



OECD SOUTH EAST EUROPE REGIONAL PROGRAMME

Objectives, achievements and updates
on activities; Regional overview

FRIENDS OF SOUTH EAST EUROPE MEETING
31 MARCH 2021

1. South East Europe at a glance



Geopolitical significance: renewed interest by governments and investors including EU, USA, China, Russia and certain countries of the Middle East.

As part of the Belt & Road Initiative, **China's influence** in SEE is growing rapidly: Since early 2010s Chinese firms have committed US\$2.4 billion in net FDI to WB6 along with US\$6.8bn in infrastructure loan commitments.

The **European Union** committed to provide **EUR 9 billion** to support economic convergence and recovery through the **Economic and Investment Plan (2021-27)** for the WB6.

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



2. Strategic engagement with South East Europe

- Established in 2000, the OECD **South East Europe (SEE) Regional Programme** supports policy making and the implementation of reforms in the region, by promoting **whole-of-OECD approach** and drawing upon OECD tools and sharing OECD best practices.
- Through the SEE Regional Programme, the OECD engages with decision-makers from the region and OECD countries in a **high-level policy dialogue** to advocate the adoption of the most needed reforms (e.g. Poland OECD High Level Conference in Poznan 2019).
- The SEE Regional Programme co-ordinates and fosters **bilateral relations** with the prospective Members from South East Europe – **Bulgaria, Croatia and Romania** to move them closer to the OECD.



Berlin Process Summit 2019



OECD Poland High-Level Conference 2019



OECD High-Level Conference 2018 3



3. OECD prospective Members from South East Europe

Co-operation with prospective Members has expanded and deepened in recent years, through participation in OECD bodies and adherence to OECD legal instruments:

Bulgaria

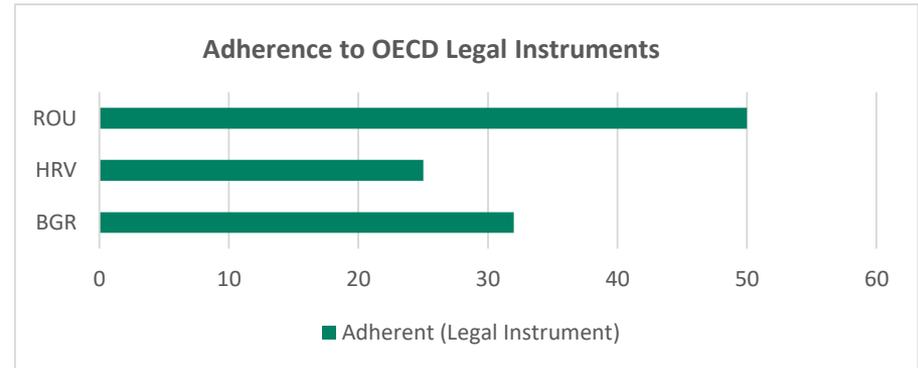
- Considerable progress on the implementation of Bulgaria's OECD Action Plan
- 34th member of the NEA (2021), Economic Survey (2021), MCM participation (2020)

Croatia

- Address to Council, strengthened engagement (2020)
- Co-ordination on EU Presidency, MCM (2020)

Romania

- Visit of PM Orban, Address to Council, MCM (2020)
- Highly active engagement in bodies and projects, continuous progress on adherences

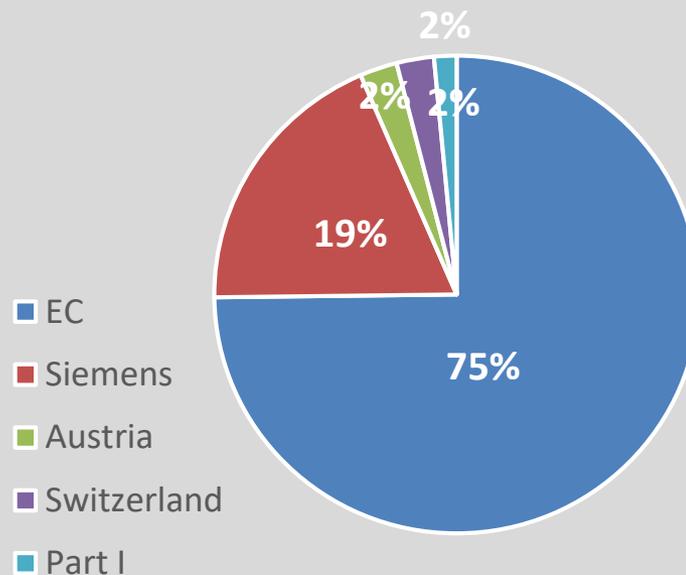


4. OECD SEE Regional Programme at a glance

Main achievements and impacts of the SEE Regional Programme

- Improved **policies** in favour of competitiveness and SME sector development in the region;
- Strengthened **inter-ministerial coordination** and stakeholder consultation in policy prioritisation and policy design;
- Improved public sector **capacity** to design and implement reforms across agencies:
 - enhanced economic diagnosis methods and reform prioritisation processes;
 - improved implementation, monitoring and benchmarking practices;
- Enhanced **dialogue** and cooperation with regional peers and EU and OECD Member countries on cross-cutting policy issues;
- Closer **alignment** with OECD and EU standards, by gradually applying OECD instruments through the Competitiveness Outlook and adopting EU Small Business Act Principles through the SME Policy Index.

SEE funding structure 2020-22



15 ministerial-level meetings.

500+ conferences and major events.

50+ major publications released.

5000+ stakeholders involved.

5. Embracing whole-of-OECD expertise

The SEE Regional Programme applies a whole-of-OECD approach, drawing on the cross-cutting knowledge and experience across the OECD to support the implementation of reforms based on OECD and EU good practices.

Areas of expertise and OECD tools applied in its two flagship assessments –
Competitiveness Outlook and **SME Policy Index:**



OECD Green Growth Framework
 OECD Going Digital
 OECD Future of Work
 OECD FDI Restrictiveness Index
 OECD Services Trade Restrictiveness Index (STRI)

Recommendation on Guidelines on Corporate Governance of State-Owned-Enterprises
 Science, Technology and Innovation Policy (STIP)
 Compass Inclusive Framework on Base Erosion and Profit Shifting (BEPS)

6. OECD SEE RP 2020 highlights and 2021 outlook: Policy dialogue and assessments

Highlights 2020

High-level policy dialogue

Participation of DSG Knudsen in the **2020 Western Balkan Summit of the Berlin Process** alongside 13 Heads of State to share the OECD's vision for the region.



COVID-19 responses

Regular monitoring of the COVID-19 impact and provision of policy advice:

- Regional Note and Country Notes
- Regional webinars
- Business survey

Outlook 2021

- **SEE High-Level Conference** as part of the Western Balkan Summit of the Berlin Process (tbc) to release the **2021 Competitiveness Outlook**.
- Launch of the 6th assessment cycle of the **SME Policy Index – Western Balkans and Turkey**, including the revision of the assessment framework, regional and national launch events to engage with the SME community, data collection process.
- New project on **Labour Migration** of the Western Balkans to provide analytical insights and detailed policy advice for each economy to address root causes of labour migration and to reap benefits of circular migration and the diaspora.

6. OECD SEE RP 2020 highlights and 2021 outlook: Competitiveness & Anti-Corruption

Competitiveness Outlook 2020/21

- 3rd assessment cycle launched.
- **100+ stakeholder meetings** held, involving 450+ policy makers.
- **2 Regional Policy Dialogue meetings** held on (1) Reforming SOEs and (2) Supporting the Tourism Sector in the COVID-19 context, 150+ participants.
- **6 economy-specific roundtables** held, discussing preliminary assessment findings, involving 450+ stakeholders.
- **1 regional roundtable**, discussing preliminary assessment findings and regional co-operation potential.
- **1 regional & 6 economy-specific publications.**
- **High-level regional launch meeting & 6 in-country** launch meetings.



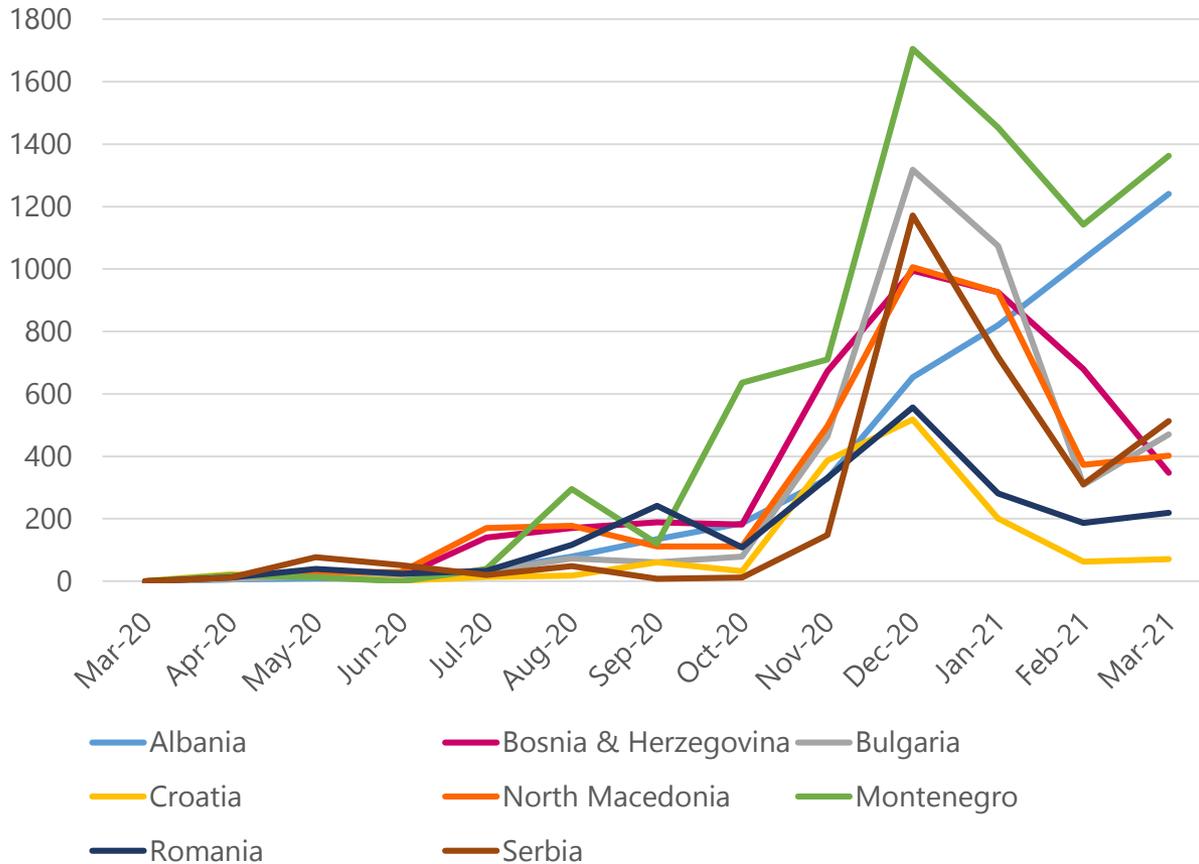
Anti-corruption & Integrity 2020/21

- **2-day webinar** with **3 country roundtables on Collective Action** in support of fairer competition, bringing together over 200 participants.
- Involvement of stakeholders from the SEE region in **12 further OECD webinars.**
- **10 policy briefs** released with actionable policy advice and OECD good practices.
- **3 stocktaking reports analysing academic curricula** in 9 SEE universities as the basis to adapt educational programmes.
- **Capacity building activities** with SEE **universities** to enhance curricula.
- **3 country-specific publications** providing targeted policy advice in support of fairer market conditions.



7. Health pandemic in South East Europe

Active COVID-19 Cases per 100.000 Inhabitants in SEE



Vaccination campaigns in the region are hampered due to EU supply constraints. Serbia's decision to utilise Chinese and Russian vaccines places the country far ahead of all EU 27 and its Western Balkan neighbors.

Measured by the %-share of the population that has been fully vaccinated against COVID-19:

SRB is ranked 7th worldwide (19%).

ROU (4.1%), HRV (1.9%) and BGR (1.1%) are midrange.

ALB, MKD and MNE have vaccinated less than 0.1%.

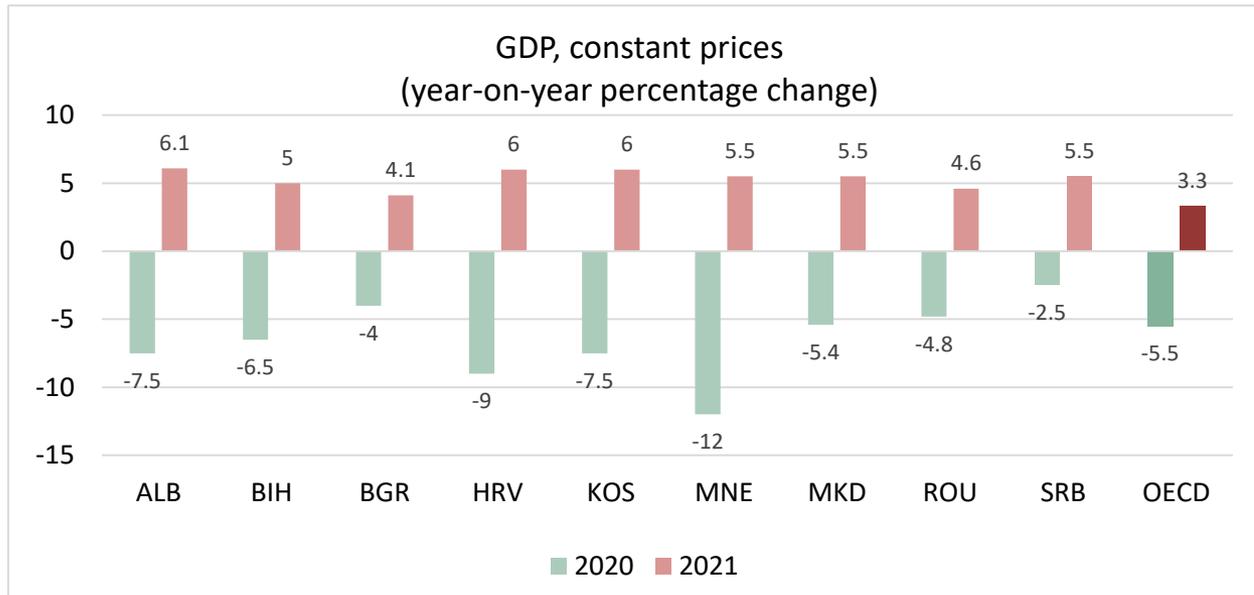
BiH and KOS have received access to any vaccine only very recently.

Source for graph: [Worldometer](#) as of 24.03.21 (no data for Kosovo*); for the dataset the number of active cases on the first day of each month was used
Source for vaccination data: Our World in Data, [COVID-19 Vaccinations](#) as of 24.03.21

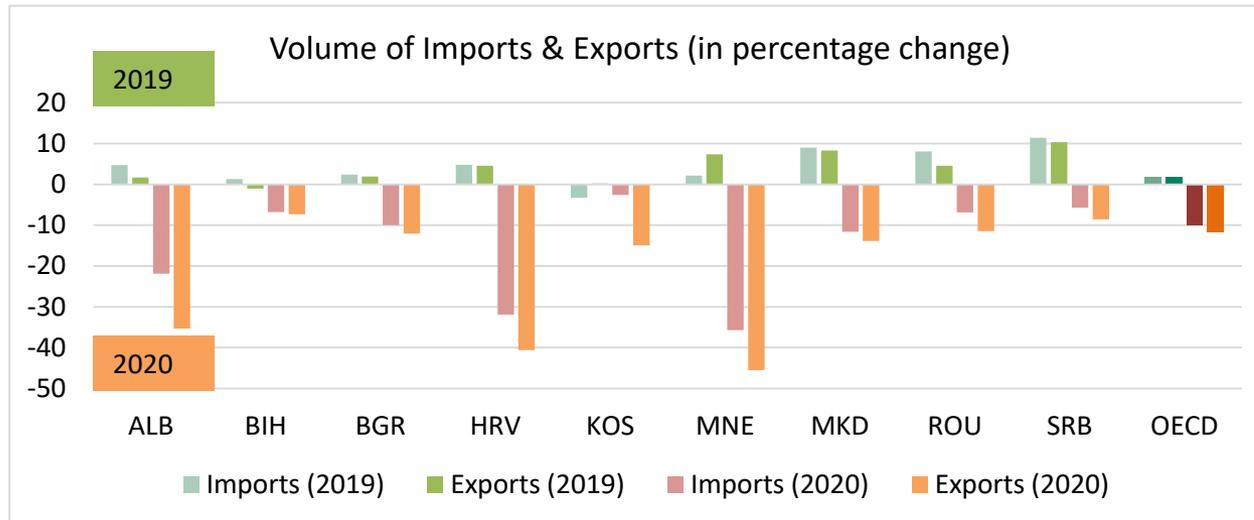
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8. Economic impact of the COVID-19 crisis in SEE (1)



Economic contraction occurred across SEE in 2020, especially in tourism dependent countries (HRV, MNE). Manufacturing-led economies less effected (BGR, ROU, SRB): comparable short production and supply disruptions; recovery in the 2nd half of 2020. **Growth is expected to bounce back in 2021** but not to reach pre-crisis levels.

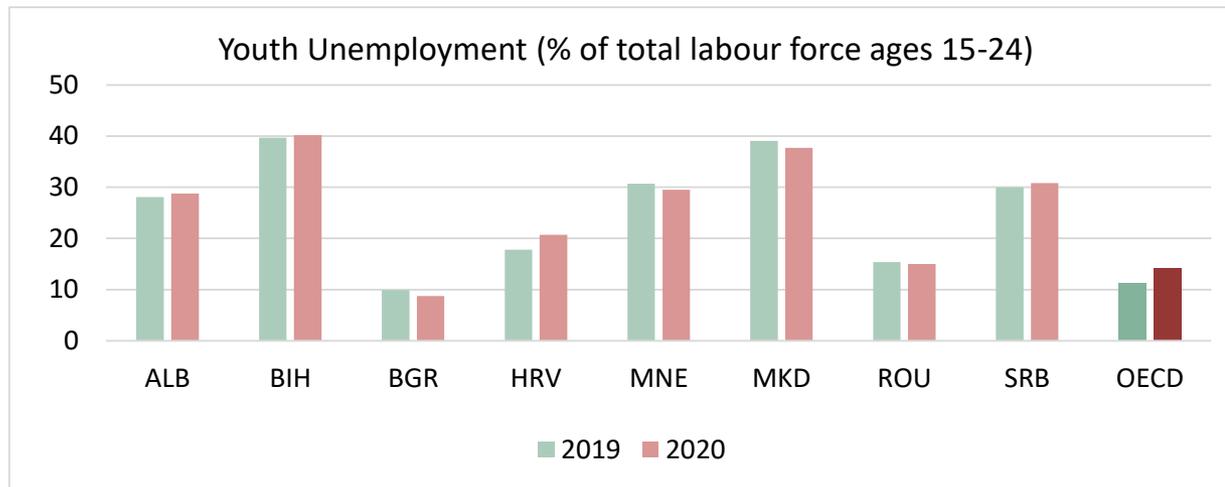


The relatively low level of new export orders prior to the COVID-19 crisis, combined with the pandemic related disruptions of supply chains, limitations in the movement of people and/or temporary shutdowns of retail, **negatively affected foreign trade.**

Source for GDP: World Economic Outlook (WEO) by the IMF, October 2020 (data last updated in August/September 2020); OECD Economic Outlook, December 2020
Source for trade: WEO by the IMF, October 2020 (data last updated in August/September 2020); OECD Economic Outlook, June 2020



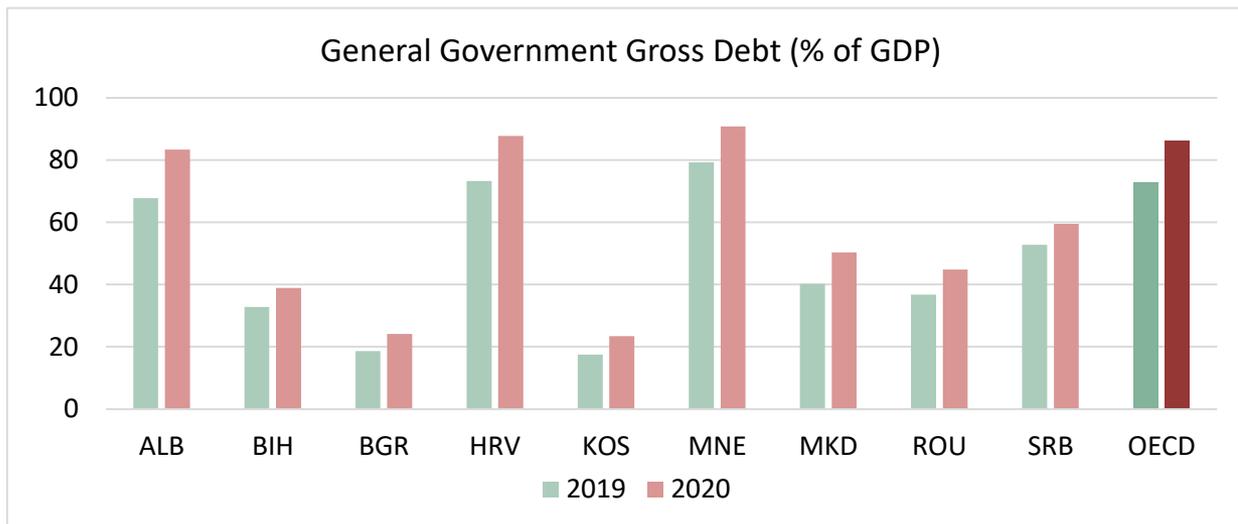
8. Economic impact of the COVID-19 crisis in SEE (2)



Economic contraction put labour markets under pressure:

Unemployment, esp. among youth, in WB6 is among the highest in Europe.

With diminishing job opportunities, especially young workers and graduates are most likely to go abroad.



To mitigate the economic consequences of the health crisis, governments responded with fiscal packages and support programmes (wage subsidies).

High public spending and reduced tax revenue increased **government debt** (in % of GDP) on average by ~10 p.p. in 2020 in SEE economies.



9. Priority areas for SEE and role of the OECD

The OECD SEE Regional Programme will continue to be the **go-to-source** for the region's policy-makers in designing structural reforms and sustainable recovery measures in the (post-) COVID context, while contributing to achieving the Sustainable Development Goal. Special focus will be on:

Inclusive growth

by guaranteeing employment and social protection across the society and creating opportunities for all.

Digitalisation

by speeding up the digital infrastructure development, ensuring access for all and increasing digital skills in the society.

Green transition

through more sustainable use of natural resources and efficiencies in the use of energy, while considering environmental health (air quality, water and sanitation).

Connectivity

through improved transport infrastructure to boost trade, growth and regional integration; through high quality access to communication networks and services at affordable prices for all people and firms.



Thank you for your attention!

For further information, please consult our website:

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