

S O U T H E A S T
E U R O P E A N
I N T E G R A T I O N

B U S I N E S S
R E C O M M E N D A T I O N S

COMMUNICATION TO THE EUROPEAN COMMISSION

B R U S S E L S , F E B R U A R Y 2 0 0 6

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Business
Advisory
Council
For South
Eastern
Europe

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Southeast Europe at the crossroads: not whether but when

The Business Advisory Council for South East Europe (SEE), which serves as the private sector arm of the Stability Pact for Southeast Europe, consists of representatives of international investors and entrepreneurs with extensive activities and business interests in the region of SEE. The BAC SEE is an intermediary advisory mechanism between governments, international organizations, IFIs, donors, and European institutions, aiming toward the improvement of the welfare of the peoples of SEE countries.

The BAC SEE is a culmination of its members' experiences, successes and failures, networks and relationships – private and public. Their recommendations are based on facts and worded accordingly, away from general principles. As such, the BAC considers that the timing and circumstances are ripe for raising its **concerns about the existing and dominant perceptions among EU decision and policy makers concerning the possible routes to achieving the European vision for the countries of Southeast Europe:**

- Even though the European Union has to contemplate on the reasons which provoked the “NO” to the European Constitution, the **questions concerning the future of Southeast Europe should not evolve around the “whether”, but around the “when”**. Enlargement is not a convenient policy tool to be taken in or out of a freezer; it is a conscious option and strategy, reflecting vision, leadership and political credibility of the European Union.
- It is true that the region has exited the immediate crisis situation it was in a few years ago, however, the economic, political and social challenges are probably now more pressing than before: SEE countries need a **strong and indisputable confirmation that their efforts are directed towards the right path, so that the underlying instability factors are contained and**

eventually eliminated (cross-border organized crime, weak democratic institutions, inexperience with open-market mechanisms, hybridic civil society).

- The true infrastructural, capital and human needs of the region remain high, despite the impressive and unprecedented amounts of European and international aid which has flown to the region: if a European future is envisaged for this neighbourhood of the continent, **then intensive and cohesive efforts for regional cooperation, political reconciliation and economic development need to continue more intensively.**

This paper reflects on the basic perceptions and proposals of the BAC SEE concerning the possible route of SEE to Europe, which is **an opportunity and a challenge**. Based on the experience of BAC members in various fields which are key for regional growth and integration, subject specific papers are also hereby attached, which are addressed to decision and policy makers of the European Union, donors and international organizations and IFIs alike, and include the priorities and recommendations of the business community for the future of Southeast Europe.

Democracy and reconciliation

Similar to answering the question of the half-full or half-empty glass, the judgement on the status of the "health" of democracy and reconciliation in SEE depends on the perspectives of the viewer.

Missing the target for democracy and reconciliation represents the biggest possible loss for the peoples of the region, donors, politicians and investors alike: a **loss of time**, the single most precious commodity for humans.

The European Union must build on the already accumulated capital, by setting concrete priorities for NGOs and civil society, so as not to throw away all that has been achieved in the past 15 years.

The alternative is a prolonged period of political instability, poverty and economic stagnation, which is much worse as a prospect for the future than a real past of violent conflict.

Investment facilitation and improvement of the business climate

General crucial issues

- **Speed up the privatisation process**, using professional managers and reducing the political influence to the largest possible extent
- Establish **institutionalized dialogue channels between Government and private sector** bodies, to better evaluate the need and the impact of new laws and rules, and to ensure follow-up and implementation
- Give priority to **judiciary system and public administration reforms**, so as to increase transparency in the business climate and trust

Special zones, areas and arrangements

- **Promote the creation of industrial zones providing all necessary infrastructure to investors**, including land and utilities **at favourable cost and without risk**
- Maintain the **advantageous elements of the existing trade and investment regime with the CIS** to the largest possible extent during
- **Promote industrial districts and clusters**, taking advantage of regional and local economic traditions, with a special focus on SME's development

Banking, financing and financial services

- **Accelerate consolidation and harmonization** of the local laws on the banking system, insurance, leasing and **free movement of capital with effective regulations on these areas in line with those in EU members**
- **Increase transparency** in relation to securities for trading practices, takeovers, reporting and supervision requirements
- **Introduce a differentiated approach to monitoring of corporate loans**, which are currently as restricted as consumer loans, based on IMF directions

- **Facilitate law enforcement** to reduce bad credit and guarantee effectiveness of mortgages (court proceeding takes too long, and cadastres are either not existent or not updated)
- **Promote the introduction of notary public** within all countries of the region
- Institutionalize a balance between the **discretionary rights of national supervisory bodies** to issue licenses and permissions, and the **right of banking and financial institutions to be informed** about the criteria of such decisions
- **Strengthen the role of securities and exchange commissions**, making them more independent
- Improve flexibility of regulations concerning the creation of **financing tools** for banking and financing institutions to participate to **public private partnership schemes**

FDI facilitation

- Increasing **support for Investment Promotion Agencies (IPAs) in terms of funds and human capacities**
- Improving the **management and marketing activities of IPAs, through professional managers**, able to travel and communicate with investors abroad
- **Training IPAs officers** according to European and international best practices, and through regular exchange with similar institutions abroad
- **Adding emphasis to green-field investments** (which should grow) in contrast to privatisations, by distinctly differentiating the two amounts in FDI statistics
- **Promoting equal treatment for foreign investors and national ones** in practice and not only on papers
- **Implementing "one-stop-shop" and "silent consent" rule**, to reduce the timing and complexity of receiving permission for location and building
- **Reducing registration time and procedures for**

companies, and transfer of registration procedures from the court system to a Registration Agency

- Facilitating the **transition of business** in an intelligent and reasonable way, creating the proper **legal and time** framework for harmonization to the EU acquis
- **Introducing and implementing transparent anti-monopoly regulations**, so as not to obstruct the inflow of foreign investments or the positive concentration of local investors

Incentives and taxation

- **Adoption of simple tax systems**, and guarantee of their stability and enforceability
- **Combating tax evasion**
- Providing **tax incentives for new investments**
- **Creating the preconditions for the participation and/or access of the private sector to European funds, instruments** and programs (ISPA, SAPARD, CARDS) for investment and development
- Provision of opportunities **to SME's to access international funding through special vehicles for micro and small lending** at low interest, and with incentives to reduce risks
- **Reduction of the time for VAT reimbursement**

Land and ownership

- **Speeding-up the implementation and/or the updating of National Cadastre** and Real Estate Register;
- **Implementing urban development plans;**
- **Making available to investors land free of ownership claims risk** for new investment and facilities

Labor and employment

- **Harmonization of working regulations, laws and practices within the region**
- **Promotion of professional schools, continuous education and vocational training**
- Maintaining and if possible **increasing the labour flexibility** of the existing working systems
- **Promotion of VISA facilitation for youth and workers**, so that they may be trained abroad

Infrastructure development and public-private partnerships (PPPs)

General recommendations

- To **ensure legal safety providing a European legal framework**, which would define conditions for consultation, choice of a preferred bidder, negotiation with the latter and contract implementation
- To **ensure adequate return on investment**, taking into account:
 - **risk allocation** between public and private partners, on the one hand, and private partners within the same project, on the other hand
 - **combination of public European funding and private funding**. The care taken by the European Commission to make sure that no private profit can be made from public funding may still the use of PPPs and endanger the balance between the right use of public money and adequate ROI for private funding
- To give **necessary guaranty for the lender to recoup investment in the event of a political decision damaging the balance of the project**. EIB statutes do not allow the bank to take such risks. The EBRD is the only financial institution able to take sovereign guaranty on determined projects. The European Commission is currently studying a guaranty tool for trans-national transport networks, which will be of very limited effect. Return on risk should be part of the usual return on investment. It is very difficult to convince private reinsurers. The only tool left is the World Bank MIGA
- To **invest on Human training**. In particular, two of the main key success factors are:
 - **the training of public decision makers**, at national and regional level
 - the availability of **state of the art trained personnel** to every stake-holder in the PPP process: **decision makers, financial institutions, companies**

Task forces and organisations dedicated to PPPs, allowing better preparation of stake-holders, training of public servants, gathering and exchange of best

practices, must be encouraged (es: the PPP Center of Sofia), and **increase of funding at the municipal level** for the advisors and experts necessary for PPP framework development, financial modeling and feasibility studies which needs to be addressed.

Specific recommendations

- To **implement fair and transparent process**. Unilateral declarations are insufficient; this perception must be shared by other EU countries, the international financial community and the domestic and international contracting community
- To **develop business cases** of projects documenting the favorable economics, value for money and risk transfer objectives to be achieved through the PPP approach and **analyze deviations** to assure that the fundamental objectives of the process are maintained
- To **adopt best practices in the process of implementation of financial models**. Each country should be encouraged to identify the best practices consistent with their laws, customs and priorities and adopt them as quickly as possible
- To **reduce the cost of bidding through standardization and length and complexity diminishing**
- To **guarantee political stability**. Governments change frequently in CEE/SEE countries and, at the best of times, this results in a long delay while the project is re-evaluated. In the worst case the PPP is cancelled without immediate compensation for the bidders/investor
- To **avoid the risk of increasing regulation from EU**. The private sector is concerned that increased regulation on PPP's by the EU will this reduce the flexibility of this process and decrease its capacity to deliver jobs and boost GDP

Transport and trade facilitation

Non-tariff barriers to trade

- to introduce a **single window payment at each side of borders** in order to reduce delays and eliminate unnecessary paperwork – along with opportunities for corrupt behavior
- to **homogenise VAT regulations, processes, calculations, obligations** etc, as much as possible; and to duly train officers relating to VAT policies and procedures
- to effectively introduce **diagonal and pan-European accumulation of origin of goods**
- to **increase regional customs cooperation** and integrated border management, following EU based regulations and international best practices, so as to adequately respond to growing security concerns (including illegal trafficking of goods, people, drugs and weapons)
- to **establish national NTB focal points**, which will maintain direct communication with the European Commission **regarding the acquis** in this field, securing transparency and efficiency of policy targeting - it is important to stress the constant need for **interaction with the private sector** based on the **PRO model**

NTBs produced by practices in the transport sector – obstruction of the physical mobility of people and goods

- to **facilitate Visa**, especially in view of the need to reach out to the EU for technical know-how and expertise (the practices followed by BSEC URTA constitute an excellent model on which this concept could be further developed)
- to **eliminate quotas for trucks** either transiting or transporting goods from one country to another; they **limit the trade exchange volume between SEE**

countries and the existence of such bilateral agreements hampers trade prospects and local capacity development

- to **implement execution of the licensing of international transporters** by qualified and certified agencies and authorities, in order to ensure professionalism
- to **build direct routes between capital cities and economic centers** – stressing here air and rail transport – since **their absence is hampering bilateral and regional trade and investment**
- to **implement the International Vehicle Weight Certificate** as foreseen in the existing UNECE agreements and previous regional **MoUs**; **non-implementation is among the major transport costs** and causes of delays and “loopholes” for corruption
- to **leverage the existing basic fees and gradually introduce a unified level and system for basic transport fees** (tolls, vehicle registration, etc). This would enhance predictability in the transport sector and promote competitiveness of the SEE transport routes

Transport infrastructure networks

- to **develop inter-modality capacities**, with an emphasis on ports and safe navigation on the **Danube**. An efficient range of combined transport services and logistics should be quickly developed – including human capacities as well as infrastructure (terminals, warehouses, IT applications, security, etc). The full development of the **rail and road networks leading to multimodal nodes** (Burgas, Varna, Constanza, Thessaloniki) should be further invested in and prioritized on the top of national projects;
- promotion of a **regional airline network (RAN)**, based on the inclusion of SEE in the European Single Sky Agreement, in an effort to eliminate the existing maze

of bilateral agreements hampering air transport, and to develop hub airports within the region (existing hubs are Vienna, Munich and Frankfurt – all outside SEE)

- Given the importance of **Pan-European transport Corridors IV, VII and X**, investment along their route will improve regional interconnections, but also connections with international networks:
 - **Corridor IV** is the primary axis linking European networks to TRACECA, increasing the urgency for the implementation of border crossing facilitation procedures and the creation of additional border stations along its route, so as to absorb and handle traffic more efficiently
 - **Corridor X** is the backbone of the Western Balkans, directly linking the Aegean with Central Europe through the conflict-tormented former Yugoslav Republics; its full re-invigoration will enhance economic mobility and efficiency of transport and trade procedures in the region.
 - **The Danube** offers unique alternatives to transport within and through the region. The construction of 2-5 more bridges within the next decade, and in particular the construction of the Vidin-Kalafat bridge will additionally enhance local development.

which have successfully been building capacities and promoting international best practices in the past, benefiting from the cooperation between the private and public sectors and supporting **harmonization to the acquis** in the sector

- building institutional and human capacities for increased **security**, by increasing regional and international cooperation to identify, adopt and implement policies which fight cross-border organized crime, illegal trafficking of goods and human beings, and the proliferation of small arms – **without impeding trade and traffic flows**

Capacity building

- **strengthening the institutional role of the Chambers of Commerce**
- to **promote training seminars** (inter alia on: anti-corruption - bribe solicitation, private sector bribery and SMEs, customs & trade regulations, electronic paper processing, air transport and airport operations, e-business, IT & telecoms, taxation, transport & logistics, UN/CEFACT Recommendations on trade facilitation)
- to **encourage bilateral action** (examples: increasing the number and modernization of the cross-border points on the Romanian-Moldovan border, which will become EU frontier at the time of Romanian accession; on-going cooperation between Bulgaria and Serbia & Montenegro)
- develop closer links between the European Commission and already **existing and well established networks**

Proposal for a Regional Airline Network (RAN) in SEE

The scope of the initiative

The European Commission and the Stability Pact for SEE have launched a **major initiative to create a seamless air space region in Southeast Europe**. The initiative is strongly supported by Eurocontrol and would be implemented **under an extension of the European Union Single Sky (SES) program**. Within the framework of this initiative, **BAC suggests to implement an initiative** on a view of fostering independent, neutral, and efficient solution **for a Regional Airline Network as well**, in order to cope with the specific conditions prevailing in the region.

The initiative should involve all SP & SECI Participating and Supporting States. Some of them have already ratified the **European Open Sky Policy (EOSP)** and updated bilateral aviation agreements in light with EU recommendation. They also have adopted a wide range of legal instruments at the national, international and institutional level. This means a major step towards harmonisation of the existing procedures in the region, of which major problem today are the existing bilateral agreements and non compliance of certain countries with EOSP.

The BAC suggests and recommends the establishment of a SP & SECI Regional Airline Network Experts Group (henceforth "RAN Experts") linked to and directed by the SP & SECI Co-ordinator's Office.

The task of the RAN Experts will be to enhance and promote the adoption of modified EOSP in the region, i.e. a **SEE Regional Open Sky Policy (SEE ROSP)**, by providing information, assistance through networking, documentation and logistical support. One very useful aim shall be the intervention and promotion of the information found in country reports related to business development obstacles, such as those in reference to facilitation of air movement of people & goods.

Regional airline network and local capacity building

Participating states should be encouraged to adopt RAN in view of ROSP, as a **tool which guarantees a swift and efficient solution of movement of people and goods**, therefore contributing to the improvement of European free trade initiative business climate in the Participating and Supporting States.

It is important to provide for recommended lists of qualified commercial aviation experts from both services and industries. Furthermore, the element of networking local experts, users and operators is of utmost importance. This will be accompanied by internships and exchanges of information and experience, in order to identify and implement best practices.

Existing regional airline network norms and procedures

The countries operating within bilateral agreements should be free to choose and use assistance and recommendation from RAN Experts. Upon choice, SEE countries will clearly see the benefits of open sky; if not solutions of bilateral versus ROSP may be settled through mediation headed by ROSP Experts Group. The ROSP initiative should be implemented fully relying on existing EOSP resolution norms and institutions, which have been established at the national and/or international level, such as EU Commission's policy, European organizations specialized for air traffic (ECAC, Eurocontrol, JAA, participants from the airline industry and other interested parties).

Political barriers versus economic interests on costs and fees of a RAN: As far as the **costs and fees** are concerned, it is recommended to work towards a unification and implementation of ROSP for RAN.

Improving the Regional Airline Network Environment:

The Expert Group should develop recommendations and recommended guidelines related to ROSP solution for use in the SEE region.

Recognition and Enforcement: The importance of recognition and enforcement in the framework of a reliable and business friendly commercial RAN system is fully recognised. The expert group should elaborate proposals for further developing the recognition and enforcement legislation and procedures in the Participating and Supporting States.

Expert group and task teams

Task Teams dealing with the following issues should be established within the Expert Group:

- establishment of the Commercial RAN Interest Group
- promotion of EOSP & ROSP in the Region
- recognition and Enforcement Issues
- identification of and Recommendations for Best Practices
- operational and implementation matters.

Energy

Supply of stable energy power meeting the growing needs of local business

The companies operating in the SEE region need to be sure of the availability, efficiency and reliability of the network energy sources. This question will become increasingly important as the regional energy providers will struggle to keep pace with the growing needs of the locally rapidly expanding economies.

Need for regionally concerted investment strategies

Especially in the Western Balkans, the countries of South Eastern Europe have small, poor and sparsely populated urban areas, that do not provide room for purely national energy policies. The **fragmentation** of local energy markets therefore requires to address the **following concerns**:

- a. While it is left to the local governments to propose priority investment projects related to the development of the Energy Community, **all stakeholders want to understand how consultation processes will prioritise projects (location, source of energy, etc)**. In this context and in view of the need to diversify sources of energy, what could be the specific role of nuclear energy and coal/lignite?
- b. Furthermore, it is **urgent to design trans-national energy policies** that will serve local populations and businesses in the most efficient way so as to achieve economies of scale. Otherwise investors might be reluctant to enter into such projects. In what forum will this coordination take place? What role could the Commission play here?
- c. The crucial decisions **to better interconnect these fragmented markets with transmission lines** need to be adopted under the coordination of an appropriate panel.

Transparent pricing policies

Companies want to ascertain that they will be paying reasonable prices and not cross-subsidise the price paid by household consumers. **This calls for transparent pricing policies** and the elimination of abuse and corruption.

New tariff and payment collection policies

To attract energy operators and investors, retail, transmission and distribution tariffs will have to be raised to cost recovery levels. In addition, **effective payment collection policies will have to be enforced**. As investments in the energy sector become profitable only over a long period of time, it is of utmost importance that contractual obligations endorsed by the states are fulfilled in spite of government changes. How can the EU/EC help guaranteeing that the commitments taken by governments of the region will be respected?

Training schemes for the local workforce

The construction and subsequent operation of **new power plants will require the availability of skilled workforce**. What measures could the Commission adopt to foster investment in human capital and life-long learning schemes?

Public service obligations

Raising tariffs to cover the long term marginal cost of energy will create affordability problems for the poorest deciles of the population. What are the **policies and programmes that the EU/EC envisages to mitigate “energy divide”, particularly in rural and mountainous areas** and to promote renewable sources of energy?

Urgent need to devise a diversification strategy for the import of gas throughout SEE

The recent gas dispute between Ukraine and Gazprom stressed the geo-political importance of securing different supply routes for energy in Europe. In particular, SEE countries that mainly depend on Russian gas are worried about diversifying their gas imports. Can the Nabucco gas pipeline project -which will transport gas from the Middle East and the Caspian Region over 3,400 km through Turkey, Bulgaria, Romania, Hungary to Austria - alone address this issue? Which other routes could be used? Will liquefied natural gas be part the solution? We understand that the Commission is working on a Gas Transition Strategy paper. What is the timetable for its publication and what are the main working assumptions?

Will the Republic of Bulgaria still be able to supply neighbouring countries in 2007?

80% of the electric energy consumed within SEE is actually produced in Bulgaria, who, however, is in the process of phasing out its nuclear units located in Kozloduy. Units I and II were already closed down and units III and IV are planned to be retired in 2007 (with units V and VI available through 2020). The phasing out of these units was supposed to be offset by the launch of a thermal plant in Maritsa East I, but the construction of this plant has been delayed. **While Bulgaria is likely to remain self-sufficient, this gives cause for concern for SEE neighbouring countries that rely on energy imports from Bulgaria.** What action could the Commission undertake to address this potential threat?



Telecommunications

The need for ICT development within SEE

Focusing on the South Eastern part of Europe, much remains to be done with regards to ICT development. The main reason for this lack of substantial development for the Information Society is the long-lasting periods of political, economical and social instabilities in the region.

A brief estimate of the situation in the countries of South East Europe (SEE) would undoubtedly include the following key observations:

- **mobile penetration** is still fairly low, although it may be considered by far as the leading factor of ICT development in SEE
- **internet penetration (narrowband)** is very low, while broadband access is still in its infancy, if at all present
- **costs of available services** are high compared to the EU average; a fact that is aggravated by the limited income potential of consumers and users of such services
- **independence of the Telecommunications Regulatory Authorities** has not been fully achieved yet
- **investment interest in the ICT sector** is moderate, due to the absence of a genuinely competitive environment

The region is in need of a driving force that will assist it in utilizing the leapfrogging potential of electronic communication services for countries under development. For SEE countries development according to the EU standards is the only way through.

Broadband infrastructure and recommendations

Widespread availability of open-access, affordable, always-on broadband infrastructure and services for businesses and citizens is critical and should be made a key policy priority for the Governments of the SEE region. Furthermore, the European Union should invest politically and economically in this process, since it will benefit from the establishment of a gradually unified ICT environment in SEE, which is geographically surrounded by EU member states. Consequently, deploying broadband communications infrastructure and services in SEE countries could make a reality of the leapfrogging effect, which is needed to realize the much desired convergence of the region to the European socio-economic standards.

A corresponding Memorandum of Understanding (MoU) on broadband between the targeted SEE Governments was drafted and finally signed at the Regional Ministerial Meeting in June 2005 in Thessaloniki. **The 'bSEE' initiative (Broadband SEE) will take action on two fundamental levels** related to broadband communications development in the SEE region:

- **the coordination of policies**, which involves evaluating and suggesting best practices gathered from international experience and tailoring the various strategic options to the SEE region's broadband environment
- **the homogeneous development of regional networks** for the deployment of Broadband services in a manner coherent to the European Union standards

In order to identify and facilitate the implementation of the 'bSEE' action plan, the following key activities will be on focus:

- **setting statutory and regulatory objectives and frameworks** with respect to European Union Directives and global standards
- **aggregating demand** leading to broadband development
- **evaluating broadband technologies and international best practices**
- **developing skills** through exchange programs, joint sponsorship of conferences, training programs and seminars in the field of Broadband technologies
- **prompting planned activities regarding broadband investment** that would result in building awareness, increasing level of public interest and empowering SME's to participate in such initiatives
- **addressing market failures** that are beyond the reach of policy tools
- **providing incentives to the private sector** for broadband development, especially in rural and remote areas
- **monitoring progress** and producing timely reports.

Education, capacity building and public administration

Education policy for students and professors

- to develop a better synergy among existing **European Universities**, student programs, stages and business initiatives, in order to better **market and promote the advantages of an enhanced learning experience in Europe** ("Choose Europe for your education and professional development!"). Advantages of the "European advantage" (historical tradition, multiculturalism, social, economic and political diversity) should be additionally stressed
- to work for a **mutual compatibility and recognition of University courses in all European countries**, as regard to their structure and final degree award
- to **increase the mobility of professors and students** among European Universities and professional schools, through joint research programs, cross border workshops, etc
- to **enhance the number and the amount of scholarship awards and paid stages** for SEE talented students in European Universities and enterprises
- to **increase public-private sector cooperation** to make the SEE basic education system more conciliatory, more productive, and more in line with the future needs of the knowledge economy characteristics necessary for regional growth and development
- to **promote a much more efficient Visa regime for SEE students** so that they can travel, study and work in a much easier and more flexible way in all European Countries (e.g. recommendation of the International Commission for the Balkans, regarding the request that a Visa program for 150.000 students of the Balkan region should be applied within 2005)
- Western European countries and EU bodies and institutions should be more and more engaged in **favouring exchange programs for SEE students**, facilitating procedures and financing their stages and temporary working periods in European companies

Vocational training and professional and leadership development

- to **promote professional schools** in SEE countries with the aim of reinforcing or creating new economic districts, and interconnecting them with Western European schools through exchange programs
- to organize the systematic **codification of professional qualifications and skills** for SEE economies, as the basis for the development of professional and vocational training curricula
- to **facilitate Visa release** for vocational training for SEE citizens
- to stimulate the **appointment of professional and skilled managers**, with international education and experience, into SEE Public State-owned Companies
- to **promote a closer cooperation between SEE Governments and the private sector** through new mechanisms or existing EU institutions such as the European Center for Vocational and Professional Training (CEDEFOP) or the European Training Foundation (ETF)

Capacity building for civil servants and public administrators

- to develop and **promote programs in Excellence in Public Administration** for capacity building of the new SEE bureaucracy, starting with the top level administrators (e.g. program for 40 young public administrator of SEE – Excellence in Public Administration, supported by the BAC and implemented by the Bled School of Management)
- to **increase the involvement of the local business community into such capacity building programs**, so as to increase interaction with local public administrations
- to **involve European and international financial institutions into the preliminary education** of high level SEE administrators on public private partnership

projects, infrastructure development, privatisation and institutional capacity building

- to **promote a commonly agreed certification and accreditation system of the new SEE public administrators, integrating an important international component**, so as to promote regional and inter-regional development projects that become always more important (energy, telecommunication, transportation) through the cooperation of public administrators
- to **attract back to SEE young talented students that have been educated abroad**, offering true opportunities in SEE public administration bodies

Security, organized crime and transparency

Organized crime and trans-border security

- To **create regional and global unity-of-action centers** that will adopt and promote the common EU policies in fighting organized crime. These centers will expedite and supervise the process of harmonization of the new member states' legislation, regulation and standardization practices to the EU ones
- To promote the **use of new generation control technologies and systems** that will eliminate the subjective element in the border control and border check procedures
- To develop **new education and training centers and programs for customs police** and officers who will become the skillful arm of the regional and global unity-of-action centers
- To examine all existing external border areas, to **assess all potentially weak points in the new border areas** (prior to and after the enlargement) and to promote measures that will enhance border integrity and security. **Special attention should be given to all sea and inland water borders**
- To develop regional transport infrastructure and in particular – **the infrastructure in the border areas**
- To adopt unified **classification and transparency rating systems** for all industry sectors and to ensure that special attention is given to transport companies as a chain in the trafficking practices
- To eliminate the existing phenomenon of customs **political umbrellas and protection of customs channels**
- To **secure public awareness to organized crime issues** through education and to ensure that SEE Countries' citizens have the facts they need about organized crime and all the measures that SEE Countries' governments are taking to address these issues.

Internal security and organized crime

- To **harmonize the SEE Countries' legislation** with the EU legislation regarding criminal activities of such nature
- To **develop updated internal security strategies in all SEE Countries**, and in particular strategies for fighting against organized crime that will be in conformity with the common European Security Strategy
- To use mechanisms **to level out the ratio of citizens' arms to arms of the national police forces**
- To create and develop **monitoring bodies and systems based on the principles of public-private partnerships**
- To **promote the role of the NGOs as an effective tool for exercising civil control over the state and the municipality administrations**, as well as over the state and private entities that operate in the economy
- To establish **internal bodies and mechanisms for supervision of the state and municipality administrations**
- To **introduce training programs** with the aim to enhance the qualification of the staff
- To enable the **use of new generation technologies in the internal security systems**. To establish a common information system and maintain a common data bank using the most sophisticated technologies
- To **enhance the mobility and the communication means of the security administration and bodies** by increasing the number of vehicles and upgrading their equipment with new generation communication systems that will allow for direct access to the data bank of the common information system
- To adopt a **time limit of no more than 3 years to finalize new lawsuits and a time limit to finalize all lawsuits pending** for the past 10 years
- To **elect a specialized administration that will fully control and supervise the funds of political parties and – in case of breach of the law – will be authorized**

- to expel parties from the political life of the country
- To implement **laws on personal and classified information prevention**
- To **develop and expand the specialized witness protection programs**

Specific forms of organized crime

- To adopt ahead of term the **principles of the Basel II Capital Accord** with respect to money laundering and control of frauds and unlawful appropriation of funds by financial institutions
- To **further the development of regional cooperation**, bearing in mind the internationalization of these forms of crime
- To promote regular **training programs for the executive bodies** that are responsible for investigation, discovery of crime and conviction of criminals
- To **complete and introduce the risk classification system** for companies and individuals that might be involved in specific organized crime activities
- To **exclude from participation in public tenders or participation in public funds** all risk classified persons
- To investigate all possibilities **to unify the VAT level within the EU**
- To harmonize the legislation and to adopt specialized regulations and instructions with **identical risk assessment criteria for all participants in financial transactions**
- To adopt a **time limit of no more than 3 years to finalize all pending lawsuits** for the past 10 years
- To **enforce a law on confiscation of property and assets** of individuals and legal entities of unproved or criminal origin
- To investigate the possibilities for the **executive bodies for fight with such crimes to self-finance their activity with the discovered and confiscated funds**

Corruption and transparency

- To **terminate all acts of political patronage** of companies which are close to the political leaders
- To **extend the application and the role of the e-government** to restrict the direct contacts with the state administration and improve transparency
- To **confiscate property and assets of unproved or criminal origin**
- To **encourage the dialogue between the executive power and the public organizations** and have well-grounded answers to all requests
- To **reduce the tax burdens** from the companies and employers
- To **introduce anti-corruption training programs**
- To ensure that the **qualified and trained administration personnel remains in their positions despite the change of the ruling political powers**
- To **create a central office for filing and processing signals for corruption**

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