



Strategy making for external assistance and report on financial flows

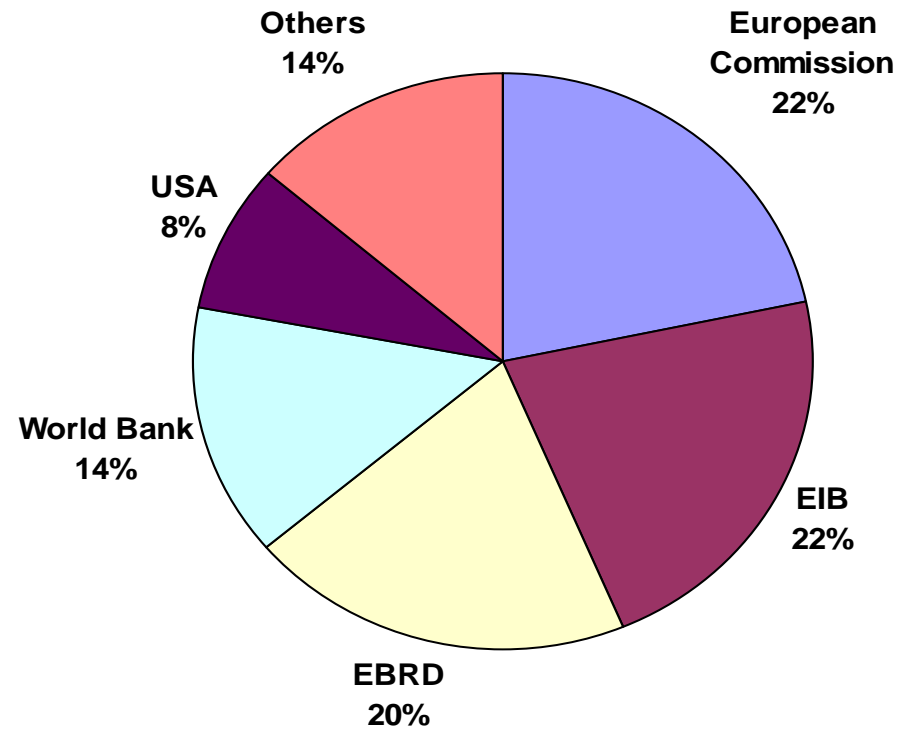
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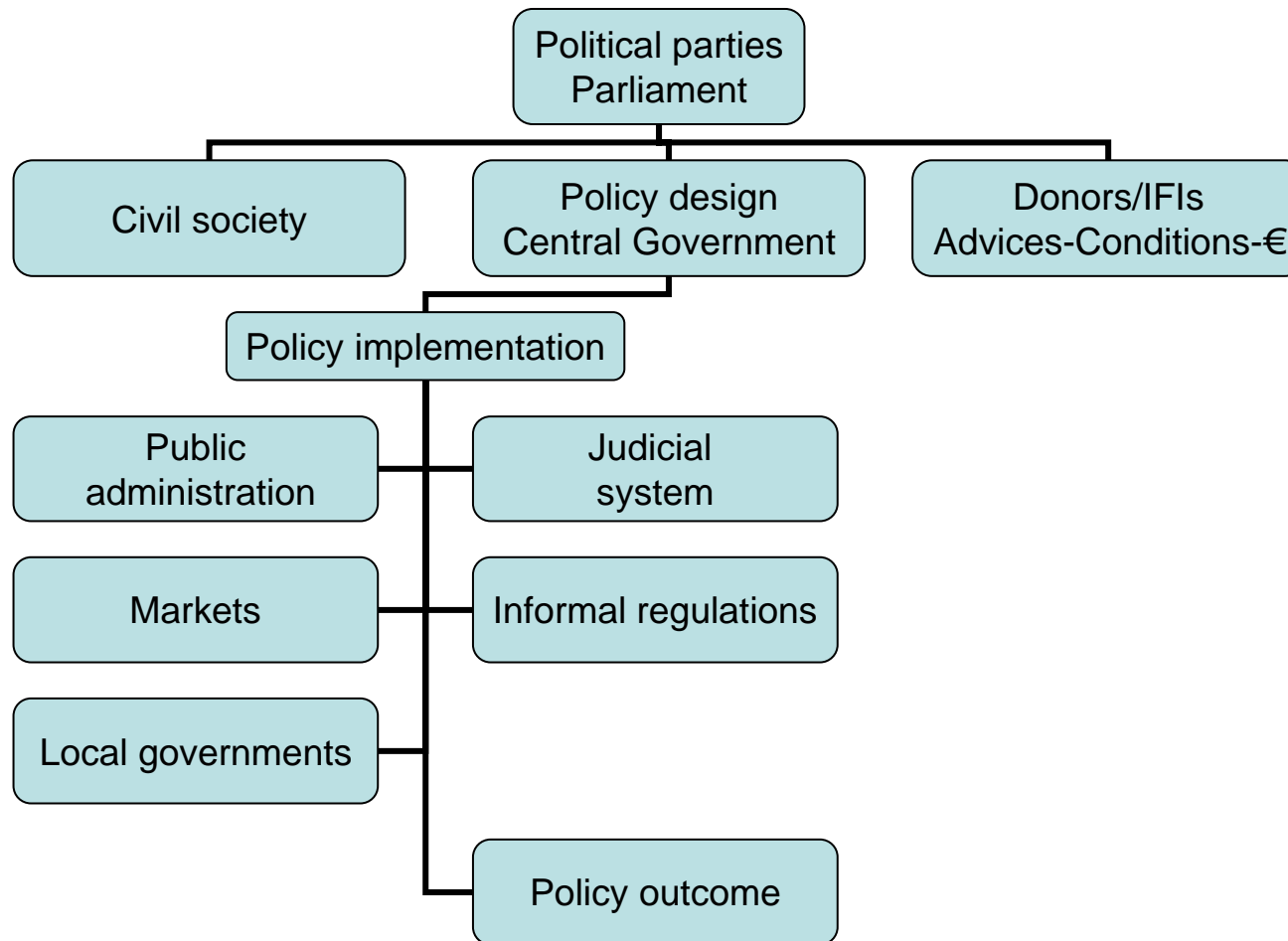
The coordination challenge

External assistance to the Western Balkans

Sources of Financing - Grants and Loans 2005-2008



From aid to policy outcome





The coordination challenge



MANY

**donors and financial institutions
with diversified and complementary
mandates and instruments...**

... to support

ONE

**multi-faceted
development and transition program leading
to EU accession**



EU accession as political anchor and main guiding principle of deep economic and institutional reforms,

and

adoption of the EU legislative acquis needs sequencing to take into account economic and financial affordability and administrative capacities



The EU accession program Main economic and social aspects



- Fundamentals of the market economy: Liberalisation, Privatisation, Stabilisation, Property rights, Competition and open market access
- Regional and EU trade and economic integration
- EU compliant norms, standards and economic regulation
- Accountable and transparent public administration and honest and efficient judicial system with equal access for all citizens
- Social and economic inclusion and refusal of any discrimination
- Education, health and infrastructure to ensure long term competitiveness on the EU and world market.

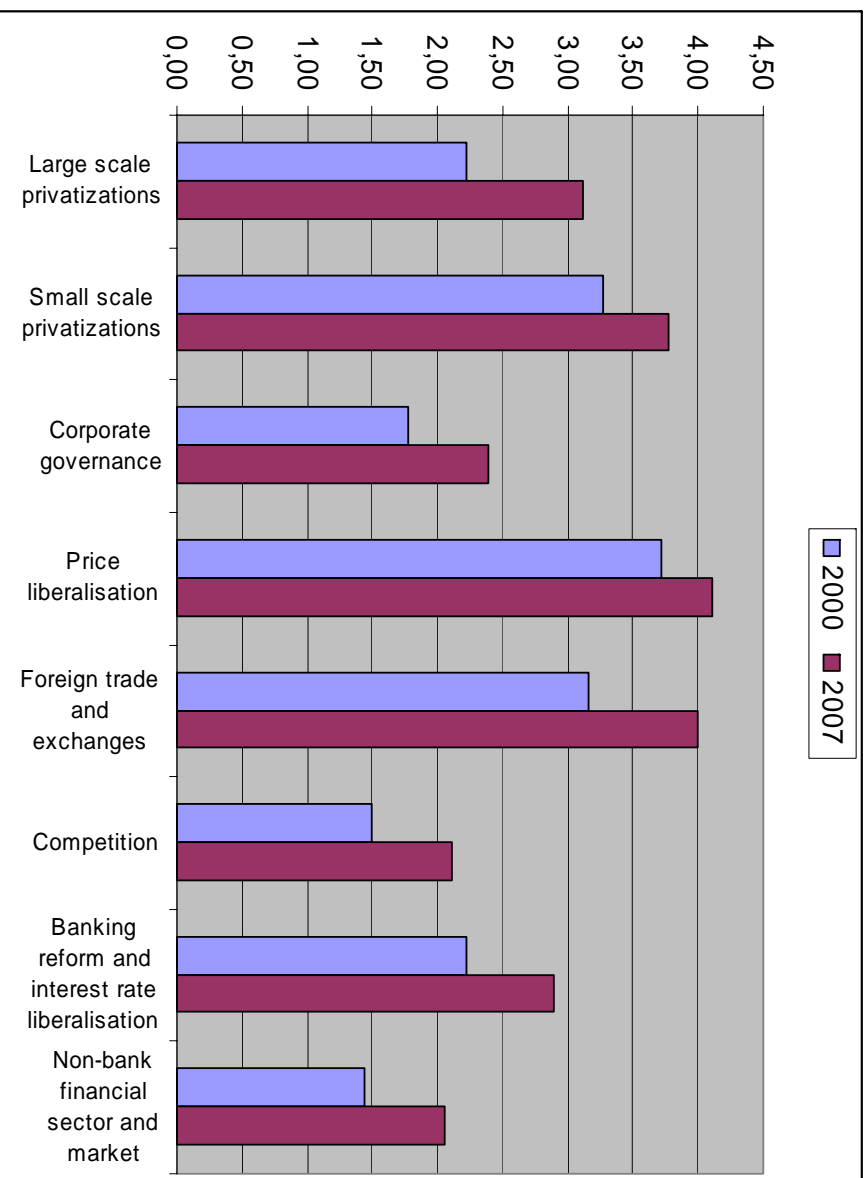


Some coordination issues

- Ensure EU compatibility of new regulations and take care of implementation capacities.
- Coordinate conditions and benchmarks and make them mutually supportive without overburdening administrative scarce capacities. Crosscheck with the European Partnership priorities.
- Imposing Rule of Law and building a clean and efficient administration: two decisive top priorities, politically and economically, to be pursued horizontally and at sector level.
- Devote attention to equity to get long term political and social support to reforms and to completion of economic transition.
- Check regularly the balance of political attention and allocation of resources between sectors to avoid underinvestment in human capital, or other misallocations.



EBRD TRANSITIONS INDICATORS Average SEE6





Conclusions What is needed?



- A comprehensive development and transition program leading to EU accession taking fully into account EU accession criteria;
- A forum to discuss it, to check comprehensiveness and balance between sectors and how far “supplied” assistance meets demand, to monitor progresses and to share assessments. Progress reports and European Partnerships are starting points;
- Rapid, tangible and regular progress on rule of law and public administration;
- Promote regional cooperation in key areas and make full use of existing coordination mechanisms;
- Policy based coordination at sector level.