

JOINT DECLARATION

ON THE ESTABLISHMENT OF A CONVERGENCE OBSERVATORY IN THE WESTERN BALKANS

The Leaders of the Western Balkans Six met in Tirana on 16 October 2023 and took note of the widening convergence gap between the Western Balkans and the European Union. In this context, they also took stock of the current state of progress.

Having regard to the Growth Plan for the Western Balkans, recently launched by the President of the Commission, and its particular focus on the necessity of bringing the region closer to the Single Market;

Considering the Economic and Investment Plan for the Western Balkans, which fosters regional cooperation, offers a path for a successful regional economic integration to help accelerate economic convergence efforts with the EU and close the development gap between our regions;

Considering the EU's New Cohesion Policy which contributes to strengthening economic, social and territorial cohesion in the European Union and aims to correct imbalances between different economies and regions;

Based on the objectives of the Berlin Process of enhancing regional economic cooperation and laying the foundations for sustainable growth in the Western Balkans and in particular the Common Regional Market Action Plan, as an instrument that contributes to deepening regional economic cooperation and bringing the region closer to the EU Single Market;

Noting the Chair's Conclusions of the Economic Ministerial Meeting of the Western Balkans and Berlin Process "*Regional convergence to EU Single Market*";

The participants recognized that:

1. The Western Balkans aspire to achieve close economic and political integration with the European Union (EU) as they progress on their EU accession path. This process entails convergence on a broad range of policies, regulations and institutional structures. Both the EU and the WB6 are working towards this objective through the implementation of the EU acquis across many sectors of policy;
2. The Western Balkans Six face a major convergence gap challenge in relation to EU Member States. It will take considerable time, for the region to catch up to average standards of living in the EU. Full convergence will require a major and sustained boost to productivity and investment;
3. It is of fundamental importance to create the conditions for sustainable growth and ultimately convergence in living standards and economic potential between the region and the EU. Economic convergence of the Western Balkans is also crucial to the EU itself, as membership in the European Union is a matter of mutual responsibility and support, building on each member's capacity to thrive in the Single Market;

4. That in order for economic convergence to materialize and living standards to catch up, growth in the Western Balkans must be higher than that in the EU over a long period. Such a trajectory of convergence had been fully engaged during the first decade of the current millennium. However, the dynamic of convergence has significantly weakened over the last 15 years;

To the aim of addressing the challenges outlined above and deeply convinced of the need for furthering the close cooperation, the participants state the joint interest:

5. To establish an Observatory of Convergence to support the endeavor to regain a pathway towards rapid convergence. The Observatory would provide a platform to jointly identify the most important elements of convergence, create the capacity to measure them, and keep each other engaged and accountable towards the common objective of convergence. Based on tools like a regional annual report, WB6 would come together to compare performance in convergence and re-examine which reforms and investments can deliver the highest returns;
6. That the proposed convergence observatory would be based on two main pillars:
 - a. Pillar 1 (Convergence report): An interactive online dashboard would collate available data and allow users to track and analyze results information on convergence. It would include a set of key indicators at the strategic results level and their targets, determined through benchmarking and a participatory policy process. The report would track convergence, and possible convergence trajectories, between the Western Balkans Six (WB6) and between different EU groupings, including the EU-27 and the EU-13;
 - b. Pillar 2 (Policy process): The policy process would be centered around annual reports' discussions and annual Convergence Observatory Board meetings. The reports would examine the status of convergence (based on convergence outcomes and convergence drivers), delve into specific thematic areas relevant for convergence, identify gaps and propose objectives for interventions. To ensure the Observatory's impact on policies of WB6, a Convergence Observatory Board, consisting of Chief Negotiators for the EU accession process and Ministers of Economic Affairs of the Western Balkan region, would meet annually to review the dashboard and annual reports. This process would enable regular reviews of the state of convergence and encourage learning, benchmarking, target setting, and policy prioritization as well as intensifying dialogue and policy actions with the European Commission too;
7. That the primary objective of the Project is to support the Western Balkans in achieving convergence with more developed economies. The major levers of action are real-time tracking of targeted results of the WB6 through an interactive convergence report and a policy process that monitors efforts towards convergence (examining convergence across outcome- and income-level indicators, provides thematic sections on drivers of convergence, maps various interventions and identifies new opportunities for project and policy work);
8. The work on the establishing of the Observatory will be conducted in partnership between the regional parties and supported by other interested international and/or development organizations. The Convergence Observatory is intended to be a permanent regional structure, driven by WB6, while modalities may be further discussed within 6 months after its endorsement;

9. Participants in this Joint Declaration will endeavor to have effective communication with stakeholders, including relevant agencies, as well as private sector representatives;
10. Development partners may be invited to support this initiative through relevant financial instruments and technical assistance, as well as the sharing of knowledge and information;