

REGIONAL STRATEGY
OF THE
AUSTRIAN DEVELOPMENT COOPERATION
WITH THE WESTERN BALKANS
(Final)

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Abbreviations

AP	Austrian Parliament
3YP	Three Year Programme on Austrian Development Policy
ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
Albania	The Republic of Albania
APPEAR	Austrian Partnership Programme in Higher Education and Research for Development
CSO	Civil Society Organization
DCA	Austrian Federal Act on Development Cooperation
EC	European Commission
EIP	Economic and Investment Plan for the Western Balkans
EU	European Union
ERI SEE	Education Reform Initiative of South Eastern Europe
FDI	Foreign Direct Investment
GCF	Green Climate Fund
IFI	International Financial Institutions
IPA	Instrument for Pre-accession Assistance
Kosovo	The Republic of Kosovo
MoA	Bundesministerium für Land- und Forstwirtschaft, Regionen und Wasserwirtschaft
MoC	Bundesministerium für Klimaschutz, Umwelt, Energie, Mobilität, Innovation und Technologie
MoD	Bundesministerium für Landesverteidigung
MoDE	Bundesministerium für Digitalisierung und Wirtschaftsstandort
MoESR	Bundesministerium für Bildung, Wissenschaft und Forschung
MoF	Bundesministerium für Finanzen
MoFA	Bundesministerium für Europäische und internationale Angelegenheiten
Mol	Bundesministerium für Inneres
MoJ	Bundesministerium für Justiz
MoL	Bundesministerium für Arbeit und Wirtschaft

MoS	Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz
North Macedonia	The Republic of North Macedonia
ODA	Official Development Assistance
OeAD	Agentur für Bildung und Internationalisierung (Austria's Agency for Education and Internationalisation)
OeEB	Oesterreichische Entwicklungsbank (Austrian Bank of Development)
OSCE	Organisation for Security and Co-operation in Europe
RCC	Regional Cooperation Council
RYCO	Regional Youth Cooperation Office
SDGs	Sustainable Development Goals
SEE	South Eastern Europe(an)
Serbia	The Republic of Serbia
UBA	Environment Agency Austria (Umweltbundesamt)
VET	Vocational Education and Training
WB	The Western Balkans
WHO	World Health Organisation
WKÖ/WKO	Austrian Economic Chamber (Wirtschaftskammer Österreich)

1. Introduction and Executive Summary

The **Western Balkans** continue to be a **key priority of Austria's foreign and security policy**. A **credible EU perspective** is essential for a **peaceful, democratic and stable development** of the region. Hence, Austria actively supports full EU membership of the six Western Balkan countries, **Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia**.

During the "strict but fair" accession process, these countries have to adopt and implement the political, institutional, legal, administrative, social and economic reforms required to comply with EU values and to align progressively with the EU's rules, standards, policies and practices. In order to complete this process successfully, the candidate countries receive assistance from the EU and its member states. Facilitation of and support for regional integration in the Western Balkans is a key element of this assistance.

This strategy provides the framework for the work of **Austria** and the **Austrian Development Cooperation (ADC)** in the Western Balkan region. It is aligned with the EU priorities for the Western Balkans and supports the objectives defined in Austria's Federal Act on Development Cooperation (DCA) as effectively and consistently as possible.

This strategy and its objectives are hence based on the Austrian Federal Act on Development Cooperation (DCA), the Three-Year Programme (3YP) on Austrian Development Policy, and support the Western Balkan countries in their efforts to achieve the Sustainable Development Goals (SDGs). Austria's general political goals in the region are the **facilitation of the EU accession process** and the **support for regional integration**. Therefore, the **EU Stabilisation and Accession Process**, the **enlargement process**, the **Economic and Investment Plan for the Western Balkans (EIP)**, the **Green Agenda for the Western Balkans**, but also **regional integration initiatives such as the Regional Cooperation Council (RCC) or the Berlin process and the Common Regional Market Action Plan** provide further points of reference for Austria's activities. In order to allow for medium-term planning, the timeframe of this strategy is aligned to the 3YPs 2022-2024, with a view to extending it for the period of the following 3YP 2025-2027.

In view of the different Austrian governmental actors in the region, the strategy follows a **whole of government approach**.

Austrian activities in the Western Balkan region will focus on three main areas:

- **Governance and rule of law**
- **Sustainable and inclusive social and economic development**
- **Climate and environment**

The six countries have regional and country-specific priorities and face specific challenges and transformation processes. Considering the Western Balkan countries' common challenges the **ADC** will focus on a **regional approach** and primarily support initiatives implemented in at least two or more Western Balkan countries.

2. Context and general approach

2.1. Context of the Austrian Development Cooperation within the Western Balkan region

The **Western Balkans** region and its six countries Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia continue to be a **key priority of Austria's foreign and security policy**.

Austria's **foreign policy**, including its **development cooperation**, is based on **values**, such as fundamental freedoms, human rights, democracy, the rule of law, gender equality and women's and girls' empowerment, social inclusion, as well as economic and social cohesion and environmental and climate protection. Austria also promotes effective multilateralism and international law, peace and human security, as well as the implementation of the Agenda 2030 with the 17 Sustainable Development Goals (SDGs). The importance of civil society organizations as actors and partners in achieving the SDGs is widely acknowledged.

The **European Union** is a key actor in the region. As an EU Member State, Austria is committed to an active European Common Foreign and Security Policy (CFSP). In addition, the strategic orientations of the Stabilization and Association Process, the Economic and Investment Plan, the "European Green Deal Policy" as well as the European Union Strategy for the Danube Region and the EU Adriatic Strategy serve as guiding principles for our co-operation with the region.

2.2. European Union, International Organisations, regional initiatives and the Western Balkans

The Western Balkans are an integral part of Europe and a geostrategic priority for the EU. The six Western Balkan countries enjoy special relations with the EU: In 1999, the EU launched the **Stabilization and Association Process** as the framework for relations between the EU and the Western Balkan countries. The European Council in Thessaloniki in 2003 re-confirmed that all Stabilization and Association Process countries are potential EU accession candidates. **Official accession negotiations** started with **Montenegro** in 2012 and with **Serbia** in 2014. The **Council Conclusions of March 2020** approved the **start of accession negotiations with Albania and North Macedonia**. **Bosnia and Herzegovina** and **Kosovo** are potential candidate countries.

These **special relations** go hand in hand with support, advantages and opportunities for the countries. The **Instrument for Pre-accession Assistance (IPA)** is the financial instrument by which the EU supports reforms financially and technically in order to facilitate the accession process and help prepare candidate and potential candidate countries for future membership of the EU. For the period 2021-2027, IPA funds of 14.2 billion Euros are available for the Western Balkan countries and Turkey. Pre-accession assistance supports the beneficiaries in adopting and implementing key political, institutional, social and economic reforms to comply with EU values and to progressively align to the EU's rules, standards and policies. Its **central objectives** are the **strengthening of the rule of law, human rights and democratic institutions** as well as the reform of public administration, which is also pursued through targeted administrative partnerships ("**Twining and TAIEX**") between EU Member States and candidate and potential candidate countries. The **Economic and Investment Plan for the Western Balkans (EIP)** aims to spur the long-term post-COVID economic recovery of the region, support a green and digital transition, and foster regional integration and convergence with the EU.

The EIP sets out a substantial investment package mobilizing up to 9 billion Euros for the region. It will support sustainable connectivity, human capital, competitiveness and inclusive growth, and green and digital transition. In addition, guarantees for loans of up to 20 billion Euros are foreseen.

In the EU-context, Austria provides support to the pre-accession process via the EU financial instruments and the EU-funded twinning partnerships and short-term expert assistance (TAIEX), thus supporting candidate countries in strengthening their public administration.

Austria and the six Western Balkan countries also work in close cooperation with key international organizations and financial institutions such as the UN and its agencies, OECD, OSCE, Council of Europe, World Bank, EBRD, IMF, all of which actively support the countries' and the region's development.

In addition, several initiatives specifically support regional cooperation and regional integration. One of the most prominent organisations is the **Regional Cooperation Council (RCC)**. It engages participants from the Western Balkans, members of the international community and donors on various subjects. The aim is to develop a political climate of dialogue and tolerance in order to enable the implementation of regional programmes aimed at economic and social development. Over the next three years, RCC will continue to work to reduce – and where possible remove – the obstacles to increased mobility, enhanced connectivity and improved competitiveness in the Western Balkans, while also contributing to better governance, improved functioning of the rule of law and enhanced security in the region. The RCC has 46 participants and is financed by the EU, the Western Balkan countries and international donors. Austria cooperates with the RCC in several areas and supports its goals.

The **Education Reform Initiative of South Eastern Europe (ERI SEE)** is a regional platform for cooperation in the field of education and training. It supports national reforms in education and training through various regional activities – peer learning, conferences, seminars, workshops, joint projects etc., linking these to the European frameworks for education development. ERI SEE actively initiates and supports institutional networks in the field of education, e.g. SEE_VET Net, the network of agencies and ministerial departments for VET, Teacher Education Network and a Quality Assurance Network. Austria cooperates with ERI SEE as a member of the Governing Board and Consultative Body as well as through projects.

Another promising regional initiative is the **Regional Youth Cooperation Office (RYCO)**, which is an independently functioning institutional mechanism, founded by the Western Balkan countries, aiming at promoting the spirit of reconciliation and cooperation between youth in the region through youth exchange programs. Austria and the EU support several RYCO projects with a view to creating a more enabling environment and new opportunities for young people from the Western Balkans to travel and explore their region, get to know their peers, and cooperate on shared projects in the field of community activism, culture, sports, environment, and more.

2.3. Common challenges on the path to EU accession

The EU accession process is based on established criteria, fair and rigorous conditionality, and the principle of own merits. EU accession requires the **implementation of complex reforms** in order to take on the obligations of membership and to benefit from its many opportunities. For the process to move forward, accession candidates need, as a matter of priority, to deliver **genuine and sustainable results on key issues: the rule of law, justice reform and management, fight against corruption and organised crime, security, fundamental rights, functioning of democratic institutions and public**

administration reform, independent media as well as on **economic development and competitiveness**. The **Enlargement Package** presented by the EC in October 2021 states that preparation of the candidate and potential candidate countries requires a strong focus on the **fundamental areas** which must be pursued with clearer political commitment.

Further progress on **reconciliation, good neighbourly relations, the settlement of bilateral disputes within the region and regional cooperation** are closely linked to this agenda.

The Western Balkan countries face a **number of common challenges**, among them democratic and rule of law deficits, high youth unemployment, insufficient transport and environmental infrastructure etc. Risks related to climate change and the environment are serious and exacerbated by the impact of fossil and inefficient energy generation, waste etc.

Migration is a concern for Europe as well as the Western Balkan region. Whereas the EU member states face challenges as host countries, the Western Balkan countries suffer from brain drain and the demographic impacts of severe emigration. Mainly well-educated and young people leave their countries, which has negative effects on the economy as well as the society.

Another common challenge for the Western Balkan countries was the outbreak of the COVID-19 pandemic. Austria has taken a proactive role from the very beginning of the pandemic by providing humanitarian aid and by coordinating the delivery of vaccine doses from the EU Vaccine Sharing Mechanism to the Western Balkans (costs borne by reprogrammed IPA funds).

All six Western Balkan countries have committed to establishing a **Common Regional Market**, building on EU rules and standards. Strong focus is needed to overcome difficulties and bring the opportunities of this initiative to the citizens and businesses of the region and to maximise the benefits of the investments under the EIP.

2.4. Priorities of the Western Balkan countries

Austria recognizes both regional and national political, economic and social priorities and will take them into account in its programmes and activities.

2.4.1 Priorities of regional cooperation

The key priorities of regional integration formulated by the states of the region can be identified in the documents adopted at the 2020 Sofia Summit of the Berlin Process, especially the Common Regional Market Action Plan and the Leaders' Declaration on the Green Agenda for the Western Balkans.

- Central goals of the **Common Regional Market Action Plan**:
 - Regional trade area: free movement of goods, services, capital and people;
 - Regional investment area: alignment of investment policies with EU standards and best international practices;
 - Regional digital area: integration of the Western Balkans into the pan-European digital market;
 - Regional industrial and innovation area: modernization and transformation of industrial sectors and their value chains.

- Central components of the **Green Agenda for the Western Balkans:** -
Climate/decarbonisation, energy, mobility
 - Circular economy
 - Depollution
 - Sustainable agriculture / food production
 - Biodiversity

The **Regional Cooperation Council's (RCC) SEE 2030 Strategy** seeks to promote and advance through regional cooperation the implementation of UN SDGs across the three dimensions of sustainable development: Prosperity, People, Peace and Partnerships.

By supporting the design of regional, inclusive and coherent policies, the aim is to achieve sustainable regional economic growth in order to reduce poverty and inequalities, improve social inclusion, empower women, decelerate depopulation, enhance the overall quality of life for citizens and accelerate the green and digital transition without disrupting competitiveness and private sector development. The core principle of action under this strategy is to support the design of regional policies for the whole of society and to prioritise actions that leave no one behind.

With the adoption of the SEE-2030 Strategy at the highest political level, the 13 SEE economies have committed to achieving different socio-economic goals in line with the UN SDGs and the 2030 Agenda such as:

- Narrow the gap to full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value and substantially reduce the proportion of youth and women not in employment, education or training;
- Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including Higher Education Institutions;
- Promote the rule of law at the SEE and international levels, ensure equal access to justice for all and enable integrated, citizen-centric provision of public services to ensure a high-level of citizen satisfaction and trust in government;
- Support and strengthen participation of local communities in improving water and sanitation management;
- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of existing partnerships.

2.4.2 Albania

The National Strategy for Development and Integration II 2015-2020 (NSDI II) represents the core strategic document. It combines the EU integration agenda with the country's sustainable economic and social development, including the correlation with the Sustainable Development Goals. The Government of Albania is currently drafting a new NSDI III.

NSDI II priorities for reforms in Albania are:

- European Integration: Establishing EU rules and standards;

- Good Governance, Democracy and Rule of Law: Achieving standards regarding the citizens' services, ensuring better quality of life and protection of their rights, and strengthening the independence, efficiency and accountability of the justice system institutions (justice reform);
- Macroeconomic and Fiscal Stability: Fostering sustainable economic growth through macroeconomic and financial stability;
- Enhancing Competitiveness: Establishing policies that enhance competitiveness and foster the country's economic growth;
- Human Development and Social Cohesion: development of human capital within a free, democratic, socially inclusive, cohesive, healthy, safe and just society (incl. gender equality), and a rejection of all forms of discrimination;
- Sustainable Use of Resources: development of a competitive economy in line with sustainable use of resources, with special focus on water, energy and agriculture.

2.4.3 Bosnia and Herzegovina

The Economic Reform Programme 2022-2024 comprises the following Government Reform Priorities:

- Strengthening fiscal stability and sustainability as the main factors of overall macroeconomic stability;
- Reform of public administration through digital transformation and cooperation and coordination at all levels of government, reform of public enterprises, increased sustainability and efficiency of public spending;
- Energy and transport market reform, fulfilment of obligations assumed under the SEE Energy Community Treaty;
- Agriculture – improving the sustainability and competitiveness of agricultural production;
- Business environment – investments in infrastructure, strengthening of competitiveness of (export-oriented) companies;
- Health System Reform;
- Research, Development, Innovation and the Digital Economy;
- Education and skills – reforming the education systems to increase its links with the labour market and quality of education. Promoting vocational training, higher education, and inclusion in the labour market, as well as the development of key competences for lifelong learning at all levels of education with a focus on entrepreneurial and digital competence.
- Increasing labour market efficiency and employment, especially of young people, women and other vulnerable groups.

2.4.4 Kosovo

The National Development Strategy determines four priority areas:

- Education: Focus on increased development of Kosovo's labour force by better alignment with labour market needs and increased quality of teaching and attendance of pre-school institutions;
- Law: Increase in the efficiency of the judicial system will lead to increased business activities, thus strengthening the economic perspective;

- Business: The strategy seeks to increase state support for the re-industrialization process in Kosovo, by focusing on improved quality of standards, support for FDI and Diaspora investments;
- Infrastructure: Clear focus on reliable and affordable power supply, by increasing the local generation capacities and investment in energy efficiency measures.

2.4.5 Montenegro

The development policy priorities according to the Government Programme are:

- Acceleration of reforms to attain EU membership with focus on Chapters 23 (Judiciary and Fundamental Rights) and 24 (Justice, Freedom and Security), fight against corruption and organized crime;
- Digital transformation: special focus on Civil Service Reform, professionalization of Public Service, people-centered programs (including policies and services) and government, free access to information, open and transparent government, media freedom and reform;
- Educational reform: special focus on digital transformation, talent promotion and quality of vocational education;
- Economic recovery: consolidation of public finances and increasing the stability of the financial sector, improving business environment, promoting foreign direct investment, labour market reform with special focus on combatting (long-term) unemployment, especially of young people, structural reform;
- Environmental protection and sustainable development of tourism, promotion of ecological tourism;
- Inclusion of minority groups, empowerment of women with a focus on labour market.

2.4.6 North Macedonia

The Work Programme of the Government of the Republic of North Macedonia for the period 2022 to 2024 and the strategic documents adopted for its implementation determine the following priorities:

- Accelerated and sustainable economic growth with a better standard of living (growth, energy transition, infrastructure and connectivity, environmental protection, green and sustainable development, agriculture, tourism, decentralization and regional balance);
- Social inclusion and human capital development (full support for all social categories, quality education, modern health system, focus on youth);
- Rule of law and good governance (public order, fight against corruption, public security, judiciary reform, modern administration and digitalized services);
- Promoting democracy and freedom (tackling disinformation, support for democratic reforms in the media sector, improved civil society environment, Europeanisation of society);
- Integration into NATO and EU (peace, stability and safe future, European standards and values, European way of life, good neighbourliness and Open Balkan, regional cooperation).

2.4.7 Serbia

Serbia's key development priorities are not enshrined in a single document, but in a number of implementation plans and multi-year strategies. The overall priorities are:

- Rule of Law, Justice (in particular strengthening the independence of judiciary with special attention to constitutional and legislative amendments etc.);
- Governance and Democratization: Focus is fight against corruption, strengthening of independent institutions and freedom of media;
- Green Agenda, Infrastructure (incl. transport network): Focus on development of energy market, energy infrastructure, transport infrastructure (roads, rails), establishment of wastewater treatment plants and solid waste disposal system, fight against air pollution;
- Economic Development: Priorities of Economic Reform Programme (ERP) 2021-2023 cover energy and transport markets, agriculture, industry and services, business environment and the fight against grey economy, research, development and innovation and digital transformation, reforms in the field of economic integration, education and skills, employment and the labour market, health and social protection;
- Public Administration Reform: development of modern civil service system, improvement of system of local self-government, digitization and development of e-government, improvement of public financial management, strengthening of control, improvement of transparency.

3. Strategic Objectives of cooperation

Austria's foremost foreign policy objective is **durable regional stability and democracy as well as a prosperous, sustainable and inclusive economic development**. EU integration and a **credible prospect of EU membership** provide for such a peaceful and stable development.

The second strategic objective is to **facilitate regional cooperation and integration**. Therefore, **regional integration initiatives such as the RCC or the Berlin process** provide key orientations for Austria's activities. In order to support regional integration and taking into account the common challenges of the Western Balkan countries, these goals are best supported by a **regional approach**.

The **Agenda 2030 and the sustainable development goals (SDGs)** guide Austria. Following the Agenda 2030's key principle "leave no one behind" special attention will be paid to the inclusion of disadvantaged groups such as people with disabilities, children, older people, ethnic or religious minorities and the poorest sections of society. In addition, gender equality will play an important role.

Austria will continue to support the countries of the region in confronting the COVID 19 pandemic and its economic and socio-economic consequences.

Austria's engagement in the region will also devote due attention to the likely repercussions of the war in Ukraine on the Western Balkans. In particular, steep rises in the prices of energy, foodstuffs and other commodities may lead to severe detrimental effects on the economies in the region and on social and political stability.

3.1 Overall approach and general principles

For Austria, the following **principles** are essential with regard to the planning, financing and implementation of projects and programmes:

- The 4 principles of effective cooperation (ownership, result-orientation, partnership, transparency and accountability);
- Focus on the poorest in society in order to curb inequalities and to fight poverty, strengthen the resilience of vulnerable groups, including people with disabilities, and leave no one behind;
- Focus on capacity development;
- Creating and promoting ownership by focussing on regional and local organizations wherever possible;
- Gender equality as an essential approach to development;
- Strengthening of democratic principles, human rights (including the ADC Human Rights-Based Approach) and democratic governance;
- Political dialogue, confidence building, civic education;
- Promotion of peace, human security and resilience (“human rights based” and “conflict and gender sensitive”) including conflict prevention and the implementation of UN-SC Resolution 1325 on Women, Peace and Security and subsequent resolutions;
- Promotion of climate change mitigation and adaptation, environmental protection as well as sustainable management of natural resources through a low emission and climate and disaster-resilient water – energy – food security nexus approach;
- Applying the Humanitarian-Development-Peace Nexus to strengthen coherence, complementarity and collaboration to effectively reduce vulnerabilities and the number of unmet needs and strengthen risk management capacities and prevention efforts (DAC Recommendation on the OECD Legal Instruments Humanitarian-Development-Peace Nexus).

3.2 Whole-of-government approach and instruments

A large number of Austrian actors is engaged in the region. Therefore, Austrian policies and activities in the region will be guided by policy coherence and a whole-of-government approach.

There is great potential for a joint approach and coordination among those actors. With 535 Mio. EUR Official Development Assistance (ODA) for the Western Balkans for the years 2012-2020, Austria is one of the major development partners in the region. From a strategic point of view in order to further enhance Austria’s reputation in the region, it is crucial to enhance co-operation between the various Austrian actors and to pursue common objectives as “Team Austria”. Wherever possible, Austrian Federal Ministries, Federal States and public institutions active in the region are encouraged to cooperate through their instruments in joint analyses, to share lessons and ensure coherent and complementary coordination and programming and to use synergies between instruments.

The Austrian Embassies in the region have a crucial role in supporting the whole of government approach. The Embassies serve as a hub for all Austrian actors in implementing their various activities in the respective host country. The Austrian Embassies, supported by the Regional Offices and the future “ADA Offices” in the countries of the region will strive to build synergies and coherence, support

exchange as well as foster networking among stakeholders. Hence, the Embassies should be kept informed about ongoing and future activities.

In addition, the Foreign Ministry in Vienna will continue coordination efforts to keep stakeholders informed and to improve networking among them by organizing regular inter-ministerial conferences.

Austrian Offices in the Region

	Serbia (Embassy Belgrade)	Montenegro (Embassy Podgorica)	Kosovo (Embassy Prishtina)	Bosnia Herzegovina (Embassy Sarajevo)	North Macedonia (Embassy Skopje)	Albania (Embassy Tirana)
ADA Regional Offices		non-res ⁷	res		non-res ⁷	res
ADA presence	env			env		
MoD Defence Attaché	res	non-res ¹		res	non-res ¹	non-res ^{4,5}
MoI Liaison Officer	res		res	res	res	res
MoESR Education Attaché				res		res
MoS Social Attaché	res			non-res ¹	non-res ³	
MoA Agricultural Attaché	res				non-res ¹	
MoJ Judicial Attaché	res					

¹ Belgrade, ² Ljubljana, ³ Vienna, ⁴ Rome, ⁵ Ankara, ⁶ Athens, ⁷ Tirana

Economic Chambers Commercial Counsellor	res	non-res ¹	non-res ²	res	non-res ¹	non-res ⁶
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res = resident, non-res = non-resident, env = envisaged

Overview of Austrian Federal Ministries, Federal States and other institutions and actors engaged in the region:

Federal Ministry of Defence (MoD): The cooperation with the regional partner countries focusses on security sector reform and capacity development measures as well as on establishing a defence policy dialogue, as a basis for sustainable peace and development (SDGs 16 and 17). The Austrian Armed Forces contribute to several missions and operations in the region as part of international organizations (EU, OSCE or NATO). They also participate in cross-border activities to assist disaster management. One of the main goals of the engagement is to strengthen EU values in the respective armies. Concrete projects: creation of a regional Security and Defence Institution, cooperation in the area of NBC-defence, humanitarian demining in Bosnia and Herzegovina, mountain warfare training in Montenegro integrating some of the neighbouring countries, arms and munition logistics, establishment of a working group for stability in the Balkans.

Main goal of the **Federal Ministry of the Interior's (Moi)** cooperation with the countries of the region is the facilitation of the EU accession process in the area of security standards and regarding the acquis in the field of asylum policy and migration, including border protection, returns, visa and combatting migrant smuggling (SDG 10). Austrian liaison officers accredited to this region have a close strategic and operative cooperation with those countries, specifically in combatting organized crime and irregular migration both considered a high priority. This includes polycriminal-organized groups as well as groups of criminals specializing in individual types of crime. In this context, it is particularly important to introduce standards in the fight against crime, especially in combatting organized drug crime, but also environmental crime as well as violent crime and arms trafficking. In the area of migration, the Ministry aims to contribute effectively to controlling irregular migration flows as well as secondary movements along the Western Balkans route, as Austria is experiencing high migratory pressure emanating from the Western Balkan region. The overarching objective is to prevent the Western Balkans from being a region of transit and instead, becoming a responsible actor in returns and the prevention of irregular migration as well as in granting protection for those in need. To this end, Austria supports the countries of the region with border police teams, capacity building, technical equipment, best-practice transfer as well as information campaigns. Furthermore, the European Asylum Agency (EUAA) with its renewed and strengthened mandate as well as its roadmaps with countries of the Western Balkans plays an important role in the strengthening of national asylum structures and the enhancement of respective international and EU standards. In this regard, Austria actively participates in the Working Group on cooperation with the countries of the Western Balkans within the EUAA Third Country Cooperation Network. Austria also cooperates closely with various international organizations on the ground. The Joint Coordination Platform (JCP), initiated by the Austrian Moi, aims to support better border management, return from the region to Countries of Origin, and asylum systems along the Eastern Mediterranean route and intends to contribute to better alignment of strategic priorities, needs and actions. The Joint Operational Office (JOO) aims to support the fight against human trafficking and smuggling along the route. Moreover, Austria supports the

rapid implementation of the FRONTEX status agreements, that were initiated and are pending with North Macedonia (July 2018) and Bosnia and Herzegovina (February 2019). Similar agreements have been concluded with Albania (in force since 1 May 2019), Montenegro (in force since 1 July 2020) and Serbia (in force since 1 May 2021). Besides the Status Agreements concluded between the European Union and various Western Balkan partners, the most important multilateral legal basis in this area is the Police Cooperation Convention for South Eastern Europe (PCC SEE). In addition, Austria closely cooperates with the Western Balkan countries in the area of countering violent extremism and radicalization that lead to terrorism, particularly in the identification and tracking of so-called “foreign terrorist fighters”. To this end, Austria takes part in counter-terrorism initiatives within the framework of the “Integrative Internal Security Governance” (IISG) process. Numerous activities and projects (at EU level) have been carried out in the whole region. The Austrian MoI has also been participating in the EULEX rule of law mission in Kosovo as well as in the UN mission UNMIK for several years through the deployment of police officers. Furthermore, the Austrian MoI plans to strengthen its cooperation regarding the protection of critical infrastructure (CIP) as well as network and information system security (NIS). The Western Balkans will need to implement a considerable amount of EU *acquis* on CIP and NIS in the upcoming years and the Austrian Ministry of Interior will support these endeavours.

Main areas of the engagement of the **Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (MoC)** in the Western Balkans are traffic (predominantly rail), energy (hydropower) and health (equipment of hospitals) (SDGs 6,7,9,13). Concrete projects: capacity building project in North Macedonia with the Environment Agency Austria (UBA); “Mitigating climate change through improved residential heating in the Western Balkans”; “Coal exit in the Western Balkans: From lignite dependence to energy transition lighthouses”; “Development of Climate Change Monitoring, Reporting and Verification”; institutionalized cooperation with Albania regarding the management of the UNESCO world heritage “Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe”.

The **Federal Ministry of Finance (MoF)** supports Trust Funds managed by International Financial Institutions (IFIs) which focus mainly on capacity building and technical assistance in the context of bankable projects in the areas of sustainable energy and climate change, water security and sanitation, private (incl. financial) sector development, as well as urbanization and connectivity (SDGs 6,7,9,11,17). The MoF supports, inter alia, the Western Balkans Investment Framework (WBIF), a comprehensive initiative of the EU, bilateral donors and financial institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The WBIF promotes socioeconomic development and EU-accession across the Western Balkans through the provision of finance and technical assistance. Another special focus is laid on the cooperation with the World Bank Office Vienna and the EBRD especially in the areas of climate change (specific programs include i.a. the World Bank “Climate Support Facility (CSF) Western Balkans Green Recovery Program” or the EBRD “High

Impact Partnership on Climate Action (HIPCA)”), urban infrastructure (e.g. the EBRD “City REgenerATion and Environment (CREATE) Program” or the IFC “Eastern and Central Europe (ECA) Cities Platform”), connectivity (e.g. the World Bank “Mobility and Logistics Multi Donor Trust Fund (MOLO)”), sustainable municipal energy production (e.g. the EBRD “Renewable District Energy in the Western Balkans (ReDEWeB) Program”), strengthening of energy efficiency (e.g. the EBRD “Green Economy Financing Facilities (GEFF)”), and private as well as financial sector development (e.g. the World Bank’s “Financial Sector Advisory Center (FinSAC)” and the IFC “Facility for Investment Climate Advisory Services (FIAS)”).

The Ministry of Finance is also a co-founder, trustor and guarantor for the activities of the **Development Bank of Austria (OeEB)**. The OeEB sets its focus in the Western Balkan region on renewable energy, gender equality, infrastructure, climate protection and financial inclusion (micro, small and medium-sized enterprises), offering investment finance solutions, equity participations and technical assistance. Direct investments exist in the areas of renewable energy (wind power, district heating), agriculture, drinking water supply, wastewater management, circular economy/recycling and telecommunication, credit lines and fund participations for on lending to micro, small and medium-sized businesses, loan for expansion of production capacities to invest in energy efficiency measures, or provision of funds into the Green for Growth Fund (GGF); (SDGs 1, 5, 7, 9, 10, 13, 17). The OeEB also supports the Western Balkan countries with concrete projects, e.g. water supply in Tuzla and Zenica (Bosnia and Herzegovina); communal heating systems and drinking water supply in Kosovo; hydropower and development of a radio network for public authorities in Montenegro; financing of a wind farm in North Macedonia; waste water management, financing of a wind farm and financing of a waste to energy plant in Belgrade, financing of various investments in agriculture and sewage treatment plants and recycling companies or loans to finance energy efficiency measures to reduce emissions and energy consumption and to expand production capacities in Serbia (SDGs 6, 7, 13, 17).

The **Federal Ministry of Social Affairs, Health, Care and Consumer Protection (MoS)** is represented in the Western Balkans by two attachés, one responsible for North Macedonia, and one for Bosnia and Herzegovina and Serbia. The main activities of the social attachés are transfer of know-how in the social and health sectors, networking with European and international institutions including WHO country offices as well as with authorities and local NGOs, assistance in individual cases and elaboration of social policy reports. By preparing and implementing bilateral, European and international projects the attachés contribute to the strengthening of the European social model and social protection in the region and complement the strategic objectives and actions in the social and health sectors of the Western Balkan countries, including those stemming from the WHO European Program of Work and the WHO Roadmap for Health and Well-being in the Western Balkans (2021-2025). Focus of the activities: social insurance, inclusion of persons with disabilities, consumer protection, development of social services for different target groups, prevention of and combatting domestic violence, access to health care, nursing care, fight against poverty (SDGs 1, 3, 5, 10).

The Western Balkans are a priority region for the **Federal Ministry of Education, Science and Research (MoESR)** in the area of educational cooperation for sustainable education reforms. The Ministry's priorities include cooperation and exchange of experience in the fields of quality development and good governance in education, new teaching and learning approaches, social inclusion in education and labour market relevant vocational education and training.

Austria has an internationally recognized Vocational Education and Training (VET) system and closely cooperates with the EU, the RCC, the ETF and ERI SEE, all focused on the fight against high unemployment in and brain drain from the region. The MoESR's VET activities contribute to better access to education and relevant qualifications (especially for women and vulnerable groups) and to quality development of education (e.g. work-based learning, labour market oriented curricula reform, entrepreneurship education, digital and green skills) with a view to higher youth employability and reduction of youth unemployment. (SDGs 4, 8, 16).

The MoESR is one of the major Austrian ODA contributors to the region. Focus areas are the building of and support to regional education networks, particularly within the Education Reform Initiative of

South Eastern Europe -ERI SEE and within the framework of the EU Strategy for the Danube Region as coordinator of Priority 9 "People and Skills". In line with the EUSDR Action Plan, the Ministry's activities focus on Quality and Efficiency of Education and Training Systems; Relevant and High-Quality Knowledge, Skills and Competences; Lifelong Learning and Learning Mobility; and Inclusive Education, Equity, Common Values and Sustainable Development.

With the Austrian School in Albania and with the secondment of teachers to Albania and Bosnia and Herzegovina Austria makes a sustainable contribution to the development of the regions educational systems. Especially the Austrian school in Shkodra, Albania, a technical college for Information technology, with nearly 500 pupils, contributes significantly to the dissemination of Austrian VET competence.

The **OeAD**, Austria's Agency for Education and Internationalisation, implements projects in all countries of the region on behalf of the MoESR aiming at supporting sustainable pre-university educational reforms and facilitating the future participation of the Western Balkan countries in the Wider European Area of Education. Regional OeAD cooperation offices headed by Education coordinators, seconded by the MoESR, one in Sarajevo (cooperation with Bosnia and Herzegovina, Serbia and Montenegro) and one in Tirana (cooperation with Albania, Kosovo and North Macedonia) implement the MoESR's projects, network with relevant stakeholders, such as Ministries responsible for Education and Training, relevant education agencies, social partners, schools, and facilitate the exchange of experience with Austrian educational institutions. The projects focus on quality of vocational education and training, especially in the effective organisation of work-based learning, enhanced access to education and training of vulnerable groups and of women, supporting new teaching and learning approaches, especially in the fields of digital and green skills and support to the implementation of effective quality assurance mechanisms.

Another goal of the MoESR in the region is to facilitate cooperation in the area of higher education with a view to integrate the Western Balkans in the European Higher Education Area (EHEA) and the European Research Area (ERA). Austrian higher education and research institutions carry out a variety of (scientific) projects and activities, among others, to promote human rights in the Western Balkans.

The **Federal Ministry of Labour (MoL)** - Federal Ministry of Labour and Economic Affairs as of 1 July 2022 - has been active in the region since 2011 as leading Priority Area Coordinator in Priority Area 9 (PA9) "People and Skills" within the **European Union Strategy for the Danube Region** (EUSDR) with activities in Serbia, Bosnia and Herzegovina and Montenegro. The Action Plan for PA9 comprises i. a. actions to *Intensify Cooperation in Labour Market Policies* with a focus on active labour market policies, common peer learning/peer counselling in the Danube Region, skills mismatch, labour market information systems, vocational re-training, dual education as a measure of active labour market policies, transition from school to work. *Digitalisation and Innovation in the World of Work* is another goal pursued by the EUSDR. In order to bridge the digital divide (by age, gender, region, high and low skilled work) on labour markets in the Danube Region, there will be a focus on activities such as: reducing the lack of knowledge and skills in IT, necessary adaptations of existing labour laws in the Danube Region and annual meetings of the "Working Group Digitalisation" with Social Partners. With reference to the goal of *Integration of Vulnerable Groups into the Labour Market*, the activities focus on tailor-made measures and projects developed together with the respective groups, subsidies to keep up employment or new models of entrepreneurship for the unemployed, social entrepreneurship, targeted measures for young people to reduce the number of young people not in education, employment or training (NEET). With a view to *Fighting Poverty and Promoting Social*

Inclusion for All, there are activities regarding the empowerment of groups at risk of poverty to facilitate their access to the labour market, diversification of social services and measures developed together with people at risk of poverty.

The activities of the **Federal Ministry of Justice (MoJ)** in the region relate above all to the areas rule of law, institutional development as well as economic and social development (SDG 16). A regional approach is particularly important for cross-sectoral issues like fundamental rights, preventing and fighting corruption or the introduction of management tools aiming at the improvement of the efficiency of the jurisdiction. The Ministry's priorities are the improvement of functionality and efficiency of public authorities, the support for political reform processes in EU accession Chapters 23 and 24 and innovations by a comprehensive consulting process with the government level. The Ministry is represented in the region by a judicial attaché, resident in Belgrade.

The activities of the **Federal Ministry for Agriculture and Forestry, Regions and Water Management (MoA)** aim at facilitating the EU accession process of the agricultural sector and support for rural development, including forestry and water management. Numerous activities and projects focus on sustainable agriculture including organic agriculture, renewable energies, as well as vocational training and advisory services. Further priorities in the region are forest management, protective forests, climate change, land use, natural risk management and risk governance (SDGs 6, 13, 15, 16). In the field of forestry, the MoA actively supports the IPA twinning project "Improvement of forest management in Serbia as a contribution to climate change adaptation and mitigation". Within the Working Party on the Management of Mountain Watersheds established under the European Forestry Commission, the MoA engages actively in international forest policy and natural risk policy.

Furthermore, the MoA participates in the "Regional Rural Development Standing Working Group" (SWG) in SEE as an observer. The MoA has been represented in the Western Balkans since 2005 with accreditations in Serbia and North Macedonia and various activities in Montenegro, Albania, Bosnia and Herzegovina. The MoA's Western Balkans Attaché engages i.a. in arranging cooperation projects with the Austrian Agriculture Cluster. With a view to development cooperation, the main activities of the agricultural Attaché, resident in Belgrade, regard arranging business partnerships and advisory services, assisting in agricultural exports and veterinary matters, as well as the on-site support of Austrian project partners and NGOs. Within the framework of the EU Strategy for the Danube Region (EUSDR), the Ministry engages in the building and support of regional networks, i.a. in the areas of water quality, biodiversity, landscapes and air and soil quality.

The **Federal Ministry for Digital and Economic Affairs (MoDE)** priority in the region is the internationalization of the dual vocational education and training (VET). Austrian companies get support when introducing apprenticeship training in their branch offices in the countries of the region. Within a strategic partnership with the Austrian Economic Chambers and ADA as well as the gointernational initiative, several projects are (planned to be) implemented in the Western Balkan region, e.g. "SP Dual VET Serbia" and pilot projects in Bosnia and Herzegovina and North Macedonia. Further cooperation exists within the Western Balkan Alliance for work-based learning aiming at promoting regional dialogue on the development of high quality vocational education systems in the area of work related learning in SEE. Within the Austrian EUREKA presidency a working group, "EUREKA and the Western Balkans" has been established with the task of generating cooperation projects of the Western Balkans with other EUREKA members in the innovation sector.

In addition, meetings of Joint Economic Committees are held regularly in order to strengthen economic cooperation between Austria and several states of the Western Balkans.

The Austrian Parliament (AP) is engaged in the area of capacity building, democratization and democracy education. Concrete projects regard the Western Balkans Scholarship programme in cooperation with European Fund for the Balkans, a participation in a twinning project in Bosnia and Herzegovina as well as the Democracy Workshop International in Albania, North Macedonia and Montenegro (SDG 4, 16).

The support of the **Austrian Federal States** (Bundesländer) for the region relates to various areas such as disaster management, e.g. humanitarian aid to Albania after the earthquake in 2019 - **Burgenland**; projects aiming at the inclusion of persons with disabilities and in the health care sector - **Oberösterreich** (SDGs 3,9,10); institutional development on a regional level in the area of economic cooperation - **Salzburg** (SDGs 8,16); a cooperation project with SOS Kinderdorf in Bosnia and Herzegovina by **Vorarlberg**; projects of **Tirol** in the area of education, social services and fire fighting in Kosovo, Bosnia and Herzegovina and Serbia. **Steiermark** focuses on education, science and research and implements projects in various areas such as agriculture, economic development, tourism and culture (SDGs 4, 8). Within the programme Europe for citizens the project SOLICO (*Involvement and role of public authorities, civil society and volunteers in times of crisis as well as international SOLIdarity – learning from the COrona pandemic*) is implemented under the lead of Steiermark.

A number of **Austrian Civil Society Organisations (CSOs) and NGOs** have engaged in the Western Balkans in various areas since many years. Focus areas include education, health, gender equality, social inclusion and services, minority rights, youth welfare etc.

Austrian NGOs active in the region are for example: ADRA Österreich, Arbeiter Samariter Bund Österreich, Caritas (regional labour market programme for young people, support for refugees, health, education, social inclusion), CARE (rights of Roma minority, gender equality, development of entrepreneurship), CONCORDIA, Diakonie ACT Austria (education, health, social inclusion, gender equality), Hilfswerk International (health, organisation development, housing), ICEP (economic development, environment, organisation development), Jugend Eine Welt (education, youth welfare, social inclusion, access to education for minorities), Austrian Red Cross (disaster preparedness, health and social services with focus on elderly people, economic development, gender equality), SOS Kinderdorf (child and youth welfare, education, social inclusion, youth employment), Volkshilfe Solidarität (education, labour market, entrepreneurship, rural development, health and medicine), World Vision Austria (economic development, social inclusion, rights of the child, support to refugees), World University Service (WUS) (cooperation between universities, specialized colleges, research institutions and cooperation outside of universities).

AG Globale Verantwortung (AGGV) has a coordinating role and represents nationally and internationally the interests of 35 Austrian non-governmental organizations of which 14 are active in the areas of development cooperation and humanitarian aid in the Western Balkans.

3.3 ADC/ADA Programmes

Financing Modalities and Support Programmes by the Austrian Development Cooperation, primarily implemented by the Austrian Development Agency (ADA):

Various ADC programmes will complement and reinforce the objectives of this strategy:

- **Programming** according to the results matrix of thematic priorities under this strategy is the main tool to achieve the objectives outlined above. Project and programme implementation will be defined in ADAs annual work programme.
- **Business Partnership Programmes** support joint projects by Austrian companies, as well as companies from the European Economic Area (EEA), with partner country companies, which are economically viable and at the same time offer a development benefit for the partner country or region. Such benefits include employment effects, skills development, improved environmental and climate protection, wider social benefits etc. The private sector is a key partner for sustainable development, e.g. through establishing new enterprises and strengthening value chains for local value added, creating jobs and providing income opportunities, and contributing to public revenues and savings on foreign exchange respectively, which are critical to increasing the country's self-reliance and sustainable growth. These measures create long-term prospects for the partner country/region and are especially relevant in economically difficult situations, as expected in the post-COVID situation.
- The Austrian Partnership Programme in **Higher Education and Research for Development (APPEAR III)** funds cooperation between academic institutions in Austria and the ADC partner countries Albania and Kosovo focussed on applied development research in thematic alliance to this strategy.
- **Cooperation with Austrian Civil Society Organisations (CSOs)** has a long-standing tradition within ADC's engagement in the Balkan countries. Projects are based on CSO's own initiatives and directed at specific requirements and demands of vulnerable groups. Activities should ideally complement and support the ADC focus areas in the partner countries. They include strengthening of synergies, knowledge management and transfer of expertise, capacity development and advocacy of partner CSOs. Austria will continue to focus on strengthening capacity development, promoting participation in policy dialogue, decision-making, and developing professional involvement of CSO actors in development and decision-making processes at all levels. Special attention will be paid to joint learning mechanisms, as well as assistance to the development and strengthening of CSO networks.
- **Multilateral cooperation** is an essential pillar for development cooperation and humanitarian aid. ADC proactively contributes to multilateral fora and efficiently leverages its voice in policy dialogue and advocacy platforms. While ADC's core-funding is essential for the effective work of multilateral institutions (e.g. the UN), AT also makes use of earmarked funding in favour of priority countries, regions and thematic focus areas (e.g. gender). Furthermore, international organisations are key partners of ADC in the countries of the region.
- **Humanitarian Assistance: Applying a Humanitarian – Development – Peace Nexus** will be at the core of any Humanitarian Assistance to the region if needed. The nexus approach strengthens coherence, complementarity and collaboration between different measures in order to reduce people's needs, risks and vulnerabilities, as well as peacebuilding and initiatives for inclusive and peaceful societies to support conflict prevention efforts and thus to shift from humanitarian assistance to ending need.

- The **EU and the EU member states** work together as Team Europe in a complementary manner through a joint programming approach in partner countries. The **Instrument for Preaccession Assistance (IPA)** is the financial instrument by which the EU supports reforms financially and technically in order to facilitate the accession process and help prepare candidate and potential candidate countries for future membership of the EU. For the period 2021-2027, IPA funds of **14.2 billion Euros** are available for the Western Balkan countries and Turkey. The ADA is committed to continue working within the EU in a constructive and complementary way, including through the implementation of EU projects through indirect management, according to the ADA strategy on **third party financing**.
- The **Green Climate Fund (GCF)** is a unique global platform to support developing countries responding to climate change implications by investing in low-emission and climate-resilient measures. ADA as accredited entity is eligible to implement GCF funds and may support the countries of the region in their endeavour to mitigate the implications of climate change in a long term.

Austrian Development Agency (ADA) Implementation Structure

The Austrian Development Agency (ADA) will manage the funding and coordination of regional projects and a limited number of bilateral projects including third-party-funded projects implemented by ADA itself.

To this end, the Coordination Office in Tirana will be transformed into a Regional Office in Tirana and will coordinate projects in Albania, North Macedonia and Montenegro. The Coordination Office for Technical Cooperation in Pristina will become a Regional Office located in Pristina. An ADA presence in Serbia and in Bosnia and Herzegovina is being envisaged.

Financial envelope of support

ADA will tentatively earmark an annual budget of 12 Mio. EUR for the implementation through its annual work plan and budget. This is notwithstanding any possible other decision on budget allocation taken by the Federal Government.

This indicative amount will be complemented by funding through different other ADA programmes, which are based on initiatives and therefore not predictable (for example: business partnerships, CSO co-funding, education programmes).

Other Austrian actors like Federal Ministries, Universities, Agencies, Development and Investment Banks, governments of Federal States, and non-state actors will be called to contribute to the implementation through their funding instruments, through drawing effectively on Austrian expertise and facilitating the exchange of experience with relevant Austrian institutions, or through creating synergies with ADA.

Indicative ADA budget allocation for the Western Balkans:

Budget allocation per year (approximately, fungible between budget lines)	In %
Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia	70%
Kosovo	30%
	100%

Final allocation of funds will depend on the identification of suitable interventions, the absorption capacity, as well as the efficiency and effectiveness of the cooperation with the relevant partners. Accordingly, the information on indicative budget allocation for the region cannot be considered a firm commitment or claimed as such proportionately by any one of the countries in the Western Balkans. The indication serves as a basis for the Annual Work Programme of ADA, reviewed and confirmed by Austria's Federal Ministry for European and International Affairs each year. In case of a serious and lasting violation or suspension of the readmission agreements or if no effective returns take place, financial support can be reduced.

3.4 Monitoring and Evaluation

Policy dialogue involving all relevant stakeholders and including the principle of ownership of partners is an excellent tool and important part of development policy and development cooperation. Policy dialogue will therefore be pursued with stakeholders in partner countries and in the region at different levels. For this purpose, Austria actively participates in the relevant fora among development partners and with the partner countries as far as possible. The Austrian Embassies, supported by the Regional Offices and the future "ADA Offices" in the countries of the region, will support policy dialogue in the best possible way.

Result orientation and an evidence-based approach are at the core of Austria's strategic approach. Taking account of the principles of ownership and partner orientation, ADC primarily focuses on the results and monitoring mechanisms applied by the partner countries in their strategies and programmes.

Reporting by ADA to the Austrian MFA on the implementation of this strategy follows established reporting formats and is based on the results matrix of this strategy. It shall be complemented by the reporting of other Austrian actors for example via a regular exchange within inter-ministerial meetings.

The Austrian MFA will review the implementation of this strategy in 2024. Results and recommendations of this review will feed into an update of this Strategy for a possible extension

2025/2027. An external evaluation would then be considered during the extension period of the Strategy, in 2026.

4 Geographic and thematic focus of cooperation

4.1 Geographic focus

The geographical scope of this regional strategy covers Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

The ADC will, as an overall goal with regard to regional integration, **foster cooperation among the countries of the region** mainly by supporting cross-country initiatives. These initiatives have to cover at least two or more of the Western Balkan countries.

Taking into account the regional geographic focus and the principle that official candidate countries are not individual priority countries of ADC's bilateral support, ADA will **continue its bilateral support for Kosovo**, the poorest country in the region (according to World Bank Western Balkans Economic Regular Report No. 20 Fall 2021: GDP per capita US \$ 5.005).

Given the regional objectives and the overall regional approach, **bilateral projects in other countries** of the region will also be supported in a limited number according to ADA's funding directives and planning mechanisms. Such projects need to support the thematic focus areas outlined and be aligned to partner countries' priorities and should contribute to the Results matrix.

4.2 Thematic Focus

Austria will focus on the following three thematic areas in the region:

- **Governance and rule of law**
- **Sustainable and inclusive social and economic development**
- **Climate and environment**

The ADC/ADA will programme its assistance for the Western Balkan region in line with these focus areas; see also the Result Matrix of this strategy.

4.2.1 Thematic Focus 1: Governance and rule of law

Strengthening democratic institutions at all levels

Reforms in the area of rule of law, fundamental rights, democracy and human security remain one of the most pressing issues for the region. Strengthening independent democratic institutions is therefore essential. This includes principles such as the separation of powers, adequate checks and balances as well as constructive dialogue across the political spectrum, notably within parliaments.

The independence of the judiciary and of individual judges is essential to ensure fairness and to hold the executive and legislative branches to account. As corruption remains a serious problem in all countries of the region, strong and independent institutions are crucial to prevent and tackle corruption and conduct effective investigations and prosecutions, leading to final court rulings that are subsequently enforced.

In the area of public administration reform, efforts are needed to increase transparency and predictability in strategic planning, to depoliticise civil service, to increase accountability of administration and to enhance sound public financial management.

Organised crime remains a major issue throughout the region and there is a need for a clear and wellcoordinated response in preventing and countering all forms of radicalisation and violent extremism.

Strong and independent institutions are also needed to guarantee the effective application of fundamental rights and freedoms. Freedom of expression and independence of media, as pillars of democracy, are of crucial importance.

Discrimination against women and girls, minorities, children, youth, persons with disabilities and other vulnerable groups needs to be tackled. Measures must be taken to actively involve citizens in policymaking. Strengthening of civil society will help to prevent the polarisation of societies as well as support reconciliation in societies divided by conflict.

Strategic goal 1: Strengthening democratic participation and reforming public institutions at regional/national and civil society levels

- Institutional capacity development of public institutions by strengthening rule of law and democratic development;
- Strengthened public administration (duties bearers) at all levels to ensure citizen- and business friendly public services and equal opportunities for all (rights holders);
- Strengthened transparency and accountability in public sector institutions as well as mechanisms and instruments to support the elimination of corruption;
- Improved independence, accountability, quality and efficiency of the judicial systems, improving the professionalization of judges;
- Countering violent extremism and radicalization that lead to terrorism;
- Sustainable migration policy regarding asylum, returns, border protection, visa and fighting migrant smuggling;
- Promoting freedom of expression and independence of media as a pillar of democracy with a focus on a pluralistic media scene;
- Promoting a prosperous environment and transparent decision-making at all levels for a strong and vibrant civil society and strengthening the capacities of civil society.

4.2.2 Thematic Focus 2: Sustainable and inclusive social and economic development

Labour market inclusion through increased employment opportunities and employability

The region is still lagging in reforming its economic structures and improving competitiveness. The countries face high unemployment rates and low labour market participation, in particular among women, youth and persons with disabilities as well as increasing inequalities and demographic challenges, including low birth rates and brain drain. The region also suffers from skills mismatches, persistent informal economy, disabling business environments and low levels of innovation. It should therefore aim at ensuring sufficient amount of human capital, inclusive quality education, serviceoriented employment measures, research, innovation and infrastructure as well as

strengthening rural areas. In addition, the outbreak of the COVID-19 pandemic represented an unprecedented burden on the health and social protection systems of the Western Balkan countries. The fight against poverty as well as the strengthening of the social and health systems are therefore crucial.

For these reasons, the education sector is a traditional thematic priority of the ADC, in particular ADA, the Federal Ministry of Education, Science and Research, the Austrian Agency for Education and Internationalisation, the Austrian Economic Chambers and the private sector throughout the region. In order to create and promote a strong ownership, cooperation with local organizations in the education sector should be given precedence. High quality, inclusive education, vocational education, training, and work-based learning approaches increase opportunities and perspectives for the population and boost the competitiveness of the economies in the region.

Strategic goal 2: Strengthening inclusive quality education, increased employability, access to employment opportunities for all and promoting social inclusion

- Strengthened education policies, good governance and management with focus on quality, inclusiveness and the green and digital transitions;
- Strengthened work-based learning structures (VET) in line with European standards and technical policy recommendations;
- Enhanced labour market policy framework and conditions which create opportunities for better (self-) employment to leave no one behind;
- Youth and adults (focus on women, minorities and persons with disabilities) have better and equal access to labour market-relevant qualification for improved labour market participation;
- Improved inclusive employment opportunities and (green) job creation for current and future jobseekers with a focus on vulnerable groups;
- Strengthened social health systems through transfer of knowledge, including developing social services for vulnerable groups, tackling poverty, including energy poverty and providing housing.

4.2.3 Thematic Focus 3: Climate and Environment

With the adoption of the Sofia Declaration and its associated Action Plan, the Western Balkan countries have embarked on an ambitious commitment towards an inclusive and green transition and to climate neutrality by 2050. Decarbonisation in a whole-of-economy approach is a common challenge for the region. This implies improving energy efficiency, increasing the share of renewable energy sources, assisting the Western Balkan countries in attaining the SDGs and addressing other environmental issues, such as greening of transport and food production, advancing the efficient use of resources, reverting biodiversity loss and cutting pollution.

At the same time, the region has unique habitats and is home to remarkable biodiversity, which need to be protected and conserved. As recently reaffirmed by the Intergovernmental Panel on Climate Change, the Western Balkan region is particularly vulnerable to the adverse effects of climate change. The region will face rises in temperature larger than the European average, changes in precipitation patterns, leading to increased flood risk, extended periods of drought, soil erosion and forest fires. The floods in 2014 demonstrated that the region is neither prepared nor adequately equipped to deal

with the increasing dangers posed by climate-related impacts. Climate resilient integrated water resource management with a sustainable and climate proofed planning of infrastructure is essential.

ADC's regional projects aim at strengthening institutions, their cooperation at regional level, developing capacities of their staff and support the regional as well as national implementation of the Sofia Declaration and its action plan by enhancing environment and climate change governance frameworks including policies, rules and procedures, enforcement and management. Supporting civil society engagement, awareness raising and environmental education, as well as meaningful stakeholder participation and advocacy on environmental and climate action are equally important areas of engagement for ADC.

Strategic goal 3: Transition to climate neutral, environmentally sustainable and climate resilient development

- Environment and climate change governance frameworks including policies, rules and procedures, enforcement and management are improved and Western Balkan countries supported in implementing the Action Plan of the Sofia Declaration;
- Increased resilience through climate-proofing of investments, nature-based solutions and greater integration of climate change adaptation with disaster risk reduction;
- Climate-neutral and sustainable though competitive economic development with focus on capacity development, regulation, green skills and VET is promoted;
- Climate resilient integrated water resources management at river basin level, including transboundary waters, is strengthened;
- Regional cooperation on sustainable management of (shared) natural resources and conservation and restoration of biodiversity and ecosystem services are improved.

4.3 ADC country programme for Kosovo

ADC/ADA will **continue its bilateral support for Kosovo**. The Coordination Office for Technical Cooperation in Pristina will be become a Regional Office located in Pristina.

Strategic goals 1: Improved education, particularly Vocational Education and Training as well as Higher Education, with a view to better employability

- Improved quality of vocational education and training (VET) including work-based learning approaches;
- Better and equal access to labour market-relevant qualification for youth and adults (focus on women, minorities and persons with disabilities);
- Increased alignment with European good practice in higher education governance;
- Enhanced quality, transparency and academic standards in science and research including enhanced cooperation of higher education institutions regionally and internationally.

Strategic goal 2: Sustainable economic development with a focus on rural areas and job creation

- A better enabling environment for the private sector for inclusive and green growth, e.g. by enhanced access to information, innovation and services;

- Enhanced local value addition through sustainable and climate-resilient production with a focus on organic agriculture and sustainable and climate neutral value chain development;
- Improved inclusive employment opportunities and green jobs, with a focus on vulnerable groups.

5 Results Matrix Austria/Austrian Development Cooperation - Regional

Objectives	Indicators	Baselines (not applicable at present)	Targets (not applicable at present)	SDGs reference	Data, policy & indicator reference	Responsible AT ODA institution
Overall goal Support for EU integration and enhanced regional cooperation and integration				1, 4, 6, 8, 13, 15, 16, 17		All AT ODA actors, ADA
Thematic focus 1 Governance and rule of law						
Strategic Goal 1 Strengthening democratic participation and reforming public institutions at regional/national and civil society levels	Indicator 1.1 Proportion of population who believe decision-making is inclusive, transparent and responsive, by sex, age, disability and population group			16	National surveys / UNDP monitoring	ADA, MoJ, AP
Outcome 1.1 Institutional capacity development, strengthened rule of law and democratic development with an independent, accountable and efficient judicial system	Indicator 1.1.1 # of governmental policies, regulations and strategies adopted and in place to strengthen the democratic institutions and rule of law Indicator 1.1.2 # of people with access to justice (disaggregated by sex and vulnerability status)			16	ADC funded project outputs	ADA, MoJ, AP

Outcome 1.2 Transparent and accountable public administration to ensure citizen- and business friendly public	Indicator 1.2.1 Proportion of women/men/vulnerable people satisfied with public service delivery			16	ADA Indicator 16.6.a, 16.6.b, 16.6.c	ADA, MoJ, AP
services and equal opportunities for all	Indicator 1.2.2 Corruption perception index for WB countries (per country)	Baseline 1.2.2 Corruption Perception Index 2021	Target 1.2.2 Increase in ranking in the WB6		Annual Transparency International's Corruption Perception Index (www.transparency.org/en/cpi/)	
Outcome 1.3 Countering violent extremism and radicalization that lead to terrorism	Indicator 1.3.1 # of measures taken for the deradicalization of youth-at-risk			16		MoI, ADA
Outcome 1.4 Promoting sustainable migration policy regarding asylum, returns, border protection, visa and fighting migrant smuggling	Indicator 1.4.1 # of measures taken to promote sustainable migration policy			10		MoI
Outcome 1.5 Freedom of expression and independence of media as a pillar of democracy with a focus on a pluralistic media scene	Indicator 1.5.1 Country score according to the Reporters Without Borders' (RSF) Press Freedom Index (per country) Assessments according to BIRN	Baseline 1.5.1 Press Freedom Index 2022	Target 1.5.1 Increasing score in the WB6	16	Press Freedom Index https://rsf.org/en/index Assessments and media reporting provided by BIRN	ADA, MoJ

<p>Outcome 1.6 Prosperous environment and transparent decision-making for a strong and vibrant civil society</p>	<p>Indicator 1.6.1 # of grassroots civil society organisations benefitting from (or reached) by AT support</p> <p>Indicator 1.6.2 # of government policies developed or revised with civil society organisation participation through AT support</p>			16	<p>Global Europe Results Framework (GERF) Indicator 2.28 Output from ADCfunded projects</p> <p>GERF Indicator 2.29</p>	ADA
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<p>Thematic focus 2 Sustainable and inclusive social and economic development</p>						
<p>Strategic goal 2 Strengthening inclusive quality education and training, increased employability and access to employment opportunities for all and promoting social inclusion</p>	<p>Indicator 2.1 Labour market participation rate (disaggregated by age, sex, vulnerability status)</p>			1, 4, 8		ADA, MoL
<p>Outcome 2.1 Strengthened education and training policies, administration and management with focus on quality and inclusiveness</p>	<p>Indicator 2.1.1 # of regional measures to strengthen quality and inclusive education and training systems</p> <p>Indicator 2.1.2 # of education policies with focus on quality and inclusiveness</p>			4	3YP (2021) Indicator 4.1.3	ADA, MoESR, OeAD

<p>Outcome 2.2 Strengthened work-based learning approaches (VET) in line with European good practice</p>	<p>Indicator 2.2.1 # of policies to strengthen workbased learning approaches in VET</p> <p>Indicator 2.2.2 # of students with certified qualification in VET reached with OeAD programmes/ Austrian school in AL</p>			4		ADA, MoESR, OeAD
<p>Outcome 2.3 Enhanced labour market policy framework and improved labour market participation through enhanced inclusive qualification and employment conditions</p>	<p>Indicator 2.3.1 # of persons benefitting from active labour market policy initiatives in promotion of decent work, entrepreneurship and LNOB (disaggregated by age, sex, vulnerability status)</p>			8		ADA, MoL,

<p>Outcome 2.4 Improved inclusive access to quality assured education, training and certified qualifications</p>	<p>Indicator 2.4.1 # of education and training institutions supported by OeAD programmes in enhancing the quality of education and training provision</p> <p>Indicator 2.4.2 # of measures to support access of vulnerable groups to quality assured education and to certified qualifications (OeAD programmes)</p>			4		MoESR, OeAD
<p>Outcome 2.5 Improved inclusive employment opportunities and (green) job creation for current and future jobseekers with a focus on vulnerable groups</p>	<p>Indicator 2.5.1 # of decent jobs created (disaggregated by age, sex, vulnerability status)</p>			8	ADA Indicator 8.5.c	ADA
<p>Outcome 2.6 Strengthened social health systems through transfer of knowledge, including developing social services for vulnerable groups, tackling poverty including energy poverty and providing housing</p>	<p>Indicator 2.6.1 # of measures taken to strengthen social health systems</p>			1		MoS
<p>Thematic focus 3 Climate and environment</p>						

Strategic goal 3 Transition to climate neutral, environmentally sustainable and climate resilient development	Indicator 3.1. Status of the implementation of the Sofia Declaration and the Green Agenda Action Plan			6, 7, 12, 13, 15		ADA, MoC, MoA, MoF, OeEB
Outcome 3.1 Environment and climate change governance frameworks including policies, rules and procedures, enforcement and management are improved	Indicator 3.1.1 # of environmental and/or climate change mitigation/adaptation strategies/plans established and operationalized (national, regional, local)			12, 13, 15	ADA Indicator 13.2.2	ADA, MoC, OeEB
Outcome 3.2 Increased resilience through climate-proofing of investments, nature-based solutions and greater integration of climate change adaptation with disaster risk reduction	Indicator 3.2.1 # and value of physical assets made more resilient to climate variability and change, considering human benefits Indicator 3.2.2 # of people (disaggregated by sex and vulnerability) that have decreased their vulnerability to climate and disaster risks			13	GCF Indicator A3.1	ADA, MoC, OeEB, MoA, MoD
Outcome 3.3 Climate-neutral and sustainable economic development with focus on capacity development, regulation, green skills and VET is promoted	Indicator 3.3.1 # of people (disaggregated by sex and vulnerability) with enhanced green skills			4, 8, 13		ADA, MoESR

<p>Outcome 3.4 Climate resilient integrated water resources management at river basin level, including transboundary waters, is strengthened</p>	<p>Indicator 3.4.1 # of persons (disaggregated by sex and vulnerability) benefitting of improved IWRM</p> <p>Indicator 3.4.2 Water information systems established and operational</p>			6	ADA Indicator 6.5.3, 6.5.3.a, 6.5.3.b, 6.5.4	ADA, MoA, MoF, OeEB
<p>Outcome 3.5 Regional cooperation on sustainable management of (shared) natural resources and conservation and restoration of biodiversity and ecosystem services are improved</p>	<p>Indicator 3.5.1 Conservation of protected areas (ha) and sustainable use of ecosystems and their services</p> <p>Indicator 3.5.2 # of biodiversity/landscape restoration strategies/plans prepared (regional, national, local)</p>			15	ADA Indicator 15.1.3	ADA, MoA
Monitoring and Evaluation				SDG 17		
<p>Outcome 4.1 Enhanced Policy and Operational Coherence in the context of implementing the strategy, with a particular focus on gender</p>					3YP	All AT ODA actors, ADA

Output 4.1.1 Regular exchanges and coordination in the implementation of the strategy between different Austrian actors and stakeholders working in WB, both in Austria and in WB	Indicator 4.1.1.1 # of inter-ministerial meetings held in Vienna	Baseline 4.1.1.1 1 meeting / year (2021)	Target 4.1.1.1 1 meeting per year	17		MoFA Austria
	Indicator 4.1.1.2 # of joint monitoring missions undertaken involving different Austrian actors	Baseline 4.1.1.2 0 (2021)	Target 4.1.1.2 1 per year			All actors
Output 4.1.2 Strengthened gender focus in the projects and programs implemented under the strategy	Indicator 4.1.2.1 % of project volumes with OECD DAC gender equality policy marker 1 or 2			5	3YP	ADA
	Indicator 4.1.2.2 Volume of loans provided that have contributed to the economic empowerment of women					OeEB

5.1 Results Matrix ADA - Kosovo

Objectives	Indicators	Baselines (not applicable at present)	Targets (not applicable at present)	SDGs reference	Data and policy reference	Responsible AT ODA institution
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<p>Strategic Goal 1 Improved education particularly VET and higher education with a view to better employability</p>	<p>Indicator 1.1 Youth employment rate disaggregated by education status</p> <p>Indicator 1.2 # of youth and adults with relevant qualifications (technical and vocational) for employment and decent jobs</p>			4		ADA
<p>Outcome 1.1 Improved quality of vocational education and training (VET) including work-based learning approaches</p>	<p>Indicator 1.1.1 # of VET qualifications harmonised with labour market needs</p> <p>Indicator 1.1.2 # of VET institutions applying quality assurance mechanisms and procedures</p>			4		ADA
<p>Outcome 1.2 Better and equal access to labour market-relevant qualification for youth and adults (focus on women,</p>	<p>Indicator 1.2.1 # of youth from vulnerable groups attending pre- university</p>			4		ADA

<p>minorities and persons with disabilities)</p>	<p>education disaggregated by age, sex and vulnerability status</p> <p>Indicator 1.2.2 # of persons having completed labour market-relevant qualifications, disaggregated by age, sex and vulnerability status</p>					
<p>Outcome 1.3 Increased alignment with European good practice in higher education governance</p>	<p>Indicator 1.3.1 # of developed and adapted policies, regulations and strategies leading to improved quality, effectiveness and good governance of public higher education (HE) sector in line with EHEA standards and values</p> <p>Indicator 1.3.2 Positive review from ENQA and EQAR (e.g. every 5 years)</p>			<p>4</p>		<p>ADA</p>

<p>Outcome 1.4 Enhanced quality, transparency and academic standards in science and research including enhanced cooperation of higher education institutions regionally and internationally</p>	<p>Indicator 1.4.1 # of science and/or technology cooperation agreements and programmes between countries, by type of cooperation</p> <p>Indicator 1.4.2 # of developed and adapted policies, regulations and strategies leading to improved quality, transparency, integrity</p>			4		ADA
	and accountability standards in higher education					
<p>Strategic goal 2 Sustainable economic development with a focus on rural areas and job creation</p>	<p>Indicator 2.1 Reduction of poverty rate disaggregated by gender, age, vulnerability status</p>			1, 2, 8, 9, 12, 13		ADA
<p>Outcome 2.1 A better enabling environment for the private sector for inclusive and green growth, e.g. by enhanced access to information, innovation and services</p>	<p>Indicator 2.1.1 # of MSME with new/improved access to relevant market information/innovation/services</p>			8, 9, 13		ADA

<p>Outcome 2.2 Enhanced local value addition through sustainable and climate resilient production with a focus on organic agriculture and sustainable and climate neutral value chain development</p>	<p>Indicator 2.2.1 # of farms and agribusinesses integrated into value chains and markets</p> <p>Indicator 2.2.2 # of farmers/agribusinesses applying sustainable, and climate-resilient production/farming methods</p>			2, 9, 12, 13		ADA
<p>Outcome 2.3 Improved inclusive employment opportunities and green jobs, with a focus on vulnerable groups</p>	<p>Indicator 2.3.1 # of jobs created with focus on vulnerable people, incl. # of green jobs (disaggregated by sex and vulnerability)</p>			5, 8		ADA