The Western Balkans' Berlin process: A new impulse for regional cooperation

SUMMARY
The six Western Balkan countries – Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia – are united by the common goal of joining the EU. However, they still face divisions, both infrastructural and political, and are confronted, among other things, by a dire economic situation and bilateral disputes and instability.

In 2014, European Commission President Jean-Claude Juncker announced a five-year halt on enlargement. This distancing of the membership prospects, coupled with the realisation that achieving long-term stability and transforming the region could best be secured through economic growth and increased regional cooperation, led to the so-called 'Berlin process'. Consisting of yearly high-level meetings between the six Western Balkan governments and several EU Member States between 2014 and 2018, this process aims to reaffirm the region's EU perspective by improving cooperation and economic stability within it. Connectivity is an important aspect of this process, with investment in infrastructure being seen as a means for creating jobs, business opportunities and other benefits. Creating high-level political connections, reconciling societies by stimulating youth exchange and education projects, and resolving outstanding bilateral disputes, while ensuring civil society participation in the whole process, are other significant aspects of this initiative.

The Berlin process enjoys the support of the region and the EU alike, as an initiative bringing a new perspective and impetus to the enlargement process. It has brought a positive momentum for regional cooperation, notably through its projects which are expected to have an economic and social impact that will complement the EU membership ambitions of the individual countries.

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The Berlin process: a new framework for regional cooperation

Regional cooperation and good neighbourly relations are a pre-condition for EU accession and one of the strategies to address related challenges. Since the launch of the Stability Pact for southeast Europe in 1999, numerous formats and initiatives have sprung up, focusing on economic, functional, political and security cooperation. With its marked focus on economic development and growth, the Berlin process is the latest such initiative that brings together the leaders of the Western Balkans Six (WB6) and several EU Member States in yearly summits. Its overarching aim is to bring new dynamism to the Western Balkans and engage them in cooperation initiatives that would transform them and pave their way to the EU.

Context, format and participants

When Croatia joined the EU in 2013, it initiated the 'Brdo process', together with Slovenia, aiming to continue the Western Balkans' EU integration. The Council conclusions on this process highlighted the region's readiness for political ownership and the importance of regular high-level political dialogue. This was subsequently reflected in the Berlin process.

According to some researchers, the Berlin process was initiated for multiple reasons, from geopolitical to financial, including difficulties related to the enlargement process. In his inaugural speech as European Commission President in 2014, Jean-Claude Juncker announced a five-year halt on enlargement, while also acknowledging the need for an EU perspective on the Western Balkans. The launch of the Berlin process was a way to confirm the EU's continued commitment to the region's accession and to give a new momentum to the enlargement process. In line with its long-standing support for enlargement, Germany initiated a political process complementary to the EU integration process, with the aim to provide a framework for closer regional cooperation in view of achieving sustainable economic growth, fully-fledged market democracy, and reconciliation. The envisaged format is five consecutive summits taking place from 2014 to 2018, marking respectively the 100th anniversary of the start and end of the First World War (figure 1).

![Figure 1. Framework for the Western Balkans Summits (2014-2018).](image)

The participants in the process include the WB6 prime ministers and ministers of foreign/economic affairs; officials from Germany, Austria, France, Italy, Slovenia and Croatia –EU Member States that have been actively involved in the region's enlargement and have already hosted or will host summits; and representatives of the European Commission and international financial institutions.

The Berlin Agenda

The agenda is said to have a three-pillar structure with 'diplomatic, economic and soft' dimensions. The three pillars tackle, respectively, issues related to bilateral disputes, economic governance and connectivity, social affairs, cooperation with civil society, and youth. Due to the prolonged economic crisis, high unemployment, especially among the young, and the fact that none of the countries is considered a functioning market economy, economic governance and connectivity topped the agenda and also received the largest allocation of funds. However, the Berlin agenda was not strictly fixed. It was expanded once and further revision is not excluded.
The Berlin process and existing regional cooperation initiatives

Since the 1990s, multiple formats and initiatives for regional cooperation covering a wide range of areas have been established in the Western Balkans. This raises the question of how the Berlin process fits within such ongoing initiatives, what its added value is and whether it brings in new ideas or simply reformulates existing ones. According to a 2015 publication of the Cooperation and Development Institute/ShtetiWeb, it can be claimed that the Berlin agenda priorities are to a certain degree a 'repackage' of the regional competitive and growth strategy (SEE 2020), rather than a new and tailored approach towards the region. At the same time, the Berlin process is an opportunity for a 'double and parallel' restart of the integration process, both within the WB6 and from the part of the EU, at a time when this process is facing difficulties. The fact that it is a 'limited and focused' process which envisages cooperation on practical projects and joint investments is seen as added value that would bring tangible mutual benefits and a faster EU track for the region.

Existing initiatives where some overlapping has been detected, include the:

- Regional Cooperation Council (RCC)
- South East Europe Transport Observatory (SEETO)
- South-East Cooperation Process (SEECP)
- Migration, Asylum, Refugees Regional Initiative (MARRI)
- EU-Western Balkans Ministerial Forum on Justice and Home Affairs.

RCC and SEETO are active participants in the Berlin Process: RCC has been identified as a permanent actor, while SEETO takes part in the coordination of transport connectivity project. There is no reference as to the role and cooperation with the remaining three initiatives.

The Berlin Summit in 2014: launch of the process, marking the initial agenda

The founding summit was held in August 2014 in Berlin, after which the process is named. The Final Declaration established the agenda and the format of yearly summits. The initially outlined goals include: stepping up regional cooperation as an essential basis, resolving outstanding bilateral questions in the interest of good neighbourly relations and stability, strengthening good governance (by tackling corruption and organised crime, carrying out further reforms for increased legal certainty, reinforced independence of the judiciary, and others) and increasing prosperity via sustainable economic growth (open markets, positive investment climate, increased competitiveness, developing further the Energy Community for southeast Europe, cooperation in the area of transport, as well as academic and vocational training). Infrastructure and energy interconnectivity, a more visible civil society and enhanced youth exchange are the key areas where the WB6 will engage in specific projects, apart from already existing ones, progress on which is to be assessed at the forthcoming summits.

The Vienna Summit in 2015: concrete initiatives

The Final Declaration of the Vienna Summit in August 2015 outlined the following main topics: rule of law and good governance, regional cooperation in the area of infrastructure and connectivity, and youth. The three annexes in the Addendum indicate the most prominent topics: connectivity at the top, followed by youth cooperation and the solution of bilateral disputes. The participants agreed on a list of specific regional transport and energy priority projects to be launched in the coming years, as well as on 'soft' transport and energy-related measures with specific timelines, the implementation of which is to be assessed at the next summit. Issues such as the fight against extremism
and radicalisation, as well as the refugee challenge, were included in the agenda creating a precedent for the inclusion of other topics in the course of future summits.

Vienna hosted a special civil society forum in parallel to the summit, which was a novelty. Its aim was to increase inclusion of civil society and give it an opportunity to provide an input into the summit.

Another important summit achievement was the adoption of a declaration on the solution of bilateral disputes, with which the WB6 agreed to refrain from 'misusing outstanding issues in the EU accession process' and welcomed the EU pledge to support them in resolving bilateral disputes. The leaders also discussed education in the context of its direct linkage to competitiveness, and agreed on the need for a new vocational training system to fill existing gaps and better respond to labour market realities. A joint declaration for establishing a Regional Youth Cooperation Office (RYCO) in the Western Balkans was also signed.

The Vienna Summit acknowledged the positive momentum created for regional cooperation in the WB6, and set new milestones for the next summit in Paris in 2016.

**Follow-up initiatives and events**

The Berlin process and the preparation and outcomes of its annual summits depend to a great extent on follow-up meetings on the different thematic dimensions. Between the first two summits, for example, seven follow-up meetings took place and five joint statements were signed, which later translated into specific proposals in Vienna. Such meetings and events in-between summits serve as a joint platform for discussion and selection of regional projects of common interest. They have been attended by WB6 ministers according to the thematic area under discussion. On the EU side, participants have included Commissioner Hahn and, depending on the issue at hand, other commissioners, and/or the Council's rotating presidency. The Regional Cooperation Council has been present in all follow-up meetings and annual summits.

**Connectivity**

Compared to the rest of Europe, infrastructure in the Western Balkans is highly underdeveloped. The need to improve it puts the connectivity agenda at the centre of the Berlin process. The aim is to connect the region to the European core transport network by investing in a number of transport and energy infrastructure projects.

At a high-level meeting in April 2015, the WB6 prime ministers identified the main connectivity projects and later in Vienna they presented a complex list of over 50 projects. The final commitment made at the summit was to accomplish the most urgent priorities in the areas of transport and energy: building a regional core transport network; extending three EU transport corridors to the Western Balkans; integrating power systems; and improving gas supply. To improve implementation chances, only 10 concrete projects – six transport and four energy ones – were approved. The addendum to the final declaration gives an overview of the three core network corridors to be extended to the Western Balkans, as well as the 10 approved investment projects, proposed for co-financing in the Commission's Connectivity Agenda: Co-financing of Investment Projects in the Western Balkans in 2015. In the framework of the Berlin process, the selected projects are coordinated with the EU connectivity agenda and in particular with SEETO and the Projects of Energy Community Interest (PECI), which are of strategic interest for the EU. Additional PECI are expected to be proposed for funding in future summits.
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At the high-level meeting, attention was also given to technical standards and a priority list of 'soft' transport and energy-related measures elaborated by SEETO and the Energy Community. In the short term, the WB6 are expected to engage fully in implementing these soft measures, which include aligning/simplifying border-crossing procedures, railway reforms, information systems, road safety and maintenance schemes, unbundling and third party access. The desired outcome is open markets, removed trade barriers and an improved regulatory environment. The soft measures will require limited funding but strong political commitment. Since the Vienna Summit foresaw a specific implementation timeline, progress is to be assessed at the Paris Summit.

According to a 2015 study by the Vienna Institute for International Economic Studies, the work on the core network and priority projects would bring growth and jobs to the region in the short and medium term and boost competitiveness in the long term. The study further estimates that a comprehensive transport infrastructure investment package of €7.7 billion over a period of 15 years could lead to additional GNP growth of about 1% a year and jobs for some 200,000 people, or about 4% of the Western Balkan workforce.

Project financing and implementation

To implement the above-mentioned infrastructure projects, the region needs EU and IFI support. Potential financial sources, as identified in an Albanian working paper for the 2014 Berlin Summit, include: domestic budgets (in line with actual possibilities); Instrument for Pre-accession Assistance (IPA) II national funds; IPA II multi-beneficiary funds; the Commission’s Connecting Europe facility; bilateral aid, and IFIs.

The EU provides a significant share of the funding and does so through the Western Balkans Investment Framework (WBIF). This EU-led facility for financial and technical assistance to strategic investments in the Western Balkans, in operation since 2009, is deemed as the most suitable instrument for efficient and coordinated EU fund allocation. Apart from the Commission, WBIF’s international donors include the Council of Europe Development Bank; the European Bank for Reconstruction and Development; the European Investment Bank; the World Bank Group; the KfW Development Bank; and bilateral donors. Through WBIF, the Commission is to co-finance mature energy and transport infrastructure projects together with loans from the above-mentioned IFIs.

Under the IPA II the Commission has set aside up to €1 billion for connectivity investment and technical assistance for 2014–2020. The total cost of the 10 approved connectivity projects in 2015 amounts to €516.5 million, of which the EU will provide €205.7 million, or 33%, as grants for co-financing under its IPA II Multi-country programme.

Youth cooperation and initiatives

The Berlin process takes into account that economic catching up and progress cannot be based on connectivity alone. High youth unemployment and outstanding reconciliation issues within the WB6 have prompted the need to improve the prospects of the young and place them higher on the national agendas. In 2015, in the Joint Statement from the Brdo Summit of Foreign Affairs Ministers, the WB6 leaders concluded that educated young professionals with a positive approach towards the future of the region are key to lasting political, economic and social stability, and adopted a 'Positive agenda for the youth in the Western Balkans'. In the run-up to the Paris Summit and to highlight the significance of the topic, on the initiative of Slovenian MEPs, the European Parliament hosted an event on the future of Balkan youth.
The Regional Youth Cooperation Office

In 2014 in Berlin, the governments of Serbia and Albania signed a bilateral memorandum of understanding to establish a youth exchange structure. Consequently, the remaining countries from the region agreed that a regional approach was necessary and committed to the project in Annex 2 of the Vienna Summit’s final declaration. As a continuation of prior initiatives in the area of youth cooperation, WB6 leaders agreed on creating a Regional Youth Cooperation Office (RYCO). The declared aim is to strengthen people-to-people contacts, build trust and give substance to regional cooperation, by allowing for mobility, participation, active citizenship and intercultural learning. This initiative has brought together civil society and government representatives of all Balkan countries, laying the framework for the future RYCO. It is based on the youth cooperation model launched after World War II as one of the mechanisms for reconciliation and cooperation between France and Germany. The Franco-German Youth Office provides technical assistance to the Working Group on Regional Youth Cooperation, specially created for RYCO’s establishment. Additionally, a Joint Coordination Team, consisting of one representative each from the Albanian, French and German governments, is created to coordinate the steps until the Paris Summit and afterwards until the opening of RYCO.

RYCO will be based in Tirana and is expected to open in January 2017. It envisages funding for regional cooperation initiatives (such as public university exchanges and language schools), and it will administer grants. The total amount of its annual budget is €2 million, with each country contributing on the basis of its GDP and population size.

Setting up RYCO is seen as important for many reasons, in particular because it is a locally owned grassroots effort and involves governmental participation. Active institutional support is seen as indispensable for accomplishing youth cooperation.

Youth cooperation will remain on the agenda after the 2016 summit through events such as the European-Balkan Youth Express conference, already planned for September 2016 in Slovenia, and the European Volunteering Forum a month later in Sarajevo.

Bilateral disputes

Unresolved bilateral disputes have been persistent hurdles for the WB6 governments on their path toward EU accession, posing a risk of renewed instability and delays in domestic reforms. The WB6 have been encouraged to proactively try to exclude the possibility of such bilateral issues meddling with their EU accession process.

The Balkans in Europe Policy Advisory Group’s (BiEPAG) brief Removing obstacles to EU accession: Bilateral disputes in the Western Balkans, groups the region’s manifold bilateral disputes around several sets of issues. Border disputes primarily concern the demarcation of borders after the breakup of Yugoslavia. Political disputes are the ones spurred by statehood and national identity issues. The most prominent examples of political disputes are the ones involving Kosovo and Serbia as well as the long-standing name dispute between FYR Macedonia and Greece. Minority rights disputes are seen as carrying a strong political charge and therefore as being highly sensitive. The general message is that those bilateral issues are not so much a stability threat as an ongoing disturbance to the WB6’s EU accession process and democratic transformation. The policy brief also stresses that being no novelty to the EU, these issues are in fact the main reason why regional cooperation and good-neighbourly relations were added as further requirements along with the Copenhagen Accession Criteria from 1993.
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The Berlin process addressed this issue in Vienna, by having the six leaders sign a Declaration on solving bilateral disputes, drafted by BiePAG and included in the above-mentioned policy brief. The governments committed themselves to a resolution of all open bilateral questions in the spirit of good neighbourliness and shared commitment to EU integration. They agreed that they 'will not block, or encourage others to block' the progress of neighbours on their respective EU paths. The WB6 leaders invited the governments of neighbouring EU Member States to assume this commitment too. BiePAG in its recommendations also suggests stepping up EU involvement in the resolution of bilateral disputes. The fact that two border agreements were signed in the margins of the Vienna Summit was considered a first positive step in that respect.

Beginning in Paris in 2016, the WB6 are expected to report annually on the steps taken to resolve bilateral issues. Suggestions on how to improve delivery on the commitments made include setting up a common framework for resolving border disputes, a bigger role for the Regional Cooperation Council, civil society participation, and, last but not least, appointing a special EU coordination body to oversee the progress. The European External Action Service, with participation from the European Parliament and the Council of Europe, have been mentioned as appropriate for this role.

Civil society: an important actor in the Berlin process

All of the above initiatives are seen as insufficient to prepare the Western Balkans for EU accession without an active civil society. The Commission's 2015 Enlargement strategy calls for a 'stronger role for civil society organisations' and a 'more supportive and enabling environment' for their development. It recalls that civil society has the power to enhance political accountability and promote deeper understanding of accession-related reforms. In this regard, the Berlin process has granted the region’s civil society an opportunity to play a prominent role at a high-level political event.

In Vienna, at a dedicated event in the margins of the summit, civil society representatives discussed their contribution and called to be given a more important role as regards EU integration. The final declaration welcomed their future involvement and mentioned the proposal to make civil society 'an additional important element of the Berlin process'. The 2015 recommendations made by civil society were directed mainly towards increasing regional cooperation and civil society's involvement in it, including in fields such as energy and infrastructure; securing freedom of expression and independent media; creation of jobs and prosperity in a common labour market.

Building upon the Vienna forum and other follow-up initiatives, a civil society forum was organised in Novi Sad and Belgrade in May 2016. Its ultimate goal was to formulate the key messages for the topics on the Paris Summit agenda; its official recommendations will be communicated at the next civil society forum in Paris.

The Novi Sad and Belgrade forum has sent a strong message that the integration process cannot take place without including civil society and has further shown a common aspiration to create a more permanent forum for cooperation and dialogue with governments. Civil society is seen as a political actor that should actively participate in reforms and developments since it has the capacity to contribute to reconciliation, monitor how governments implement the agreements reached at the different summits, and raise citizens' awareness on democratisation. It was concluded that, because the WB6 have similar problems to solve, they need a common regional voice. Civil society organisations aspire to ongoing involvement, not only in the Berlin process, but also in
national and local-level structures, including through constructive partnership with the governments. They have also called for establishing a formal mechanism for follow-up between the summits, with their explicit involvement.

The role of the EU
At the Berlin summit, then Commission President José Manuel Barroso stated that the common goal of the EU and the Western Balkan countries was to see them 'ultimately join the European Union', which represents a 'joint political, economic and geo-strategic interest'. The EU supports the Berlin process, initiated to keep this commitment towards the region. The Commission’s 2014 Enlargement strategy, which makes a reference to the Berlin process, states that it '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'.

The EU has an individual approach to each of the six Western Balkan countries and maintains a tailored pace of relations with them. At the same time, regional cooperation within the Western Balkans has been an EU-promoted objective since 1996, when, with the launching of the 'regional approach' as a follow-up to the Dayton Peace Agreement, it was introduced as an element of the EU policies towards the region. It has remained a central feature in the enlargement process of the Western Balkans since then. In 2005, the European Council reconfirmed that 'regional cooperation and good neighbourly relations will remain essential elements of EU policy'. In the Commission's first medium-term EU Enlargement strategy from 2015, the focus as regards regional cooperation is placed on the connectivity agenda, on the one hand, and good neighbourly relations, on the other. Improved connectivity (with investments in transport and energy infrastructure) within the region and with the EU is defined as 'a key factor for growth and jobs, as it strengthens the countries' backbone of competitiveness'. The progress in the context of the Berlin process and the WB6 format is acknowledged. The European Parliament also mentions the Berlin process in its 2016 resolutions on the individual countries, commending their constructive participation in the initiative and urging them to implement the technical standards and soft measures agreed.

The EU supports the implementation of regional projects by providing the countries with specific technical and financial means (under its multi-beneficiary programmes). In a 2015 publication, The Transformative Power of Enlargement, the Commission gives an overview of the IPA, its main financing tool for the enlargement countries, as well as a summary of the activities and results for the 2007–2014 period. A chapter dedicated to multi-beneficiary assistance, which promotes regional cooperation and supports reconciliation and political dialogue, estimates that about 10% of IPA resources had been allocated to complement national efforts and strengthen multilateral relations in the Western Balkans and Turkey. In 2012, this amount represented €213 million, up from €130 million in 2007.

Apart from funding, the EU is ready to provide relevant support during the implementation phase, such as creating a monitoring mechanism to follow the progress of each country in delivering on the commitments and appointing European coordinators to help prepare work plans for the transport corridors and get them implemented. The EU also supports efforts to promote civil society dialogue as an important factor in the run up to EU membership.
The 2016 Paris Summit and beyond

The Paris Summit, which started on 4 July, marks the middle of the process. Apart from the six Western Balkan countries and France, other EU Member States, including Germany, Austria, Italy, Croatia and Slovenia, are also participants. The major themes featured in all summits thus far – the economy, youth, and connectivity – are once again in the spotlight and progress on them is to be assessed. Bilateral disputes, the migration crisis, and environment/climate change are also on the agenda, with France expected to propose new projects.

As regards connectivity, the summit offers an opportunity to review the 10 agreed infrastructure projects, launch new ones (such as a free cargo project across the region and another for driving electric vehicles along the highway from Ljubljana to Skopje), and address funding issues.

The Paris Summit is expected to open new opportunities for youth, especially in terms of cooperation among universities and mutual recognition of diplomas. It will also be the occasion for the official launch of RYCO after the signing of the RYCO agreement and statute by the WB6 prime ministers. Different youth events are foreseen to take place in parallel with the summit, both in Paris and in the Western Balkans. Apart from that, a joint statement from the May 2016 conference entitled 'Building a Western Balkans alliance for work-based learning' is to be presented at the summit. It calls for reducing youth unemployment through high-quality vocational education and training (VET) systems and developing concrete initiatives to facilitate stronger regional partnership mechanisms between the private sector, governments, VET institutions and civil society.

As regards bilateral issues, in the run up to the summit, a high-level conference called 'Western Balkans: Energizing the Enlargement Process by Solving Bilateral Disputes', was held in Vienna. The WB6 are expected to report on related progress in Paris.

After the May 2016 forum for reflection, a complementary event dedicated to civil society is also envisaged, to build on already successful cases of civil society participation.

Climate change and the environment are also on the agenda. A high-level meeting on this topic took place in April 2016, resulting in a joint declaration, 'The Podgorica Initiative'. It supports a regional approach to environmental and climate change issues.

After the Paris Summit

The region's governments and civil society, as well as the EU, have readily taken up the Berlin process, perceiving it as giving a much needed impetus for regional cooperation. Securing its long-term continuation and a continued momentum between summits is crucial.

In general, the Berlin process is regarded as a constructive top-level initiative for economic development and political dialogue. However, it is yet to be established how this process fits into the national development strategies and what impact it will have on WB6 relations with the EU. Commitments have been made, but the results delivered and the efficiency of the launched initiatives have so far been difficult to evaluate. The fact that the process is not extensively documented, that commitments go beyond its established timespan and that availability of financial aid is uncertain adds to the difficulty of assessing results. In this context, setting up a mechanism for monitoring and efficient follow-up of achievements is a necessity, expected to be addressed at the Paris Summit. Another issue concerns the agenda, which has already been expanded once. Inclusion of
new topics is seen as a potential risk of watering down the efforts on projects that have already started.

An important challenge for the future remains ensuring uniform EU support for the enlargement process and broader participation in the Berlin process by EU Member States beyond the initial ones. The EU is faced with the challenge of finding the best way to encourage those Member States which neighbour the Western Balkans to join the declaration on resolving bilateral disputes so as to help remove these issues from the accession agenda. Last but not least, the June 2016 UK referendum results leave uncertainty as to the nature of any possible implications for the Western Balkans.

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