

***REGIONAL POLICIES AND
ENTERPRISES IN THE BALKANS***

P. Dubarle

OUTLINE OF THE PRESENTATION

- *The EU regional policy framework in the Balkans*
- *Regional policy strategies*
- *Regional policy programs targeting the business sector*
- *Challenges and problems for entrepreneurs*
- *SME focussed policies*
- *Conclusions*

EU OBJECTIVES IN THE BALKANS

- Induce new behavior among Balkan countries
- Create a network of bilateral agreements
- Gradual reintegration of Western balkans in the european infrastructure network (TENS)
- Mobilise western balkans countries against a number of threats

THE ROLE OF THE EU

- *The stabilisation and Association process*
- *Regional cooperation*
- *EU direct support (CARDS) and autonomous trade measures*
- *EU supported Regional policies main factor for change in the Balkans*

FIGURES

	GDP growth 09/08	GDP/inh index 2008	FDI/GDP %	GDP 08 PPP \$	CARDS 00-06 E
Albania	4.2	26	2	11.8	315.5
Croatia	-1.7	63	3	63	278.8+
BiH	-4.5	31	2	17.2	502.8
Serbia		36	3.8	42.6	2559
Fyrom	-1.5	33	1	9.22	298.2
Kosovo	4			5.3	
Monte.		16		4	
EU		100			

RECENT TRENDS IN EU ASSISTANCE

	Albania	BiH	Croatia	Serbia	Monte negro	Kosovo
Transition Assistance and Institutional building	82.7	100.6	137.7	186.2	29.2	
Crossborder Cooperation	10.4	5.3	16.5	12.4	4.7	
Total	93.2	106	154.2	198.7	34	67.3

REGIONAL POLICY STRATEGIES

- Strategies to achieve balanced regional development (A,S), integrated development (KDSP), to reduce regional inequalities (RDS-M)
- Focus on underdeveloped municipalities (S)
- Programs directly impacting business (examples)

CHALLENGES AND PROBLEMS FOR ENTREPRENEURS

- SMEs backbone of balkan' countries economy
- Privatisation process well underway
- Issues: Uncertainties about regulations, high taxes, macroeconomic instability, cost of finance, corruption
- Main gaps

***FACILITY IN DOING BUSINESS
(WB ranking over 178 countries)***

Countries	Ranking
Macedonia	75
Montenegro	81
Serbia	86
Croatia	97
Bosnia/Herzegovina	105

SME FOCUSSED POLICIES

- Financing and supporting entrepreneurship
- Internationalisation of SMEs
- SME innovation
- Influencing attitudes and skills for entrepreneurship and SME growth
- Fostering youth entrepreneurship

CONCLUSIONS

- Agenda shifting from security issues to accession prospects
- Framework in place but fragmented situation (BiH unfinished, Kosovo protectorate, Croatia far in the lead)
- The idea of an economic space of the region is taking root
- Balkan « enlargement » process not a replica of central Europe pattern
- Conditions for success: the capacity of political elites to deliver

REGIONAL POLICY PROGRAMMS TARGETING BUSINESS

- Creation of incubators (K)
- Industrial park scheme (K)
- Local partnerships
- Sectoral programmes(Agriculture, Education, youth, research, tourism)-K, M
- Crossborder programmes including building infrastructures at the border-crossing (e.g. K/B
- Cooperation agenda (planned) S/K
- Equalisation system between municipalities' budget(M)

DECENTRALISATION AND SUBNATIONAL ISSUES

- Pace of devolution slow but relative decentralisation (part of BiH). Elected bodies (C)
- Establishment of a regional level: 9 RDAs(BiH), 5 regions in the making (S), 20 Counties (C), 5 Agencies (K). Statistical (macro)regions (M, C)
- Strategies formulated at region levels (A, C)
- Specific cases: BiH an unfinished state with 3 entities, non administrative regions in Montenegro
- EU supported reform (administration , justice, market economy)-K
- Other comprehensive initiatives supported by non EU donors (Kukes A). Bor Regional development project with WB (S), Creation of green jobs (M)