

FISR2

STRUCTURAL REFORMS BETTER INTEGRATED
WITHIN FISCAL FRAMEWORKS

Session 5: Establishing Communication, Cooperation and Coordination Mechanisms for RA Implementation

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Structure of presentation

Part 1: Summary of Day 1 with focus on the challenges in drafting of RA with regards to Communication, Cooperation and Coordination

Part 2: Utilizing ERP expertise for successful RA implementation

Part 3: Overview of the eneficiaries' set-up for implementation of the RA

Part 1: Summary of Day 1 with focus on the challenges in drafting of RA with regards to Communication, Cooperation and Coordination

Group 1

Prioritisation of the reform areas and reforms

- Prioritisation was mainly led by EC, but policy and strategic framework of beneficiaries were taken into consideration
 - Reform areas and reform measures are properly set
 - Input was needed from EC, it was done as combination of dialogue and negotiations
 - Ownership of the reforms (prioritisation) felt in the countries presented in the group
- **COHERENCE** **OWNERSHIP** **PROPER TIMEFRAMEWORK**

Group 2

Coordination of the RA preparation process

- Lack of clarity and guidance (written particularly)
- Time pressure

- Institutional set-up
 - B&H much more complicated setting
 - North Macedonia and Serbia share similar institutional set-up (Ministry/Secretariat of EU Affairs + Ministry of Finance)

- Data challenges (lack of statistical data for indicators)
- Political environments were posing pressures in all countries
- No adopted regulation, difficulties to explain why and how things should go to the decision makers in the country

POLITICAL COMMITMENT

TIMELINE

COOPERATION

Group 3

Setting indicators and financial allocations for reforms

- Defining priorities was first step in the process as there were lots of reforms' topics
- Steps - first carefully considered the activities and outputs to define steps
- Setting the indicators was initially done by considering their measurement, as this is a performance/result-based financial instrument
- Challenges exist with respect to quantitative indicators, as some of the national indicators exists, but not related to all reform areas
- EC support and assistance much needed in this area

CAPACITY BUILDING

PERFORMANCE

DATA ENHANCEMENT

Group 4

Leveraging on the ERP process

- Similarities in the priority areas of ERP and RA
 - New reform steps and measures added
- Processes differ in course of time pressure (RA under big pressure)
- ERP was starting point for RA, upgraded with finances
- ERP was more policy dialogue process, RA more negotiation process
- DG Near is more stronger and focused in cooperation with beneficiaries regarding RA

POLICY DIALOGUE

NEGOTIATIONS

FINANCES

Group T

Experience with the new ERP Guidance

- Continuous change of the Guidelines is not easy for the beneficiary
- Six measures are easier to set and monitor, compared to the previous setting of over 20 measures
- Lots of coordination needed among the institutions due to different topics within policy areas
- Timeline of the release of the ERP Guidance is not always prompt for changes
- Institutional set-up is stable, enabling easier implementation of the Guidance

GUIDELINESS TIMELINE

INSTITUTIONAL STABILITY

COORDINATION

Part 2: Utilizing ERP Expertise for Successful RA Implementation

After nine years, what is ERP?

Yes, for WBs **ERP served as a basis for economic dialogue in the accession process EU candidates to the European Union (EU). For Turkiye, it continues to play this crucial role.**

However, ERP served as an educational journey for all, enlightening us on several fronts:

- Coordination of economic governance processes.
- Efficacy of having a defined structure, which channels efforts towards better implementation.
- Significance of achieving consistency in socio-economic processes.
- Importance of time management.
- Vital role of communication in the process.
- Necessity of negotiation skills.
- Reflection on which stakeholders to involve and when in the process.
- Art of crafting a well-structured reform plan.
- Insights into assessing reform costs, estimating their impact, and setting KPIs.
- Tool for monitoring and ensuring the smooth implementation of reforms.

ERP served as a comprehensive lesson in:

- Teamwork
- Decision-making
- Recognizing that reforms are meaningful only when effectively implemented
- Embracing competitiveness, sustainable growth, green transformation, and digitalizationtransition.

What lessons from ERP can be applied to coordinating RA implementation? (1)

1. Avoid committing to reforms that cannot be comprehensively and timely implemented.
2. Recognize that coordinating RA implementation requires full-time dedication.
3. Foster institutional memory development.
4. Maintain consistent year-round coordination efforts.
5. Ensure alignment with the budget calendar and Medium-Term Expenditure Framework.

What lessons from ERP can be applied to coordinating RA implementation?(2)

6. Increase the involvement of high-level government officials to enhance effectiveness.
7. Depoliticize coordination efforts to ensure impartiality.
8. Utilize digital tools for coordination to enhance monitoring and reporting quality.
9. Acknowledge the value of face-to-face meetings as valuable sources of information.
10. Strengthen communication among key stakeholders.
11. View stakeholders as partners and essential contributors to effective coordination.

Part 3: Overview of the beneficiaries' set-up for implementation of the RA

Inherent complexity?

Reform and Growth Facility for the Western Balkans | **2024 to 2027** | EUR 2+4 bln | **general objectives:** enlargement process, regional economic integration and single market, socio-economic convergence, regional cooperation | **specific objectives:** fundamentals of the enlargement process - democratic institutions, de-polarisation, public administration, independent judiciary, security and stability, fight against fraud, corruption, nepotism, organised crime, cross-border crime, money laundering, terrorism financing, tax evasion and tax fraud, tax avoidance; compliance with international law; freedom and independence of media, academic freedom; combating hate speech; civil society, social dialogue; gender equality, gender mainstreaming and the empowerment of women and girls, non-discrimination and tolerance, minorities, lesbian, gay, bisexual, transgender and intersex persons; Union Common Foreign and Security Policy, restrictive measures; disinformation and foreign information manipulation; harmonisation of visa policies; access to information, public scrutiny and the involvement of civil society in decision-making processes; transparency, accountability, structural reforms and good governance; oversight and inquiry, public financial management and public procurement and state aid control; competitive, sustainable, climate-neutral and inclusive economies, stable investment environment, reduced strategic dependencies; regional economic integration, Common Regional Market; economic integration, single market, increased trade and investment flows, and resilient value chains; connectivity in the region in line with trans-European networks; regional cooperation, good neighbourly relations, reconciliation, as well as people-to-people contact; inclusive and sustainable green transition to climate neutrality; do no significant harm; digital transformation and digital skills; innovation, research, and cooperation; micro, small and medium- sized enterprises and start-ups; education, training, reskilling and upskilling; youth unemployment, preventing brain drain, vulnerable communities, labour rights, European pillar of social rights, fighting poverty | **general principles:** needs-based, clear conditionality and tangible results, geographical balance, avoiding the duplication of assistance and double funding, coherence and efficiency, regular and timely consultations and frequent exchanges of information, promote democracy, human rights and gender equality, align with social, climate and environmental standards, mainstream climate change mitigation and adaptation, disaster risk reduction, environmental protection and biodiversity conservation, environmental impact assessments; gender equality; inclusive partnership, stakeholders, monitoring, scrutiny and evaluation processes; transparency and accountability, internal control systems and anti-fraud policies, scoreboard | **(pre)conditions:** democratic mechanisms, multi-party parliamentary system, free and fair elections, pluralistic media, independent judiciary, rule of law, respect for human rights obligations...

Overcoming complexity – decomposition/layering/grouping

general objectives | specific objectives | general principles | (pre)conditions

budget | implementation | eligibility and restrictions | facility agreement | carry-overs, instalments, commitment appropriations | principles for financing

RA content | submission of RA | Commission assessment of the RAs | implementing decision | amendments to RAs

loans | implementation and WBIF | pre-financing | request for release of funds | payment conditions/payment rules | withholding, reduction and redistribution of funds | transparency and funding

financial interest of the EU | beneficiaries' internal systems and audit authorities | monitoring and reporting | facility scoreboard | facility evaluation

...

Overcoming complexity – linking the layers to the known/existing

As set forth by the underlying regulation - use **existing mechanisms and structures, where possible**, and maximise synergies.

Making use of the **existing set-up**:

- Institutional/**organizational** (existing best practices pertaining to ERP, RRF, etc.)
- **Taking ownership** to lead RAs implementation/monitoring/evaluation/reporting/revision
- **Overcoming limited capacity** and resources with respect to the team/knowledge/skills/brainpower/time/tools/funds
- **Integration with past/existing** complementary processes
- **Digitalization** of activities/processes where mandatory and/or feasible
- **Reinforcing/upgrading** mechanisms enabling **governance**/accountability/transparency/resilience of the system/processes
- **Stakeholders** engagement, mobilisation and **involvement**
- Etc.

When? Now.

Managing complexity – RA/setting the stage for the evolution

From a **strategic point of view** efficient and effective **Communication, Cooperation and Coordination** mechanisms are the prerequisites for creating and maintaining **goal congruence exceeding a single government turn**:

- **Communication strategy** – no matter how great the ideas&effort, failure in internal/external communication leads to final failure (i.e. even though goal may be achieved due to adequate political power, a reversal is likely to follow); through communication plans should be prepared;
- **Coordination infrastructure and coordination plans** – a **must** to systematically cope with such complexity (i.e. setting the objectives/goals/roles&responsibilities, implement calendar with tasks/deliverables/milestones, identify and allocate resources, identify and manage risks, monitoring/reporting etc.);
- **Systematic cooperation** with (a broad range) of internal (PM cabinet, line ministries, gvt. agencies, parliament), connected (economic-social council, academia) and external stakeholders (media, citizens, NGOs, international org.) assures an adequate critical mass of brainpower for evidence-based policy making and grants a positive inertia for the reform path.