. Until 15 September 2015, there were prepared more than 100 similar fiches. The Albanian government, institutions and/or ministries have prepared and sent to the Secretariat of the National Investment Committee more than 100 project proposals. This is a laudable number.

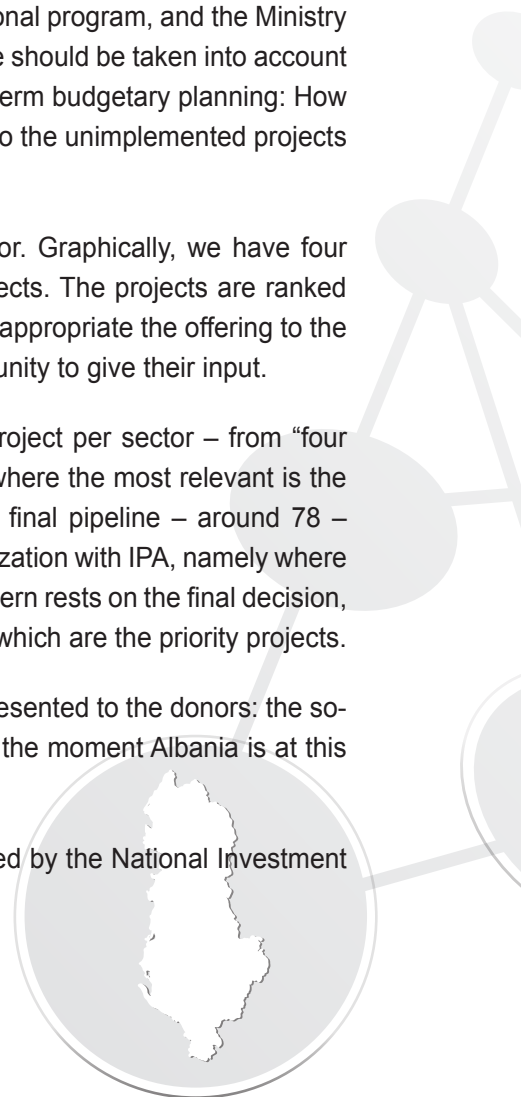
What can be improved? Firstly, it is the quality of the prepared fiches. The quality has been modest. Though it should be mentioned that this is the first time that such exercise is performed and there is room for improvement. Secondly, as mentioned by Mr. Qehajaj from Municipality of Durres, there has been no involvement of the local government units. It is true that these are strategic projects, however even for the urban and territorial planning, the affected municipalities may have been consulted. Thirdly, there have been identified issues with the inter-sectorial coordination. This has been faced especially in the social sector where for instance educational projects have required the coordination of the Ministry of Education for the educational program, and the Ministry of Infrastructure for the school building infrastructure. Above all, there should be taken into account the involvement of on-going projects and the impact in the Medium term budgetary planning: How do the on-going projects affect the budgetary planning with regards to the unimplemented projects under the Berlin Process?

In the *fourth step* is performed the raking of the projects per sector. Graphically, we have four pipelines, one per sector, where each contains some selected projects. The projects are ranked according to the strategic relevance. In my opinion, here it would be appropriate the offering to the civil society, academics, intelligence and different lobbies the opportunity to give their input.

The fifth step consists in the finalizing of the list with the ranked project per sector – from “four pipelines we converge to one”. Here begin the strategic concerns, where the most relevant is the identification of the budgetary space. The projects standing in the final pipeline – around 78 – amount to more than 2 billion Euros. The next concern is the harmonization with IPA, namely where the IPA instrument interfaces these projects, and so on. The last concern rests on the final decision, which is left to the political level. It is the Prime Minister that selects which are the priority projects.

The sixth step consists on the elaboration of a final list that will be presented to the donors: the so-called Single Project Pipeline. This is a single list of projects and at the moment Albania is at this stage.

The *last step* concludes the Single Project Pipeline and it is approved by the National Investment Committee.



Which are the Berlin Projects that we have at the moment in Albania? I would say three and a half: three have been approved, while one is still a pending project. The first approved project is the power interconnection line 400 KhV Fier - Elbasan - Bitola (MK). There have been received 2.1 million Euros plus 14 million Euros more for investments in 2015. KfW has agreed in principle to provide a loan of 70 million Euros.

The second project is the pipeline Adriatic-Ionian. It has been performed the feasibility study and the environment impact assessment with a grant of 3.5 million Euros. In order to implement the project, the Albanian Government should take a loan of 800 million Euros. In this framework, it has been recently approved the feasibility study for the railway rehabilitation Durrës-Pogradec, with a cost of 750 thousand Euros.

In November 2015, we have 78 projects ranked per sector, per number of project fiches, per number of assessed projects and respective cost. The overall cost amounts to more than 2 billion Euros. Hence, the projects currently under evaluation by the Albanian Government demand for 2 billion Euros of funding.

I would conclude with some challenges for the Paris Summit. Firstly, there is the complexity of the technical preparation. Secondly, the cost of the infrastructure investments amounts to 2 billion Euros and can the Albania's budget honour it? Thirdly, there is the intersection of the strategic investments with the national strategy on development and with the fiscal strategy. Fourthly, it is the need for better inter-sectorial coordination and progress' monitoring. Fifthly - and this strongly supported by ShtetiWeb - is the over-relevance given to infrastructure and not to manufacture. We believe that you can build excellent roads, however they are useless if you have nothing to exchange. After all, the local manufacturers are not the beneficiaries. Hence, even the manufacture should occupy the deserved place. Sixthly, in fact one of the most important is the voice of the citizens and the formalisation of the civil society contribution role in the Berlin Process and related developments. I will conclude with the need for higher visibility of and greater support from all institutional actors on the Joint Science Conference, taking place in the framework of the Berlin Process and that still has not achieved the right visibility.



## *“The agenda of the Albanian Government”* - ODETA BARBULLUSHI, Deputy Minister of Foreign Affairs

It is a pleasure for me to present the perspective of our country to the Berlin Process from the government position. Although this is an intergovernmental process between the governments of the participating countries, surely the civil society is an important component. Today's forum may be considered as one of the effects and products mobilized by the Berlin Process itself. The commitment of the Ministry of Foreign Affairs and of the Government is to work closely with all the organisms and non-governmental actors, so as to carry on with the dialogue started in Vienna, which will continue in the forthcoming years with regards to the developments, limitations and benefits of this process.

The process launched by Chancellor Merkel managed somehow to create a space and give a fresh impetus to the cooperation between our countries. It is a distinctive process, different from the integration process of the countries to the European Union, but at the same time it is complementary to the EU membership process.

Apart from Germany that launched this process in August 2014, there are several other EU Member States directly invested in the security, stability and European integration of the Western Balkan countries, such as Austria, France, and Italy. I believe that it is not enough to underline how relevant this process is, in the sense that it enables tangible and concrete benefits for the citizens of the Western Balkans, and at the same time brings these countries closer to the European Union.

The Berlin Process has an ambitious agenda and it has a pillar structure, based on infrastructure, transport, energy and to a lesser extent on environment – which can be further developed in the next conferences of this process; the political pillar includes the solution of bilateral disputes among the Western Balkan Countries prior to their accession to the European Union; as well as the youth component and dialogue with the civil society.

Concerning the first pillar, I would mention some of our main achievements in the Vienna Summit and the undertaken steps towards the next Summit in Paris. Regarding the infrastructure projects presented by the Western Balkans in Vienna, they were all related to connectivity between these countries, through the core regional network and power interconnection projects through the Energy Community.

Ten projects were approved in the Vienna Summit, six in road infrastructure and four in energy infrastructure - a good part of which will be financed by the IPA funds of the European Union. Out of these ten projects, it was approved the energy interconnection line between Albania and Macedonia, and the value of the investment for the Albanian part amounts to 70 million Euros. Besides these projects of regional relevance, some of which are long-term investments, the Western Balkan countries agreed on a list of 'soft measures' to be implemented before the Summit in France in 2016.

In addition to energy infrastructure, in the Vienna Summit was discussed also about energy efficiency, including here the production, transmission, efficient energy consumption in the public sector, and the improvement of the applied technology in this field. In this context, I would mention the conference of some days ago of the Ministry of Foreign Affairs, in cooperation with the Ministry of Energy, Ministry of Environment and Energy Community. This conference provided for an assessment of the national and regional capacities in the field of energy; the degree of compliance of the national legislation to the European one; and, there were disclosed some key elements of the new conception of energy, not only as a security issue but also as related to the economic development of the region.

Our political vision is that the stability of the region and European integration cannot be sustained without a sustainable economic growth. For this purpose, the Berlin Process should be concretised in regional connectivity projects that have an economic impact for our countries, enhancing cooperation and enabling tangible benefits for the citizens. The revitalization of the European Union enlargement through the Berlin Process should be translated into the funding of concrete projects. In this direction, there should be mentioned the limited budgetary space of our countries. Due to the economic crisis, the budgets have been mainly focused on the stabilisation, and not on the initiation of new projects – even less of such regional scale or impact at the infrastructural level.

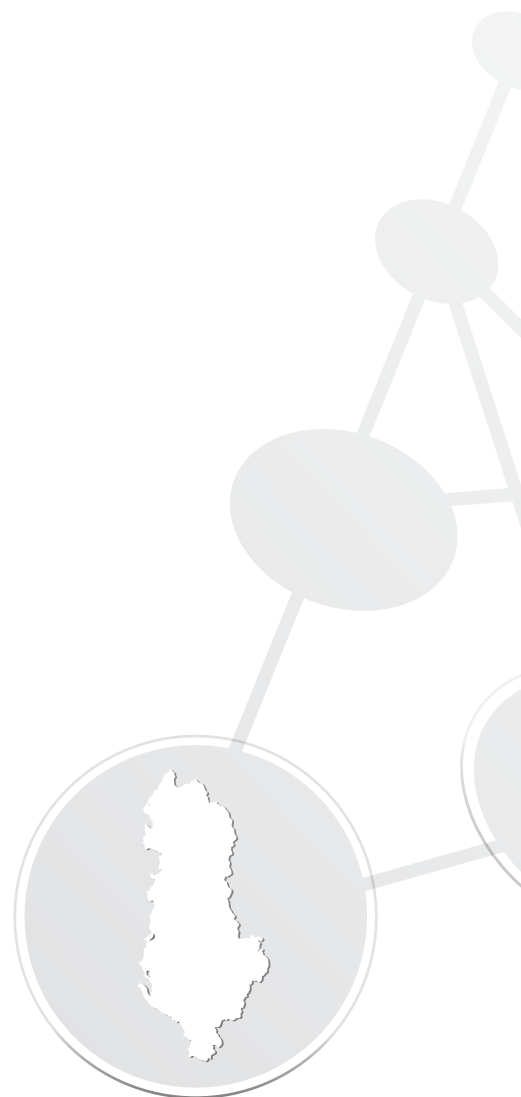
The submission of concrete projects in Paris would allow for a tangible perspective for our citizens and would generate a region, in the economic sense. What is missing to the Western Balkans is exactly the economic, development and infrastructure perspective. In this regard, Albania has set up the National Investment Committee and some of the priority projects are: Port of Durres, North-South road segments as part of the Adriatic-Ionian Highway, Durres-Hani i Hotit rail segment and 'Mother Theresa' Airport. These projects will be funded as part of the national investment planning. In the framework of the Berlin Process and in accordance with the political vision of the Government, the national investment planning includes the regional component, which is based on the improvement need of the regional infrastructure.

Regarding the political component, the Berlin Process has generated a very good momentum for the enhancement of the relations among the Western Balkans societies. At the Vienna Summit, through a joint declaration, the Western Balkan countries agreed to carry on strengthening youth cooperation. Here I would mention the initiative of the Prime Ministers of Albania and Serbia on the establishment of joint regional youth centres based in Tirana and Belgrade, following the Franco-German youth offices. These centres are aiming at reconciliation, dialogue and normalisation of the relations between our societies. Equally important is the creation of opportunities, instruments and spaces for the youngsters to collaborate in educational programs, to apply for funding in the field of scientific research, etc. as well as in the field of vocational education.

Part of the Berlin Agenda is the solution of bilateral disputes, which will be a priority in the discussions of the Paris Summit. In this respect, the Albanian Government remains engaged in contributing to the solution of bilateral issues in the region, in accordance with the good neighbourly relations spirit, international law and with the conviction of the integration of these countries in the Euro-Atlantic structures.

I would like to emphasise that the Berlin Process is an initiative designed for the region, in the sense that it takes into consideration the contextual specificities of the Western Balkan countries. The second advantage of this process is that the presented projects have been priority approved by the Western Balkan countries themselves, which clearly demonstrates the level of maturity, emancipation and cooperation among these countries.

In conclusion, with regards to the cooperation with other institutions, organisms and non-governmental actors, it is important in this respect – both for regional cooperation and for European integration - that our own societies should feel that they are part of the process and they have the chance to participate and contribute. The objective of 'local ownership' of the process is as important as the economic investments that will be achieved from the Berlin Process.



## “Contribution of the National Parliament(s) (I)” - MAJLINDA BREGU, Chair of National Council on European Integration

There is a paradox that coexists with the European integration process of the Western Balkans countries. Today the process is closer to its realization than it was 15 or 20 years ago. There is almost a *usus facti* of the concept of European integration in the Balkans. From a region in war that almost opposed for centuries to live in peace, today it is using the sharpness of mind and not the shouting of war. But, if the sharpness of mind that verbally articulates that united Europe is the destination, does not meet the wisdom to walk steadily on the path of fulfilment of obligations - but chooses a deceitful path – the final destination will be remote. Balkans has the chance to reiterate and reinforce the message that unity and not division, respect for the diversity of each other, reason’s illuminating force and the faith in the ability to cooperate, are the only guarantees that the enlargement of EU with the countries of our region will be achieved.

Stability and security are the long-term investment for the whole continent. Any potential conflict or pointless delay by bureaucratic inventions, of the political relationship between the EU and a country that heads toward EU, is more threatening to peace and democratic development. Whilst the organised crime is in action and it does not stop to read declarations and recommendations, I believe that the time has come to consider that enlargement cannot be part of the EU’s foreign policy rather than internal policy of the European Union.

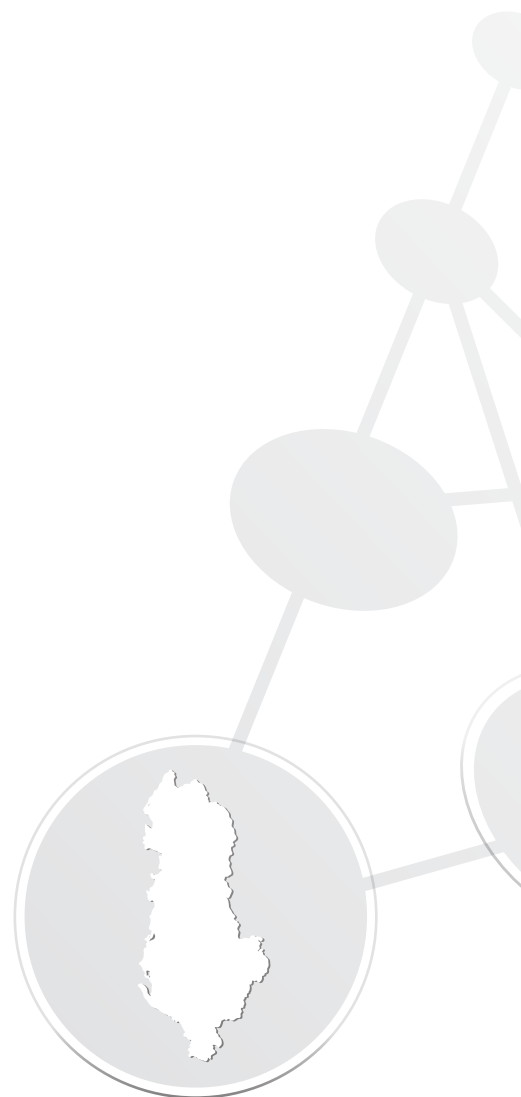
We need to increase the energy of the new positive momentum created by the Berlin Process for the European perspective of the Western Balkans. The attention of Germany and Chancellor Merkel should be considered by the priority it deserves. This approach of Germany is not a flirt, but geostrategic policy, which deserves the same serious approach from us. Construction of road, rail, energetic and marine infrastructure remain today and always, key to the development of our economies. This is the platform where Albania and Kosovo together with other countries of the region can present ambitious projects.

Welcoming the inclusion of civil society as an additional important element of the Berlin Process, it is my firm stand that the national Parliaments of the Western Balkans countries should also become part of the renewed cooperation among our countries and with the EU, which is already set in motion by this process. The essential role of the National Parliaments on the oversight of the EU integration related policies will be further strengthened by their inclusion in the Berlin Process, which will also contribute to strengthen the political stability, and improve the political climate of the Western Balkans region.

From the Vienna Summit on Western Balkans, I have discussed with colleagues from the region, with representatives of the European Parliament and with representatives of the European Commission and all agreed to support my proposal for a greater involvement of the Parliaments of Western Balkan countries in the Berlin Process. I strongly believe that a parliamentary dimension

of the Berlin Process is a precondition that will provide further intensification of the key reforms required for the next stages of the integration process and for a strengthened regional cooperation.

This why together with the colleagues of the Conference of Parliamentary Committees for European Integration/Affairs of the countries participating in the Stabilization and Association Process of the South-East Europe (COSAP), have presented to the French Minister of Foreign Affairs and International Development, the president of European Parliament and the President of the European Commission the proposal for the creation of a Parliamentary Forum in the margins of the next year's Summit on Western Balkans that will be held in Paris.



**“Contribution of the National Parliament(s) (II)” - EDUART SHALSI,  
Chair of the Parliamentary Committee on Productive Activity, Trade  
and Environment**

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Distinguished participants,

I accepted with pleasure the invitation of my old friend, Mr. Hackaj, for two reasons: it is the second time that I have been invited to talk about the Berlin Process and to tell the truth, since the first time I have experienced an internal transformation and I feel more prepared. During the first time I was asked a question: “Where can we get information on the Berlin Process? Should we knock at the door of any governmental agency? Should we leaf through the newspapers? Which instrument should we use?”. In fact, there was no website; there were headlines but no structured, simple, clear and understandable information on this process.

These questions made me reflect and get informed better on what this process aims to. The Berlin Process targets that the countries aspiring to join Europe, should not be treated in isolation but as a block, as a region. To date the efforts of Albania, Macedonia, Serbia, Montenegro to join Europe has followed an individual approach. This process is not the only one; there is the initiative, such as the Energy Community, that treats the region as one in energy issues, a network that takes on assessing on the development and energy investments priorities, based not only on the needs of each single country. Hence, the process aims to integrate the region as a whole, through the establishment of deep communication bridges between the countries.

Four years ago, during the past legislature I was the deputy chairman of the Parliamentary Committee on Productive Activity, Trade and Environment. As chairman I have learned something important: when there is a law or parliamentary debate, the more persons are involved or have the chance to be involved in the debate; the better will be the outcome. That is why I began the talk with the importance of the information. The more the persons are informed, the more they have the opportunity to contribute, the better and more effective the process will be.

The Berlin Process is complicated. Cost is an element to be taken into consideration. But, there are also other elements, especially in the group of actors, which can play an important role in this process – as it is the Parliament. I should confirm that not always the Parliament has met the expectations of the citizens of the needs of the countries. I would give a simple example, that of the parliamentary committees: in most of the cases they have been – some still are – annexes of the Government. Their oversight role has been limited. Even in the cases when it was attempted to be exercised, the governments’ pressure has always been considerable. At the moment, I would say that the conditions are mature and some committees are playing an active role in the monitoring of the Government.

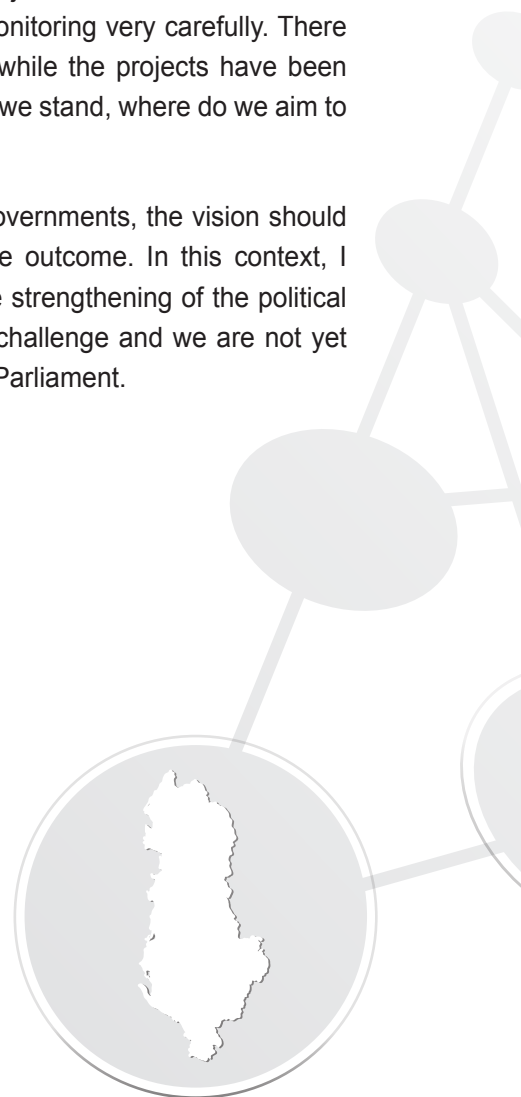


I believe that there should be an institutionalization of the participation of the Members of the Parliaments of the Western Balkan countries within the Berlin Process. The participation can be realized through different forms. This is just the beginning of the debate where we should understand the Parliament with all its components – both from the majority and opposition. In such processes is quite important that the merit is not taken only by a political group, but there should be included as many factors as possible from the different political spectrum. The Parliament may contribute with hearings, resolutions and reports on where did we stand a year ago and where do we stand now. What was realized from what was expected a year ago and about what are we going to discuss in the third summit.

Is this a governmental or national process? Certainly, I would emphasise the national aspect. The Government has its own role, but the actors – in order to have the continuity of the process – should be included from the different components of the political spectrum. I have a positive experience from the committee that I chair, drawing some lessons from the previous legislature. The results in the drafting of a law are much better as more join the discussion and as the suggestions, observations and comments of the political opponents are taken into consideration.

Often when we refer to projects, the first thing that comes up is its cost. We have examples in Albania on how due to the lack of adequate planning from the early stage, the funds are not spent in an efficient manner. There are countless examples where we have money invested, while their profitability has not been measured. There are dozens of projects and we have taken in consideration just one aspect – that of the water – which we are monitoring very carefully. There are hundreds of millions of euros spent in the water sector; meanwhile the projects have been uncoordinated. There has not been any vision or roadmap on where we stand, where do we aim to go and how will we get from one point to the other.

There are some national issues where despite the change of the governments, the vision should remain. The better the planning, the more guaranteed the positive outcome. In this context, I argue that if we are talking about the role of the Parliament and the strengthening of the political dimension, its inclusion will be an essential element. This is a big challenge and we are not yet prepared to answer any question on the role of the Members of the Parliament.



### **“Contribution of the National Parliament (s) (III)” - GENÇ POLLO, Chair of the Parliamentary Committee on Education and Means of Public Information**

The Berlin Process is very important in the context of Albania’s foreign or European policy, where for years there exists a consensus.

I believe that there can be summarized in three reasons that led to the establishment of the Berlin Process. Firstly, it is the geopolitical reason – Russia’s aggressive re-emergence with hegemonic pretensions in the Balkans, against the European or Euro-Atlantic influences. Hence, it was a good move to show the willingness of the governments and of the citizens, that their European perspective – and directly or indirectly the Atlantic one – is confirmed also by important countries like the Federal Republic of Germany.

Secondly, it is related to the integration process and the prospect of membership – launched with the Summit of Thessaloniki in 2003 – and left somewhat in the shade. The European Commission has had a long term policy applying the regatta principle, where each country is judged on its own merits in accordance with the membership criteria – starting with the so-called “Copenhagen Criteria” and continuing with the ability to adopt and implement the *acquis communautaire*, i.e. European legislation. Following the regatta principle, everyone is encouraged to go ahead; nevertheless, the competition principle may not always work.

So far, there has been a lack of the inter-regional dimension and in this context the Berlin Process is significant and advantageous. What we notice today in concrete and positive terms is the fact that different governments are encouraged to prepare joint projects - mainly infrastructure – which are important but not enough for the overall development and for the European perspective.

However, the funds remain the same. IPA, in the multi-annual financial framework of the European Union, is still the same as it was before Berlin undertook this initiative. The Government, opposition, Albanian citizens – the same is valid for the aspiring Western Balkan countries – would have preferred to hear for additional funds that would justify the so-called “new” projects of the Berlin Process. The funds were provided for the approximation and training of the Western Balkan countries, but we face simply a reallocation from one project to another. Although we all agree on the need for infrastructure, we cannot agree on the requisite and usefulness of such reallocation.

I consider as quite positive the initiative for more youth exchange, based on the Franco-German model. Similar exchanges will provide a broader basis for the mutual understanding between the societies of the Western Balkans, who need to see each other not as enemy but in terms of human relations. This brings on the hope that in the future, the societies will have a more civilized image and interaction with respect to the past.

Beyond the list of positive things brought by the Berlin Process, unfortunately we have noticed also its instrumentalization for self-promotion purposes. In the Vienna Summit there was a football match where on the one hand the players were the Balkans' politicians and on the other the politicians of the EU Member States. The stylisation of the Prime Ministers of the Balkans as Adenauer and De Gaulle of the 21<sup>st</sup> century is ahistorical and does not have any peaceful purposes, but merely self-promotion. I would believe that the Balkans' power holders – here I am not making any difference between the left and the right wing, today's, yesterday's and I hope not tomorrow's – not only would play football, but would be ready to arrange dynastic marriages if that would help in maintaining the power.

Following my participation in the Conference 'Speak Up' in Brussels in the last days, what was pointed out by the representatives of the European Commission is the systematic degradation of the media over the last 12-15 years. With examples creaking from Albania, Kosovo and Serbia, the power holders are not spared to use even direct threats so as to silence the investigative journalists in revealing huge financial scandals. This is really worrying and I have the impression that the media has not found the proper eco in the Berlin Process. The process would need to give a further impetus to the "Copenhagen Criteria".

The three highways passing from Montenegro, through Albania and Greece, would bring an economic development, but there is a need to strengthen the rule of law institutions and democratic culture, including as well the media freedom.

At the domestic level we have a specific issue and it would be of great help for Albania if decriminalisation would have been treated in one of the dimensions of the Berlin Process. This would enable the required framework and would realistically help countries like Albania. I took as an example the concrete case of decriminalisation as it is quite up-to-date in Albania. If this conference would have taken place in Belgrade, Pristina or Montenegro, we would have other similar topics.

These are real issues that would prepare Albania and other Western Balkan countries to be closer and one day member of the EU, being it the final declared goal, as declared in the first conference initiated by Chancellor Merkel last August. I believe that this would be a good support for Albania.

