



Federal Ministry
for Economic Cooperation
and Development

Focus on Europe

Overcoming crises and divides,
driving forward regional and European integration

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List of contents

THE KEY POINTS	3
1. Focus on Europe	4
2. The BMZ – a strong bilateral partner for our neighbours	6
3. EU convergence – creating prospects	7
4. Democracy, participation and the rule of law – foundation stones for EU convergence	8
5. The economy and employment – fit for Europe	9
6. The environment, the climate and energy	11
7. Supporting conflict resolution	12
8. Bringing communities together	13
9. Regional cooperation	14
CORE MESSAGES OF THE FOCUS ON EUROPE	15
ANNEX	16

The key points

The countries that are the EU's immediate neighbours to the east have close ties with us. Cooperation with these countries is shaped by **shared interests, a common desire to overcome the belligerent and divisive legacy of the past, and the wish to create a joint future**. The BMZ has been assisting with the reforms being carried out in our partner countries from South-Eastern Europe, Eastern Europe and the South Caucasus since the 1990s, participating actively in defining their direction. Efforts to achieve **greater convergence with the European Union, and economic, political and geostrategic developments** have raised the profile of this cooperation. That is why **assisting the transition processes in the Eastern Mediterranean and in the Eastern Partnership countries** is described in the Coalition Treaty for the 18th legislative period as a **particular priority of German development policy**.¹ For the German government, the significance of this assistance, which has increased still further as a result of the violent

conflict in Ukraine and the high numbers of refugees arriving from South-Eastern Europe, is also reflected in an **increase in development cooperation**. The increased importance of development cooperation was underlined yet again at the **Western Balkans Summit**. This annual conference, which was initiated by German Chancellor Angela Merkel in 2014, brings together heads of state and government from South-Eastern Europe (the "Berlin Process"). The BMZ is supporting the transition and reform processes in this region **by means of innovative and new approaches in development cooperation**. The aim is, not only to **bring Europe closer together and foster stability and peace in the region** but also to jointly address **global issues that are important for the future**.

We are restructuring our cooperation with the countries of South-Eastern Europe, Eastern Europe and the South Caucasus on the basis of **10 initiatives**:

1. In **Serbia**, one of our most important partner countries in South-Eastern Europe, we are working with the Serbian government and with Serbian and German businesses, and through our **Initiative for Sustainable Growth and Employment** to help **create jobs, provide job seekers with qualifications and increase investment**.
2. In **Ukraine** we are supporting the **rebuilding of (social and municipal) infrastructure in the eastern part of the country**, and we are helping with efforts to deal with the **current refugee crisis** and to carry out **modernisation and reforms**. This will mean **rebuilding homes, restoring public buildings and renovating social infrastructure** (incl. kindergartens, schools, hospitals and social welfare centres). **More than 3.5 million people** in the communities concerned will **benefit** from the improved social and municipal services.
3. We are supporting the efforts of our **partner countries to realise convergence with the EU**. By providing the administrative authorities in our partner countries with targeted procedural and organisational advice, we are helping them to **prepare and implement the Association Agreements of the Eastern Partnership** and the **Stabilisation and Association Agreements in South-Eastern Europe**.

¹ Cf. "Shaping Germany's Future – Coalition treaty between the CDU/CSU and SPD" for the 18th legislative period, p. 118.

4. Over the next three years we will **more than double** our activities in connection with establishing a practice-oriented **vocational training system**. This will mean that, in future, **more than 90,000 trainees a year** will be able to **acquire vocational training qualifications** in our partner countries.
5. We are strengthening local finance systems and **increasing lending to micro, small and medium-sized enterprises (MSMEs)** via local financial institutions to **325,000 loans a year**.
6. We are supporting efforts to improve **municipal services infrastructure**, especially for **water and energy supplies** and for **wastewater and waste disposal**. By expanding our activities in this area we want to reach **more than 1,800 communities**.
7. We will provide expertise and financial support for cooperation activities involving **German municipalities and municipalities in our partner countries** and will thus **foster the establishment of more municipal partnerships**: we will **deepen the existing contacts with 40 partner municipalities** in Ukraine. By 2020 we want to have set up a network of up to **20 sustainability partnerships with municipalities in Eastern and South-Eastern Europe**, which we will continue to accompany.
8. We are supporting the efforts of our partner countries to achieve the EU climate goals, i.e. – by 2020 – **reducing greenhouse gas emissions by 20%**, increasing the share of **renewable energy to 20%** and **raising energy efficiency by 20%**. Through our work we want to contribute towards saving more than **20 million tonnes of CO₂** a year.
9. We will support the expansion of electricity generating capacities in our partner countries with a view to increasing the share of electricity generated from **renewable energy sources by about 4,200 megawatts**.
10. We will support **cross-border environmental and climate protection** and cooperation between the countries along the Danube, the countries of the South Caucasus and the countries around lakes Prespa, Ohrid and Skadar. These measures will help to protect **over 750,000 hectares of nature reserves**.

1 Focus on Europe

The countries in Europe which are our development cooperation partners are spread across **three sub-regions: South-Eastern Europe, Eastern Europe and the South Caucasus**. Each of these regions has its own special challenges. In South-Eastern Europe (Albania, Bosnia and Herzegovina, Montenegro, the

former Yugoslav Republic of Macedonia, Kosovo and Serbia), the main emphasis is on dealing with the aftermath of war and on regional integration with a view to achieving **membership of the European Union** as quickly as possible. The countries of Eastern Europe and the South Caucasus, on the other hand,

are part of the **Eastern Partnership**. This partnership falls under the **European Neighbourhood Policy** and is about helping Armenia, Azerbaijan, Georgia, the Republic of Moldova, Ukraine and Belarus move closer to the EU. Membership of the European Union is not ruled out, but it is not the primary aim of the Neighbourhood Policy.

Although progress and outlook may be different for the various countries, they all share a common history of transition and a common future. Over the last 25 years they have experienced **armed conflict, ethnic unrest, violent upheavals and major transformation**. Today they are increasingly looking to align themselves with the **European Union** and the **values it represents**. Membership of the European Union or alignment with EU policies and legislation are declared foreign policy goals in almost all of these countries. In addition, many of them have traditionally had **close relations with Russia**. In light of the significantly increased involvement of Russia in many of these countries just recently, they now feel that they are being forced into a position where they must choose between taking a path that will bring them closer to Europe and taking the path that leads to Russia. It will therefore be increasingly important in the future that the process of transition and reform in order to move closer to Europe and the sacrifices entailed are **seen to bring visible and tangible benefits for the people** of these countries. Many people have taken to the streets in Kyiv, Tbilisi and Sarajevo to demand those very things: new jobs, modernisation of the economy together with integration into the European Single Market, modern standards in infrastructure, the environment and the energy sector, and government institutions that are responsive to the people, that allow them to participate and that adhere to the rule of law – everything that the **European community of values** stands for. The countries on the borders of the EU have the potential to play an important role in the future as a **bridge between the EU and Russia** and to the Eurasian Economic Union.

The **process of transition** has begun and is already well advanced. It has brought tremendous changes with it. **Europe is the aim of reforms** and changes

but also the engine for realising them. Despite the progress that has been made, reforms are still needed. The **economy is as yet ill prepared** to face European and international competition. Hardly any new jobs have been created in forward-looking sectors. The **average rate of unemployment is over 25%**, and in some countries 75% of young people are unemployed. In many cases the economy is dominated by **run-down state enterprises or oligarchies**. In some countries more people work in the public sector than in the private sector. An **independent and effective judiciary, measures to address high levels of corruption, protect minorities, strengthen democratic participation and modernise government** are elementary prerequisites for successful transition and are also part of our development cooperation efforts.

A growing **awareness** for issues like **energy** and the **environment** can be observed in our partner countries. **Modernisation of energy infrastructure and increased energy efficiency** are crucial in order to improve **energy security, and climate and environmental protection**. The introduction of **European standards in environmental protection** is a necessary step towards EU convergence and is also a global topic for the future. This includes, in particular, introducing standards for protecting against water pollution, for designating protected areas and for wastewater and solid waste disposal.

Apart from the challenges of the EU convergence process, our partner countries are also still struggling to cope with the **consequences of the global financial crisis, with regional disparities in development, domestic political crises, flows of refugees, frozen conflicts** and – in the case of Ukraine – with **armed fighting** and a **difficult humanitarian situation**. This means that Germany has a special role to play, not only as one of the **most important bilateral partners** for these countries. Germany's **own experience of dealing with reunification and transition**, Germany's weight within Europe, our close cultural ties with our partner countries and our **many years of involvement** in Eastern Europe, South-Eastern Europe and the South Caucasus mean that we are in a good position to be an **advocate, a provider of support and a builder of bridges**.

2 The BMZ – a strong bilateral partner for our neighbours

Ever since the 1990s the BMZ has been a close and reliable partner for Germany's European neighbours. The timely and visible interventions by Germany following the upheavals in the region and the welcome offered to countless refugees have laid the foundations for the excellent reputation that Germany enjoys and that can now be used as a basis for further German development cooperation.

Today, more than 650 members of staff from our implementing organisations are working in 12 of the countries that make up the European Neighbourhood. We have particularly close bilateral relations with Albania, Kosovo, Serbia and Ukraine. We are involved in cooperation programmes with a thematic or regional focus in Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, the former Yugoslav Republic of Macedonia, Montenegro and Moldova. Cooperation with Belarus is limited to working with civil society organisations. We are particularly supporting regional initiatives which have the aim of finding solutions to cross-border problems, deepening cooperation and promoting integration.

Annual commitments made to countries from the European Neighbourhood add up to about 550 million euros, with roughly one quarter being used for regional approaches. The aim of our policy is to contribute towards bringing Europe closer together at all levels. In addition to the work being done through the official German implementing organisations, we are therefore working closely with the German federal states and with municipal authorities, the political foundations, the German private sector and civil society. Municipal authorities can provide valuable support by contributing their expertise towards the sustainable shaping of the transition process. They can also themselves benefit from participating in a partnership-based dialogue.

Since it was adopted in September 2015, the 2030 Agenda for Sustainable Development has become the orientation framework for global sustainable development. The implementation of the Agenda will place considerable demands on all countries – including the countries that are Europe's immediate neighbours. We want to set a good example and live up to our responsibilities. We also expect other countries to do the same. The only way we will be able to achieve global sustainable development is if we tackle global challenges together. We are aligning our entire development cooperation portfolio with the 2030 Agenda. Many of our partner countries have already begun implementing the Agenda. We are helping them to align their national policies with the goals of sustainable development. This involves, among other things, building up necessary capacities in the field of development planning, financing, implementation, and evaluation and monitoring.

In those partner countries that are direct neighbours to the European Union, European development cooperation, and EU association and enlargement policy play an especially important role. As the biggest contributor to the EU budget, we feel that we have a special responsibility. We are working to ensure close dovetailing of European and German cooperation. The interaction with EU instruments and numerous co-financing arrangements for German development cooperation projects mean that it is possible for us to work in a particularly effective way in the European Neighbourhood and to achieve significant leverage and a high degree of visibility. The instruments of EU convergence and integration set out a clear framework for reforms and create the ideal incentive for sustainable political, economic, environmental and social development, and for successful transition. Under the framework of the EU convergence process Germany calls on partner countries to carry out reforms and in return supports their efforts by providing technical, financial and political assistance.

3 EU convergence – creating prospects

The basis for EU convergence is **meeting minimum political and economic requirements** and gradually **introducing the** *acquis communautaire*, the shared European rules, regulations and policies. The areas covered are as diverse as they are demanding, ranging from modernising public administration to harmonising product safety. A broad range of actors is involved. Officials at **all levels of government are involved**, from central government to individual municipal administrations. Preparing and conducting the **negotiations for accession and association** is like a **national tour de force**. That is why we are assisting our partner countries not only as regards **individual specialist topics** and meeting the requirements of the **negotiating chapters**, but also with regard to the **actual negotiations with the EU** and the **coordination of the convergence process** within the government.

For the people living in our partner countries the **transition process calls for sacrifices to be made**. Failing public sector companies must be closed, overblown administrations trimmed down. The already high level of unemployment can rise even further for a time. That is why the **opportunities and advantages that transition** brings must contribute quickly and tangibly to **improvements in people's lives**. Otherwise the **hopes and expectations attached to the transition and the European Union** may be dashed and there is a danger that support for the transition process will be lost. That is why – working in close consultation with the EU and other EU member states – we are not only supporting efforts to implement European standards directly but are also engaging in flanking **measures aimed at bringing about tangible improvements in living conditions in our partner countries** – ranging from the modernisation of supply infrastructure to private sector development and reforming the judicial and administrative systems.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- We are supporting EU convergence efforts by our partner countries. By providing targeted procedural and organisational advice we are **assisting the administrative units in our partner countries** with the work of **preparing and implementing the Association Agreements within the framework of the Eastern Partnership** (Georgia, Moldova and Ukraine) and the **Stabilisation and Association Agreements** in South-Eastern Europe (Albania, Bosnia and Herzegovina, Kosovo and Serbia and – within the framework of regional cooperation – the former Yugoslav Republic of Macedonia and Montenegro).
- We are supporting our partner countries in South-Eastern Europe in a bid to ensure that **funds from the Instrument for Pre-Accession Assistance (IPA)** are used **transparently, correctly and efficiently**, so as to quickly bring about tangible improvements in people's living conditions. With that goal in mind we will strengthen and advise the national IPA coordination offices in **six partner countries** in South-Eastern Europe.
- We are advising our partner countries on various specialist topics as part of EU convergence measures. For example, we are supporting efforts in the Republic of Moldova to **establish a system of government inspectors for food safety and animal health**, in order to meet the requirements of the EU Association Agreements.

4 Democracy, participation and the rule of law – foundation stones for EU convergence

The rule of law, protecting human rights, stable institutions and a functioning system of public administration are the foundation stones for successful transition. Without comprehensive legal certainty, citizens are unable to **trust in their government** and in **government officials**; and without trust in a state founded on the rule of law there is no basis for sustainable economic growth. Faced with limited public resources, you first need to establish a functioning modern administration before **targeted and responsible government** is possible. **Transparent management of public finances in conformity with rules and regulations** is essential for avoiding corruption. People must be able to have a say in determining their fate; only then will the reforms have the **necessary legitimacy and acceptance**.

In recent years **active civil society groups** have arisen in our partner countries. These groups demand their **democratic rights, including the right to be involved in governmental decision-making processes** and call for their countries to be **governed by a modern, responsive administration**. This is not just a matter of technical processes such as the introduction of e-government, it is also about having a modernised system of administration and a changed understanding of the state and its citizens. The **decentralisation** of tasks and decision-making is increasingly important in this regard. **Strengthening decentralised state structures** together with the **economic development of rural areas** requires governments and government officials who are responsive to the needs of citizens and equitable living conditions in our partner countries.

Many topics have an impact on neighbouring countries as well and even on EU countries. Tackling **organised crime and corruption**, dealing with **minorities**, the **social aspects** of the rule of law, **protecting human rights and freedom of the press** – the standards and the requirements are high and have been raised still further since the last EU expansion round. This is reflected in the **central role of Chapters 23** (Judiciary and Fundamental Rights) **and 24** (Justice, Freedom and Security) within the framework of accession negotiations. Progress in these areas is an absolute must and is not only demanded by the citizens of our partner countries. Organised crime and people fleeing their homes to escape from human rights violations have considerable **impacts on neighbouring countries and on the European Union** as a whole.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- We are also supporting **national reform and modernisation processes** in our partner countries. In Ukraine and the Republic of Moldova, high-level German experts are providing advice directly to the president and the prime minister.
- We are supporting the development of **functioning, stable and transparent systems of public finance** in Armenia, Azerbaijan, Georgia, Kosovo, Serbia and Ukraine.
- We are supporting the **development of free, transparent media and helping to improve the quality of journalistic reporting**. We are

providing around **one million euros a year** to support the **journalist training programmes of the Deutsche Welle Academy** in our partner countries.

- We will support activities in **eight partner countries** (Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, the Republic of Moldova, Serbia and Ukraine) aimed at **modernising public administration systems and offering services that are responsive to the needs of citizens**. By establishing new citizens advice bureaus

we will make it possible for **about four million people** to get **access to administrative services more quickly and more easily**.

- We are pushing our partner countries to pursue efforts to **fight corruption**. This involves enhancing transparency and accountability, strengthening national supervisory authorities such as courts of auditors and ombudsman services, and supporting the reform of public procurement and penal systems.

5 The economy and employment – fit for Europe

Economic stabilisation and the possibility for all segments of the population both to contribute to economic development and to share in its rewards are essential prerequisites for pro-poor growth, prosperity and the consolidation of still young democracies. The basis for all of these is **creating a functioning market economy that is aligned with social and environmental standards**.

The **transformation of the economy and the privatisation** of formerly state-owned businesses is **still ongoing** in most of our partner countries in Eastern Europe, South-Eastern Europe and the South Caucasus. There are only a few businesses that have been able to make the transition successfully. **Cumbersome administrative structures, inadequate legislative frameworks, bureaucratic hurdles, corruption and the complex links between politics and business** often make it more difficult to do business in these countries. Significant changes are needed in order to offer all economic actors more legal certainty and so that **domestic and foreign investors will have greater faith in these economies**.

Access to the **EU Single Market** for goods and services is an important growth factor, especially in the countries that have borders with the EU. Before trade barriers can be gradually dismantled and the EU Single Market opened to businesses and goods from these partner countries, their competitiveness must increase significantly. Without **necessary structural reforms** the regional economy is not in a position to stand up to the competition in the Single Market. Developing quality-testing infrastructure, certification procedures and systems of standards is also an important aspect in terms of gaining access to the European Single Market. We are helping to boost **competitiveness** by supporting the development of **national economic reform strategies**, by **promoting trade** and through targeted **assistance for micro, small and medium-sized enterprises (MSMEs)**. **Active partnerships with vocational training institutes and with chambers of industry and commerce, intensive collaboration with the (German) Committee on Eastern European Economic Relations, a range of development partnerships with German companies** and the high share of German

exports to the region show that **development co-operation and foreign trade go hand in hand** and contribute towards **bringing Europe together**.

Training systems and institutions where little has changed in the last 30 years are limited in their ability to produce workers who have the technical expertise and practical skills that the economy needs. In new, green or innovative sectors of the economy in particular, there is a **great deal of catching up** to be done. This is necessary not only in order to **boost employment** and thus help **reduce poverty**, but also so that our partner countries can be made fit competitors for the European Single Market. Reducing **unemployment**, which is on **average over 25%** – and in the case of young people sometimes even as high as 75% – can help reduce social tensions. In order to safeguard the successful political transition that has been achieved, it is necessary to increase the **employment opportunities in the region, particularly for young people**. Doing this will create **prospects in these countries** and will **stop** the qualified and motivated people who are important for contributing to development in our partner countries **from seeking their fortune elsewhere**.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- In **Serbia**, working with the Serbian government and with Serbian and German companies, and through the **Initiative for Sustainable Growth and Employment**, we are helping to **create jobs, offer qualifications for job seekers and increase investment**.
- Over the next three years we will **more than double** our activities in connection with establishing a **practice-based vocational training system**. This will mean that, in future, **more than 90,000 trainees a year** will be able to acquire **vocational training** qualifications in our partner countries.
- We are supporting the **modernisation of financial systems** in our partner countries. To this end we will be supporting **advisory services for about 100 banks**.
- We are strengthening local financial systems and supporting **lending to micro, small and medium-sized enterprises** (MSMEs) via local financial institutions. We are expanding lending to micro, small and medium-sized enterprises, bringing the total volume up to about 325,000 loans a year.
- We are strengthening local economic structures through more than **10 partnerships between vocational training institutes, chambers of trade and commerce, and business associations** and their counterparts in Germany.
- We are supporting innovative forms of cooperation between the academic and the business sector through **six DAAD University-Business Partnerships**.

6 The environment, the climate and energy

Despite the complex challenges of the transition process, awareness of the need to **protect natural resources and the climate** is gradually growing in our partner countries. EU requirements for environmental and climate standards together with matters relating to the rule of law are seen as some of the **greatest hurdles that need to be overcome on the way into the EU**. A legacy of **pollution due to past industrial policies and practices, still inadequate wastewater and solid waste management and run-down energy supply systems** constitute great environmental and health hazards in our partner countries and also pose a threat to the global climate.

All our partner countries will need to make **substantial investments** in order to meet EU standards. We are supporting our partners both financially and by providing technical know-how. German assistance is directed towards different priority areas depending on the situation in the country concerned: in fragile regions the focus is on **securing basic supplies**, with water and energy as the main areas of intervention; in **countries where cooperation programmes have been in place for many years** the focus is on **energy security, water supply and wastewater management, solid waste disposal and good stewardship of resources**, including in the agricultural sector.

In our partner countries we are already one of the most important donors in the energy sector. By offering support in the form of funding arrangements and advice, we are helping to **increase energy efficiency in terms of generation, transmission and consumption** and we are promoting the **introduction and expansion of renewable energy sources** such as wind, water, solar and biomass, thus making a significant contribution towards **reducing emissions of greenhouse gas and pollutants**. By helping to reduce their one-sided dependence on resource-rich countries, we are contributing towards strengthening supply secu-

rity in our partner countries and thus strengthening their independence in energy matters.

The potential in our partner countries in Eastern Europe, South-Eastern Europe and the South Caucasus to **contribute towards protecting the global climate, protecting the environment as a whole** and, in particular, towards **protecting biodiversity** is huge.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- We are supporting the efforts of our partner countries to achieve the 20-20-20 EU climate goals: i.e. – by 2020 – **reducing greenhouse gas emissions by 20%, increasing the share of renewable energy to 20% and raising energy efficiency by 20%**. By expanding our involvement in these countries we want to contribute towards **saving more than 20 million tonnes of CO₂ a year**.
- Financing under German development cooperation will help increase capacity in our partner countries for generating electricity **from renewable energy sources by about 4,200 megawatts**.
- We are expanding our support programmes with a view to funding the **modernisation of the energy systems in over 25,000 homes a year**.
- We are promoting efforts to improve **municipal services infrastructure**, especially for **water and energy supplies** and for **wastewater and waste disposal**. By expanding our involvement in this area we want to **reach more than 1,800 communities**.
- We are supporting the **development of the first five wind farms** in South-Eastern Europe, which will supply **over 700,000 people with power from renewable energy sources**.

7 Supporting conflict resolution

Development and peaceful advancement in our neighbouring countries in Eastern Europe, South-Eastern Europe and the South Caucasus are **hampered by local and regional conflicts**. The reasons for these conflicts and their historical backgrounds vary from country to country. Sometimes the reasons are **regional disparities in development and domestic policy conflicts**, sometimes the problem is **frozen conflicts and/or virulent disputes** (e.g. in Abkhazia, Nagorno-Karabakh, northern Kosovo, Transnistria or South Ossetia) and sometimes there is de facto open **military combat**, as in Ukraine. The vivid memories of war and displacement in the Western Balkans and South Caucasus, and the similar situation now being experienced by the people in Ukraine are still shaping relations between the populations and the governments in the region. What happens to displaced persons and refugees, and to the property they leave behind, how these matters are handled under the law, what happens with areas of territory that are cut off or choose to separate from the rest of the country and how separatist movements are dealt with: all these issues place a **heavy burden on relations between neighbouring countries and make cross-border cooperation difficult**.

Germany is a strong advocate for **dialogue and the peaceful resolution** of conflicts. We seek to mediate between the parties involved and to **include all sides** in cooperative collaboration. For us, **fostering stability and peace** are an important cross-cutting task. Whether we are talking about reconciliation, seeking resolution in the case of historical injustices, protecting minorities or reintegrating refugees – we are there to support our partner countries when it comes to dealing with sensitive and politically significant issues. Finding ways to resolve these conflicts and working out answers together helps with the **long-term, sustainable stabilisation** of our partner countries. The reconciliation work of the churches and the efforts of the Civil Peace Service are im-

portant elements in this regard. The aim of our work is to **improve the prospects for the people in the region and tackle the root causes of displacement**.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- We will support **civil conflict resolution and prevention** in our neighbouring countries, working in close consultation with civil society organisations and – within the framework of what our budget allows – will fund the deployment of up to **20 experts from the Civil Peace Service (CPS)** each year. For the future, we are hoping, among other things, to involve associations of war veterans in the **reconciliation work** in South-Eastern Europe and to expand the **youth work** we are doing.
- We are supporting efforts **in Ukraine to rebuild** (social and municipal) infrastructure in the east of the country, to **manage the current refugee crisis** and to pursue a process of modernisation and reform. This will mean **rebuilding homes, restoring public buildings and renovating social infrastructure** (incl. kindergartens, schools, hospitals and social welfare centres). **More than 3.5 million people** in the communities concerned will **benefit** from these improved social and municipal services.
- We are supporting efforts to overcome regional development disparities and thus reduce internal conflict in the countries in the region. In **eight countries** we will seek to **strengthen democracy and development, particularly in peripheral areas, by promoting decentralisation**. In Ukraine, specific support will be provided for the peace process and for the government's reform process, for example.

8 Bringing communities closer together

The countries of Eastern Europe, South-Eastern Europe and the South Caucasus are moving noticeably closer to the European Union. The borders of the European Union do not stand in the way of **personal, social, political, economic and cultural ties**. This increasing closeness can be used in order to **assist with the transition process and involve all of society** in our partner countries. This strengthens **democratic, civil society actors** and can **contribute to reconciliation between peoples and individuals**. **Municipal partnerships** have made a major **contribution towards promoting understanding and friendship between nations and towards the integration of Europe** over the past few decades. We want to make even greater use of the potential in this regard.

The **BMZ is supporting efforts to bring Europe closer together**. By **fostering economic, cultural, church and civil society involvement and initiatives by the German federal states and German municipalities**, we want to **build bridges and link people together**. These bridge-building activities should involve all levels of society if possible and all levels of the state, and should contribute towards enhancing mutual understanding and greater closeness within Europe. With this aim in mind we will **strengthen youth exchanges** within the framework of the **development volunteers service “weltwärts”** and foster global learning and civil society structures.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- Via **Engagement Global** we will provide expertise and financial assistance for **cooperation between German municipalities and municipalities** in our partner countries and will support **more municipal partnerships**: we will **deepen the existing contacts with 40 partner municipalities** in Ukraine. By 2020 we want to have set up a network of up to **20 partnerships with municipalities** in Eastern and South-Eastern Europe, which we will continue to accompany.
- We are promoting cooperation with civil society. This involves supporting **100 new partnerships involving schools, universities, associations and church communities, and activities organised by individual German federal states**.
- We are supporting closer business ties. This means offering job placements in highly regarded German companies to an **additional 375 scholarship holders** over the next three years. The already existing **regional alumni network** is to be **expanded** so that **more than 1,200 young workers** from South-Eastern and Eastern Europe and the South Caucasus are part of it.

9 Regional cooperation

The BMZ is supporting **various regional approaches** in our partner countries in Eastern Europe, South-Eastern Europe and the South Caucasus. Many of the challenges **cannot be dealt with by individual countries acting alone**. Organised crime, environmental and climate protection, regional infrastructure (especially in the energy sector), migration, cross-border value chains and cooperation in the field of international law are all topics that countries **cannot handle alone**. There are other topics where **coordinated approaches, learning from one another and jointly developing solutions** while not imperative are still highly promising. Solutions that have been developed jointly tend to be more successful and more sustainable because they are **based on greater ownership**.

However, so far an **effective regional organisation** is lacking in Eastern Europe, South-Eastern Europe and the South Caucasus. The **Balkans region, characterised as it is by a preponderance of small states** is by its very nature a region where **cooperation is a necessity**. All of the region's major river systems, for example, flow through several countries. In the energy sector, cooperation on the generation, transmission and storage of power is an inevitable necessity in order to foster energy security and climate protection. Experience with regard to the EU integration process can be found in our partner countries and in countries that are their immediate neighbours and have joined the EU quite recently. **Bringing this experience together** and drawing on it in order to support the efforts of our partner countries is one element that contributes to the success of our development cooperation. That is why we see our **regional activities as complementing our bilateral cooperation**.

Regional cooperation is a fundamental **imperative of the EU**. Countries that will later become EU members should practise engaging in regional cooperation with one another in order to prepare themselves for collaborating within Europe and its institutions. This imperative is not limited to particular topics or sectors. Regional cooperation is to be understood as a **value per se**.

Regional cooperation also plays a special role within the framework of the **Eastern Partnership**. The conclusion of **EU Association Agreements by Ukraine, the Republic of Moldova and Georgia** means that it is now possible for us to support these countries jointly within the framework of the convergence process. Furthermore, Germany has also been supporting the countries of the South Caucasus since 2001 within the framework of the **Caucasus Initiative**. Regional cooperation brings countries **together around one table** to discuss environmental protection, good governance and private sector development and offers a **platform for joint activities**.

WHAT EXACTLY DO WE WANT TO ACHIEVE?

- We are fostering **cross-border environmental and climate protection** and cooperation between the countries along the Danube, the South Caucasus countries and the countries around lakes Prespa, Ohrid and Skadar. These activities will help to **protect over 750,000 hectares of nature reserves** in the future².
- We are supporting the inclusion of our partner countries in the **European energy supply network** through the **construction of cross-border transmission lines** in South-Eastern Europe.
- Over the next three years we will support **100 regional initiatives, networking events and expert conferences** covering topics relating to the EU convergence process.
- We are supporting **cross-border cooperation between neighbouring communities** in three pilot regions in South-Eastern Europe with a view to tackling common problems following the example of regional cooperation within the EU.

² An area nearly three times the size of Luxembourg.

Core messages of the Focus on Europe

1. In terms of foreign, development, security and economic policy, **Germany is the most important partner for this region in Europe.**
2. South-Eastern Europe, Eastern Europe and the South Caucasus are enormously important for **security and stability in Europe** and for the **German economy**. Of prime importance is **supporting and stabilising Ukraine during the current crisis.**
3. **Supporting and challenging our partners:** Germany's importance in the region is further enhanced by the development support we provide. By both assisting our partner countries in meeting EU convergence goals and challenging them to step up their efforts we are seen as credible partners.
4. **Eastern Mediterranean countries and members of the Eastern Partnership** are a particular focus of our development policy.
5. **The aim of German development policy** in this region is to provide **support for the transition processes** in Eastern and South-Eastern Europe and in the South Caucasus, helping our partner countries to achieve **environmental, economic and socially sustainable progress.**
6. **Germany** has been involved in supporting partner countries in Eastern Europe, South-Eastern Europe and the South Caucasus since the final collapse of the Soviet Union and since the end of the Balkan wars and has been a **reliable partner** supporting the **successful efforts** of these countries to **achieve EU integration and EU convergence and to implement the Stabilisation and Association Agreements** with the European Union.
7. Bilateral German development support makes our **partners fit for Europe** and **flanks the approaches and instruments of the EU.**
8. Our partner countries are working towards **EU convergence**. Convergence is the measure and the framework for **ownership and development orientation in our partner countries** and it is also the **point of reference for donor approaches.**
9. Europe is growing closer together: Germany is supporting the **lively exchange between partner countries and German federal states, municipal authorities, churches and foundations, chambers of crafts and trades, business associations and civil society organisations.**
10. **Germany's development cooperation with Europe's neighbours** is making a concrete contribution with regard to the **focal topics climate, the environment, support for conflict regions and supporting sustainable economic development** (including promoting employment, MSMEs and rural development) and also **civil society approaches**. In the matter of **migration**, development cooperation makes important contributions – differentiated according to region – towards **creating options and better prospects in countries of origin** (tackling the root causes of displacement), **promoting safe labour migration and reintegrating returning migrants.**

Annex



KEY:

Yellow: Partner countries of German development cooperation (A countries)

Orange: Cooperation within the context of thematic or regional programmes (B countries)

Green: Former Yugoslav Republic of Macedonia and Montenegro only in the context of regional cooperation; Belarus only cooperation with civil society

The boundaries and names shown on this map do not represent a statement on the legal status of any territories or borders.

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