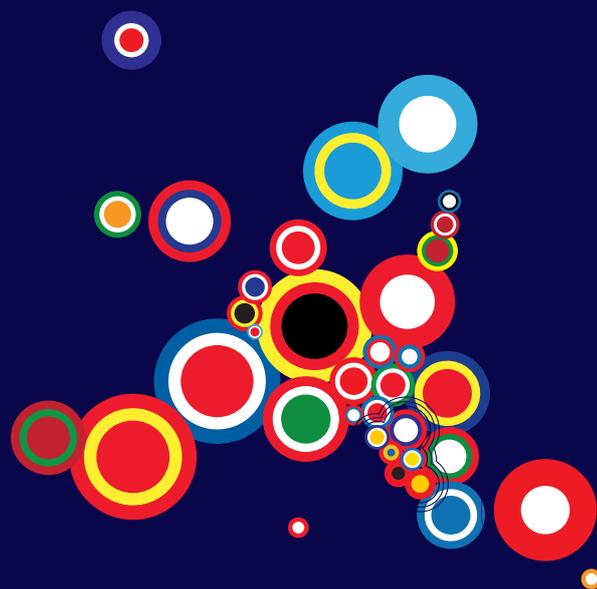




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

Strengthening the CEFTA
Structures and their
implementation capacities
(2015 – 2017)



Action Summary

The overall objective of the Action is to promote intra-regional trade and investment flows by strengthening the secretariat of the Central European Free Trade Agreement (CEFTA). The CEFTA secretariat will thus be able to provide support to the parties of the agreement, in particular in areas where special technical expertise is needed in view of the increasingly technical complexity of further trade facilitation and liberalisation of trade in services.

The CEFTA Secretariat will also develop the CEFTA Management Information System for better supporting negotiations, managing and solving disputes and monitoring the implementation of the Agreement.

Action Identification	
Programme Title	IPA II Multi-country action programme 2014
Action Title	Strengthening the CEFTA Structures and their implementation capacities (2015-2017)
Action Reference	IPA 2014/031603.13/MC/CEFTA
Sector Information	
ELARG Sectors	Competitiveness and Innovation
DAC Sector	33130
Budget	
Total cost (VAT excluded)¹	EUR 4.47 million
EU contribution	EUR 3.42 million
Management and Implementation	
Method of implementation	Direct management
<i>Direct management:</i> ELARG unit in charge	Unit D3. - Regional Cooperation and Programmes
Implementation responsibilities	Unit D.3
Location	
Zone benefiting from the action	Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia, (Moldova) ²
Specific implementation area(s)	Brussels – CEFTA Secretariat Head Quarter CEFTA Parties
Timeline	
Contracting deadline	31 December 2015
End of operational implementation period	31 December 2019

¹ The total action cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

² Moldova is member of the CEFTA and will take over the Chairmanship of CEFTA Joint Committee in 2015. Specific assistance is to be provided to the Chair in Office of the Agreement and of the Sub-Committees through secondment of national experts to the CEFTA Secretariat and through specific technical assistance to contributing and steering regional efforts for better implementation of the agreement. For these reasons, and following Article 9 of the IPA II Regulation, the eligibility of this Action is necessarily extended to Moldova.

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

The Central European Free Trade Agreement (CEFTA) plays an important role in promoting trade and investment in the Western Balkans thus contributing to better economic governance of the region and its competitiveness.

CEFTA is a modern and comprehensive regional free trade agreement, designed as an integral part of the pre-accession agenda. It provides strong legal basis for policy formulation and implementation in key areas related to trade and investment. Successful implementation of the Agreement with full liberalisation of trade in industrial goods and agriculture has largely contributed to the creation of a free trade area in South East Europe.

CEFTA has secured a stable free access to the markets during the time of economic crisis. This is proven by a firm and consecutive increase in volume of the intra-CEFTA trade by 23% in 2012 compared to the level of 2009. CEFTA has a share of 24%, which ranks the second in overall exports of CEFTA Parties following the EU's share of 57% therein. The share of intra-CEFTA trade is some 40% of the overall trade of CEFTA Parties in agricultural products. While such share in non-agricultural products is close to 20%.

The implementation of CEFTA has so far been successful not only in dismantling tariffs in the regional trade in industrial and agricultural goods but also in establishing CEFTA diagonal cumulation, introducing reporting on state aid schemes, and a well-functioning dispute settlement mechanism.

The working papers of the OECD on CEFTA recommend that the CEFTA Parties consider prioritising their efforts on the elimination of Non-tariff Barriers (NTB) to trade in the areas of transparency, synchronising harmonisation with EU and other international requirements, concluding mutual recognition agreements, identifying and agreeing on the applicability of EU/international regulations and standards, and increasing the use of risk management. In the area of liberalisation of trade in services, the OECD has established benchmarks evaluating trade restrictiveness in CEFTA Parties which provides a basis for the ongoing negotiations on services.

The World Bank has analysed the importance of trade services for CEFTA economies. It concluded that meaningful negotiations in this area first require improvements in statistical data.

Further regional trade integration and strengthening of regional economic governance will need both political and technical support. The ambitions of the South East Europe (SEE) 2020 strategy often require CEFTA to act outside the areas fully covered by the Agreement and require administrative resources beyond the Ministries in charge of trade.

Challenges in the implementation of the CEFTA agenda can be summarised as follows:

- Implementation involves domains for which objectives of liberalisation are not explicitly defined by the Agreement; therefore the framework of CEFTA new legal instruments will have to be agreed. In particular, the CEFTA Parties confirmed their commitments to launch negotiations on liberalisation of trade in service in 2014 which goes beyond what is explicitly stipulated by the relevant provisions of the Agreement.
- By definition the proposed areas of intervention require technically complex discussions, calling for high quality technical assistance. In line with the global developments (i.e. signing Agreement on Trade Facilitation in WTO) trade facilitation has turned into one of the main targets in CEFTA to promote the regional trade once the elimination of tariffs for trade in industrial products and agriculture has been achieved. However, trade facilitation requires the involvement of variable stakeholders in public and private sector and therefore well structured dialogue and coordination with all stakeholders.
- The private sector is not sufficiently involved in CEFTA dialogue; existing communication channels are relatively weak and need to be strengthened.
- A well-functioning coordination mechanism has to be established in order to benefit from synergies of SEE 2020 and other regional trade related actions.

- Availability of relevant data/economic analysis at both regional and national level represents an additional challenge for evidence-based policy making.

The CEFTA Structures will be faced with a number of issues regarding their functioning:

- Expansion in the implementation agenda calls for an adequate expansion of the structures; in addition to the current subcommittees and working groups, new working bodies will have to be established and the Secretariat has to be strengthened.
- As CEFTA takes over responsible for Pillar 1 of SEE 2020, appropriate formats for coordination across Dimensions/Pillars of the SEE 2020 strategy will have to be developed e.g. joint working groups, platforms and/or networks. Other organisation involved in SEE 2020 will be brought closer to CEFTA and closer interaction with them will intensify.
- The level of national involvement and of Secretariat involvement will have to intensify, both in terms of personnel and technical expertise.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

The objective of the IPA II Multi-country Indicative Strategy Paper 2014-2020³ (hereafter referred to as Strategy Paper) is to support efforts for improving the currently low levels of competitiveness, intra-regional trade and trade integration in global markets while enhancing the capacities of market participants. The Strategy Paper indicates that the support is to be provided through CEFTA and other trade-related organisations and identifies inter-regional trade and trade integration as vehicles for boosting competitiveness and innovation to allow participating in the global economy and improving the overall business environment including the capacity for innovation.

The Strategy Paper further recognises that a major step for the liberalisation of trade flows took place in 2006 through the signature and ratification of CEFTA. Efforts must now focus on the full implementation of the agreement by all signatory parties. The major issues on the agenda of CEFTA include the further reduction and eventual removal of non-tariff barriers to trade, improvement of trade logistics, harmonisation of norms and standards, as well as the protection of intellectual property rights and patents.

The EU's Enlargement Strategy of 2013-2014 recognises regional economic cooperation as an opportunity for growth and a basis for political cooperation and good neighbourly relations. The EU Enlargement Strategy also emphasises the importance of the planned liberalisation of services in CEFTA which would further support this aim. Developing human and physical capital in rural areas and further adoption of EU standards in the agri-food sector is considered by the EU Enlargement Strategy as a contribution to the competitiveness of the regional agriculture sector.

The SEE 2020 strategy recognises the importance of regional trade as a factor of growth – 5 out of 11 headline targets are trade and/or investment related. The most ambitious target of 230 per cent increase is set for intra-regional trade in goods. The SEE 2020 Strategy facilitates synergies among related policies (e.g. Competitiveness and Transport) and allows conceptualising market access strategies in a wider context.

It was thus logical that Trade Ministers of the CEFTA Parties agreed that CEFTA Structures, representing a genuine forum for all trade related discussion in the region, would serve as implementation structure for the Integrated Growth, Pillar 1 of the SEE 2020 Strategy. In its meeting of November 2013 the CEFTA Joint Committee adopted a Decision assigning a new mandate to the CEFTA Secretariat to support the CEFTA Parties in implementation of trade related components of the SEE 2020 Strategy.

³ C(2014) 4293, 30.06.2014

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The implementation of the Agreement is evolving into areas which demand technically complex negotiations such as liberalisation of trade in services, and trade facilitation. Such deepening of the implementation therefore requires more institutional and financial resources to contribute competitiveness, investments and growth of the Region. Liberalisation of trade in services, and trade facilitation are also the areas of which implementation of the Agreement will require the involvement of various stakeholders in public and private sectors which might not so far take part directly in technical work done by the CEFTA Structures.

Sufficient resources of technical and financial assistance should be in place to cope challenges of such extension and deepening to reach those strategic objectives emphasised by the EU Enlargement Strategy, the SEE 2020 and the IPA Multi Country Strategy 2014-2020.

The Action takes into account findings from IPA Multi-Beneficiary Programmes evaluation 2013 which referred to the fact that the CEFTA Secretariat operates with limited staff numbers and cannot undertake more obligations with this current capacity.

The functioning of the CEFTA Secretariat has been financially supported by the EU through two contribution agreements since its establishment in 2008. Two additional contribution agreements to finance a CEFTA Project Facility (CPF) - a financial facility to contract short-term technical assistance - were signed in 2012 and in 2014 respectively.

The CEFTA Secretariat has completed its technical and administrative preparations (i.e. creating the CPF procurement rules, training of CEFTA staff in procurement, hiring a Project Assistant, preparing template Terms of References for non-thematic framework programmes) through the first two contracts in order to successfully run a CPF contract with an extended budget.

The CEFTA Secretariat has demonstrated a record of sound financial management. The CEFTA Parties have provided contribution to the functioning of CEFTA Secretariat since its establishment with an increasing share.

The CEFTA Parties will continue to co-finance the functioning of the Secretariat through contributing approximately 56% of the planned budget of the Secretariat for the years between 2015 and 2017⁴.

⁴ Please note that the CEFTA Parties' co-financing for the functioning of the CEFTA Secretariat has not changed and that the reduction in the percentage of their contribution comes from the fact that Croatia left CEFTA upon EU accession.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To promote regional trade and investment linkages and policies that are non-discriminatory, transparent, predictable and that enhance flow of goods, investment, services and people within the Region.	<ul style="list-style-type: none"> - Increase intra-regional trade in goods - % increase overall FDI inflows to the region - Increase of the regional rank in Domestic Market Access 	<ul style="list-style-type: none"> - SEE Monitoring Framework assisted by OECD - CEFTA MIS 	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To strengthen capacities of the CEFTA Structures and support their efforts in implementing provisions of the CEFTA Agreement as prioritised by the SEE 2020 in a way to enhance relevant capacities of private sector and public administrations.	<ul style="list-style-type: none"> -- Further facilitation of trade - import and export – in CEFTA Region - No. of CEFTA parties removing most trade distorting measures by 2020 	<ul style="list-style-type: none"> - World Economic Forum, ‘Global Enabling Trade’ - WB Doing Business - FDI Restrictiveness Index - CEFTA reports and Database - Other relevant indicators to be employed by SEE Monitoring Framework assisted by the OECD - CEFTA Market Access Barriers Database. 	CEFTA Structures have sufficient capacity to adopt the necessary legal framework to achieve results of the actions through its <i>erga omnes</i> measures thus securing their sustainability
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>R.1 Implementation of the CEFTA Agreement is promoted, and enforcement of the decisions adopted by the CEFTA Structures is strengthened to liberalise and facilitate trade</p> <p>R. 2 National structures are enhanced by additional independent experts which liaise directly with the Secretariat and by short-term technical assistance mobilised to support functioning of respective CEFTA bodies according to the related priorities</p> <p>R.3 Evidence based policymaking is enhanced via an upgrade and protected IT system</p>	<ul style="list-style-type: none"> - No. of Mutual Recognition Agreements signed and N. of Ministerial Decisions adopted to facilitate trade and liberalise trade in services - % increase of solved dispute cases registered in the CEFTA Market access barriers database ; - Increase of the quality of data available and CEFTA structure's capacity to manage them. 	<ul style="list-style-type: none"> - Reports of CEFTA Structures - World Economic Forum, ‘Global Enabling Trade’ - CEFTA Market Access Barriers Database. 	CEFTA Structures have sufficient capacity to adopt the necessary legal framework to achieve results of the actions through its <i>erga omnes</i> measures thus securing their sustainability
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
<p>Activity 1. Functioning of the CEFTA Secretariat CEFTA Secretariat with its international core staff continues to serve the complexity of the CEFTA Structures and acts as regional Coordinator of the Integrated Growth Pillar of the SEE 2020</p> <p>Activity 2. Strengthening institutional capacity of CEFTA Parties for the implementation of CEFTA CEFTA Secretariat’s capacity is extended through establishment and financing of CEFTA national experts programme and local experts programme</p> <p>Activity 3. Enhancing transparency</p>	<ul style="list-style-type: none"> - Grant Agreements with CEFTA Secretariat (3 annual operating grants and 1 action grant) - Contribution by CEFTA Parties 	<p>Total: EUR 4.47 million</p> <p>EU contribution: EUR 3.42 million</p>	

CEFTA Secretariat strengthens its IT and data management capacity to undertake the role of following and monitoring of regional trade and trade related regulations while further increasing transparency in the implementation of CEFTA

Activity 4 CEFTA Project Facility

CEFTA Project Facility is extended to finance technical assistance in a way to support functioning, negotiations and decision making of the CEFTA Structures, and strengthening capacity of CEFTA Structures with technical assistance teams to strengthen implementation of the Agreement and regional and relevant country specific actions of the MCSP and SEE 2020.

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ADDITIONAL DESCRIPTION

Activity 1: Functioning of the Secretariat

Under the first component, the functioning of the CEFTA Secretariat is to be supported by contributing to the operational costs of the Secretariat. This includes costs related to the staff (1 director, 2 technical advisors and 1 executive assistant). Co-financing of operational costs would also involve other expenses related to the functioning of the institution e.g. financing missions of CEFTA Secretariat, office running costs and other overheads including contribution to the rent of office space for the Secretariat.

Activity 2: Strengthening institutional capacity of CEFTA Parties for the implementation of CEFTA

National Experts Programme

The CEFTA Secretariat has so far provided service to the CEFTA Structures by its four international staff. Under the management of Director, two technical advisors have been appointed to assist three CEFTA Subcommittees and three working groups. As the number of bodies and activities to support has grown over time, the CEFTA Parties need to invest in building their own capacity for regional aspects of trade and investment.

To constructively address both issues the involvement of CEFTA Parties in the functioning of CEFTA Secretariat will be strengthened through a so called CEFTA National Experts Programme. It would comprise a targeted programme of secondments of junior trade official to the CEFTA Secretariat in Brussels to increase their knowledge and expertise in specific areas related to the CEFTA work programme. It is envisaged that three CEFTA national experts from the Parties chairing the CEFTA Subcommittees and Working Groups will join the Secretariat every year on a rotating basis according to their chairmanship. National experts are to be placed in the CEFTA Secretariat and will work as staff seconded to the Secretariat by the CEFTA Parties. Their main tasks are to provide technical and administrative support to respective CEFTA Subcommittee and Working Groups under the supervision of the CEFTA Secretariat's permanent staff. By tying the secondments to the chairmanship of specific CEFTA structures the programme would also facilitate implementation of the relevant activities under the individual work programmes of the respective bodies.

Some of the tasks that are to be undertaken by national experts would be as follows: i) assisting the Chairs of CEFTA Subcommittees and Working Groups to plan and organise the respective activities of that subcommittees; ii) preparing and organising meetings as instructed by the Chair; iii) preparing background documents and/or technical papers for meetings at the request of the Chair; iv) preparing minutes of the meetings; v) preparing the draft annual report on the activities of Subcommittees; vi) preparing drafts of periodical progress reports to the Joint Committee.

The CEFTA National Expert Programme will also include senior short-term national experts to be seconded to the Secretariat for a period shorter than six months. Short term national experts will be recruited to work with the Secretariat in providing technical expertise to the CEFTA Structures for a specific assignment based on a call for expertise by the Secretariat. Short term national experts are to be engaged from any CEFTA Party as the selection is not to be subject any restriction of nationality.

Activity 3: Enhancing Transparency

The CEFTA Secretariat has invested a lot of efforts in creating web based information and transparency tools (website and three different databases enhancing transparency) development of which have been financed mainly by small projects of bilateral assistance and thus subject to tendering and contracting of various service providers. Not having own MIS capacity is perceived as a major weakness for the future because current arrangements can cause instability in providing maintenance and up-grading of the existing system. Deepening the implementation of CEFTA requires a consolidated set of data regarding liberalisation and facilitation of trade such as number of documents required in trade, waiting times at the borders, cost of trade etc. These data sets would be easy-to-reach, transparent, and internationally comparable. The new CEFTA MIS will upgrade existing databases (CEFTA Market Access Barriers Database, CEFTA SPS Database, CEFTA Trade Portal

and CEFTA TBT Database, this last under development) and will also integrate data extracted from SEED databases and trade and investment related data from all other international and regional databases and from other national statistical offices. CEFTA MIS will therefore represent a "one-stop-shop" for such a data. Moreover, CEFTA MIS will be the main IT tool to support the implementation of CEFTA Secretariat activities. The system will include parts related to the internal management of the Secretariat that will improve the efficient management of the Secretariat itself. This will be done by procuring the necessary services.

Activity 4: CEFTA Project Facility

CEFTA Project Facility III will continue to support *small budget (lower than 300,000 EUR) technical assistance* to directly support the functioning of CEFTA Structures, and implementation of the Agreement in the areas where specific technical knowledge on trade and investment is needed, such as technical assistance to support liberalisation negotiations on trade in services and support in drafting legal texts of mutual recognition agreements (MRAs).

With the financial support of the CEFTA Project Facility, CEFTA Secretariat will also organise around 6 *Regional Networking Meetings* and 1-2 *Regional Conferences*. For the sake of efficiency in organisation a company is hired through a framework contractor. These conferences and workshops are to be thematic and would be decided in accordance to the priorities of CEFTA Structures and in consultation with the EC. Another objective of those regional events will be to facilitate discussions with other international organisations which do not take place in supporting CEFTA structures such as UNCTAD, WTO, ITC, etc.

Finally, since trade facilitation in the Region is supported by many projects financed under IPA Country and Multi-country budgets or by other donors which do not directly involve the CEFTA Structures, CEFTA Secretariat will hire monitoring experts with specific technical knowledge in the areas of trade and investment in order to engage the CEFTA Structures on the permanent basis with these projects, keep them informed about their implementation and to ensure coherence of these projects with the CEFTA agenda and with SEE 2020 objectives. To this aim, those short-term TA teams will assist the Secretariat in its ex-ante and ex-post monitoring and improve result-oriented monitoring of the EU financed programmes. All monitoring data will be collected and made available through the new CEFTA MIS.

The extended operation of CEFTA Project Facility and tendering and contracting thereof requires a part time financial administrator/procurement officer, and employing one full time project assistant to assist in tendering and contracting under the CPF.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The implementation of the action is delegated by the Commission to the CEFTA Secretariat.

In line with the priorities of CEFTA and of Chairmanship Annual work plan, the CEFTA Secretariat will develop detailed annual implementation plans, specifying results, activities and indicators. Unit D3 in DG Enlargement will present the CEFTA Secretariat action plans to Commission geographical units in DG Enlargement and relevant line DGs. The CEFTA Secretariat will be involved in this presentation and consultation process. Moreover, Unit D.3 will ensure coordination with D.2 in order to strengthen integration of the different Institution Building instruments where possible.

Ad hoc coordination and management meetings will be organised between Unit D.3 and CEFTA Secretariat, including geographical units and line DGs where relevant.

Unit D3, together with the CEFTA Secretariat, will also facilitate the integration of the Action with other trade related projects in the CEFTA area.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The Action will be implemented following the conclusion of two direct grant agreements (operating grant and action grant) with the CEFTA Secretariat, planned for Q2 2015, based on Article 190 (1)(f) of the rules of application of Regulation (EU, Euratom) No. 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union⁵ (hereinafter referred to as "the Rules of Application"), on account of its technical competence and high degree of specialisation.

Component 1 will be implemented through 3 annual operating grants; the European Commission will cover up to 44.45% of the eligible costs. Components 2, 3 and 4 will be implemented through a 4.5 year action grant, which is fully financed by the European Commission.

The Secretariat was established in 2007 through a CEFTA Joint Committee Decision and received the mandate to provide technical and administrative support to the Joint Committee, to any sub-committee, expert group or other body established by the Joint Committee so as to support the CEFTA Parties in the implementation of the CEFTA 2006 and of trade related components of the SEE 2020 Strategy.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Given the role of the CEFTA Secretariat, CEFTA Structures as direct beneficiaries will act as a platform for the monitoring of this action. As described above, CEFTA agenda is merged with *Integrated Growth* agenda of the SEE 2020. Therefore, overall policy monitoring of this action will also benefit from the monitoring process of the SEE 2020. In addition, the bi-lateral Subcommittees between individual CEFTA Parties and the European Commission can contribute to monitoring the implementation of CEFTA Agreement.

Institutionally, a steering committee is to be established to report the implementation of the action. The Committee is to be composed by the CEFTA Parties, CEFTA Secretariat and the European Commission, and Regional Cooperation Council (RCC) as observer. Meetings might also involve organizations in charge of trade initiatives in the CEFTA area.

CEFTA Secretariat will perform effective and regular monitoring of the Action in order to assess interim progress at a programme level, identify areas of failure and their reasons, and any immediate action to be taken to improve programme performance further.

CEFTA Secretariat will provide annual substantive reports of the Action on progress achieved, based on results envisaged in the action plans, covering project outputs and outcomes.

CEFTA Secretariat will regularly transmit the Commission relevant information of its activities to assist in ensuring the appropriate visibility and co-ordination of the Action. CEFTA Secretariat will ensure that the relevant Commission services are kept informed of all developments.

EC services will evaluate progress in the achievement of expected results on the basis of indicators outlined in the Action Document and specified in the Annex I to the Agreement and in the annual action plans. Contribution by National Contact Points (supported by local experts) is key for evaluating impact of the Action on the implementation of CEFTA. Annual reports issued by international organisations engaged in the fields of competitiveness and trade such as e.g. World Bank (Doing Business Report), OECD (SEE 2020 Monitoring Framework, FDI Restrictiveness Report) and World Economic Forum (Global Enabling Trade Report) will be valuable to evaluate the achievement of the specific objective and progress towards the overall objective.

⁵ OJ L 362 of 31.12.2012, p. 1.

Finally, other sources of information are other trade and competitiveness related project implemented in the region by Member States and regional and international organisations such as RCC, SEEEIC, UNCTAD, ITC, IFC and OECD.

INDICATOR MEASUREMENT

Indicator	Description	Baseline ()	Last (2013)	Milestone 2017	Target 2020	Source of information
Increase of intra-regional trade in goods	This indicator measures the % of increase of trade between CEFTA Parties (million EUR)	Baseline 2010 (Regional average) Export: EUR 6,534,321 Import: EUR 6,061,678	Data 2012 (Regional average – excluding HR) Export: EUR 7,120,127 Import: EUR 6,762,947	+ 80% compared with 2010 baseline	+ 230% compared with 2010 baseline	SEE 2020 Monitoring Framework assisted by OECD CEFTA MIS
Increase of the overall FDI inflows	This indicator measures the % of increase of FDI inflows in the region (% GDP regional average)	Baseline 2010 (regional average in EUR billion): 4,306,123,428	Data 2013 (regional average in EUR billion): 3,917,399,354	50%	120%	SEE 2020 Monitoring Framework assisted by OECD World bank index
Increase of the regional rank in Domestic Market Access	This is an aggregate indicator measured by the World Economic Forum which measure accessibility (liberalization/absence of tariffs) of markets (the indicator includes Tariff rates, Complexity of tariffs, Tariff dispersion and peaks, Specific tariffs and Share of duty-free imports).	N/A	Data 2012⁶ Regional average: 25.5. Albania: 12; Bosnia and Herzegovina: 38; Moldova: 26; the former Yugoslav Republic of Macedonia: 16; Montenegro: 27; Serbia: 34 Not reliable data available for Kosovo.	???	2 ranks on average for each country	WEF Index
Further facilitation of trade (import and export) in the CEFTA Region	This indicators measures the reduction of non-tariff measures (in relation with time required to trade, cost to trade and documents required for trade) that hinder trade in the CEFTA Region The	Baseline 2006 (regional average) <u>Export</u> Documents to export (number): 6.5 Time to export (days):	Data 2013 (regional average) <u>Export</u> Documents to export (number):	CEFTA Parties which have progressed in the EU accession negotiations will	All CEFTA Parties will reach the EU average with regard to time, cost, and	World Bank Doing Business Reports World Economic Forum, 'Global Enabling Trade' CEFTA MIS

⁶ WEF 2013 covers only trade facilitation in supply chain without giving any country rankings. Therefore, we have decided using WEF 2012 report.

Indicator	Description	Baseline ()	Last (2013)	Milestone 2017	Target 2020	Source of information
	<p>indicator also provide indication regarding the approximation of CEFTA countries (regional average) to the EU average</p> <p>2013 baseline (EU average)</p> <p><u>Export</u> Documents to export (number): 4 Time to export (days): 11 Cost to export (US\$ per container): 1,070</p> <p><u>Import</u> Documents to import (number): 4 Time to import (days): 10 Cost to import (US\$ per container): 1,090</p>	<p>23.5 Cost to export (US\$ per container): 1,089</p> <p><u>Import</u> Documents to import (number): 7.2 Time to import (days): 14.3 Cost to import (US\$ per container): 1,311</p> <p>No reliable data available for Kosovo</p>	<p>6.8 Time to export (days): 14.7 Cost to export (US\$ per container): 1,266</p> <p><u>Import</u> Documents to import (number): 7.1 Time to import (days): 14.3 Cost to import (US\$ per container): 1,311</p>	<p>reach to the EU average on cost, time and documents to trade.</p>	<p>documents to trade.</p>	
<p>No. of CEFTA parties removing the most trade distorting measures</p>	<p>The indicator measure the removal of trade distorting measures such as import licenses, inspections and controls, obligations to appoint a representative or to provide storage facilities in the importing Country, national price controls and reimbursement, national bans on specific products and substances, authorisation procedures, technical regulations containing requirements as to the presentation of goods, advertising restrictions, deposit obligations, indications of origin, quality marks, incitement to buy national products, obligations to use the national language, restrictions on distance selling and on the importation of goods for personal use.</p> <p>Through this indicator it's possible to verify to what extent CEFTA parties will have removed this barriers and their approximation to the EU average by 2020.</p> <p>There are no regional data available.</p> <p>The methodology to measure this</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>At least four CEFTA Parties agree to eliminate the most trade distorting market access barriers which they are involved.</p>	<p>CEFTA reports and MIS</p>

Indicator	Description	Baseline ()	Last (2013)	Milestone 2017	Target 2020	Source of information
	indicator will be developed by the CEFTA Structures.					
- No. of Mutual Recognition Agreements signed and N. of Ministerial Decisions adopted to facilitate trade and liberalise trade in services - Quality assessment of data available and CEFTA	This indicator measure the number of mutual recognition agreements and ministerial decisions that the CEFTA Parties will sign during the implementation period in order to facilitate trade and liberalise trade in services.	N/A	Zero (0) No Mutual Recognition Agreement has so far been signed to facilitate trade.	At least 2 mutual recognition agreements (at regional level) are signed in the areas related to trade facilitation and liberalization.	Relevant legal framework is created to facilitate and liberalise trade in services.	CEFTA Reports
% increase of solved dispute cases registered in the CEFTA Market access barriers database	This indicator measures increase of the share of dispute cases that the CEFTA structures are able to solve (and in this way removing trade barriers).		2013 and 2014 data 2013: 57.9% of cases are solved 2014: 66.7% of cases are solved	The cases recorded in CEFTA Market Access Barriers Database is increased at least by 10%.	Most trade distorting cases are solved fully (close to 100%).	CEFTA Market Access Barriers Database.
Increase of the quality of data available and CEFTA structure's capacity to manage them.	The Action will lead to creating the CEFTA Management Information System. This MIS will integrate several source of information (SEED, WB Doing Business, WB Logistics Performance, etc.) currently managed by a set of different stakeholders (Italian Customs Agency, World bank Group, etc.) and will allow the CEFTA Parties to compile and publicise electronically all trade facilitation and liberalisation related data available for the Region in order to enhance transparency on trade policy and measures. The internal Management system would be connected to the activities and will enhance the functioning of the Secretariat	N/A	CEFTA Secretariat has two different databases (i.e. Market access barriers database and CEFTA SPS Database). No comprehensive data available to follow-up trade facilitation and trade liberalisation efforts of CEFTA.	CEFTA Databases and trade statistics are upgraded in a way to include all available trade facilitation related data are to be extracted from their data sources (e.g. links are to be established to SEED, WB Doing Business, WB Logistics Performance, etc.).	CEFTA Trade databases become the first sources of information to observe trade facilitation and liberalisation efforts of CEFTA Parties.	CEFTA Reports

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Not applicable.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

Representatives of private sector would be included in the implementation of the current action. The dialogue and communication mechanisms with private sector are to be strengthened as a result of the Current Action.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

The CEFTA Secretariat is an equal opportunity institution which agrees not to discriminate against in any contract it may conclude with any person because of his/her race, colour, religion, national origin, sexual orientation, physical or mental disability, or age. Furthermore, the Secretariat will promote the participation of both women and men in the Conferences and the Regional Networking meetings as well as in the selection of the national experts to be seconded to the Secretariat.

MINORITIES AND VULNERABLE GROUPS

Not applicable.

6. SUSTAINABILITY

The CEFTA Parties which are the signatory of the Agreement continues to co-finance the functioning of CEFTA Secretariat. The CEFTA Structures are intergovernmental bodies and the decisions taken by the CEFTA Joint Committee have the power of law for its Signatories as such decisions are stemming from the Agreement. Therefore, sustainability of the Action is secured by the implementation of the Agreement and decisions of the CEFTA Structures.

Sustainability of CEFTA achievements is given by its modus operandi: the obligations are legally binding through an international treaty; the decision making process requires consensus of all parties; the Agreement has a dispute settlement mechanism as well as a well-defined mandate of working bodies at all levels (from experts to ministers) which inherently require that respective national positions are first clearly articulated to be then negotiate and harmonised at the multilateral level. This is the best guarantee that the agreed regional goals be translated into national actions.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. All necessary measures will be taken to make public the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

The implementation of the communication activities shall be the responsibility of the CEFTA Secretariat and shall be funded from the amounts allocated to the Action.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be undertaken to strengthen general public awareness and promote transparency and accountability on the use of funds.

The Commission shall be fully informed of the planning and implementation of the specific visibility and communication activities.

Further details will be provided in the mutually agreed “Communications and Visibility provisions” in the contract. CEFTA Secretariat will give maximum visibility to CEFTA, notably through the CEFTA Secretariat website, always specifying the Commission support.

LIST OF ANNEXES (to be shared between Beneficiary Countries and the Commission/EU Delegation only)

1. **Detailed Action budget breakdown and planning for contracting procedures** (see attached)
– note : *for Commission internal use only*
2. **Amounts (in EUR) disbursed over the full duration of the action**

ANNEX 1

Indicative Action budget breakdown and planning for contracting procedures (for Commission internal use only)

IMPLEMENTATION MODALITIES	BUDGET (€)		TIMELINE ⁷	
	Total	EU contribution	Launch of procedure	Contract signature ⁸
Direct Grant Agreements with the CEFTA Secretariat	4 470 000	3 420 000		Q2 2015
TOTAL	4 470 000	3 420 000		

ANNEX 2: Amounts (in EUR) disbursed over the full duration of the action

Disbursed	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2016	2017	2018	2019
Contract (Operating) ¹			280 000			280 000	250 000	30 300	
Contract 2 (Action)			740 000				707 611.94 & 547 360.29	326 757.77	257 970
Cumulated			970 000			2 110 000	3 250 000	3 420 000	

⁷ Timeline: QUARTER (Q1, Q2, Q3, Q4) YEAR

⁸ Contract signature date: if relevant; i.e. for Direct Grants mainly