

## **Project Fiche No. 4**

### **Reducing regulatory and administrative constraints related to trade logistics and harmonising cross-border clearance systems and services in the Western Balkans**

#### **1. Basic information**

- 1.1 CRIS Number: 2011/022-964
- 1.2 Title: **Reducing regulatory and administrative constraints related to trade logistics and harmonising cross-border clearance systems and services in the Western Balkans**
- 1.3 ELARG Statistical code: 02.01- Free Movement of Goods
- 1.4 Location/Beneficiaries: Western Balkans: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia as well as Kosovo<sup>1</sup>

#### **Implementing arrangements:**

- 1.5 Contracting Authority (EU): European Union represented by the European Commission on behalf of the Beneficiaries
- 1.6 Implementing Agency: International Finance Corporation/WBG
- 1.7 Beneficiary: Government of the Republic of Albania, Council of Ministers of Bosnia and Herzegovina, Government of the Republic of Croatia, Kosovo, Government of the former Yugoslav Republic of Macedonia, Government of Montenegro, Government of the Republic of Serbia
- Lead Counterpart: Ministry of Trade and Services, Serbia

#### **Financing:**

- 1.8 Overall cost (VAT excluded)<sup>2</sup>: EUR 2 000 000
- 1.9 EU contribution: EUR 1 500 000
- 1.10 Final date for contracting: 31 December 2012
- 1.11 Final date for execution of contracts: 30 November 2014
- 1.12 Final date for disbursements: 30 November 2015

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<sup>1</sup> Under UNSCR 1244/99

<sup>2</sup> The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective**

The overall objective of the project is to stimulate economic development of the countries in the Western Balkans by further reducing trade logistics' related regulatory and administrative constraints and harmonising border clearance through regional cooperation.

### **2.2 Project Purpose**

The project would build on current efforts to improve regional trade logistics through:

- Simplifying and harmonizing trade-related regulations and administrative procedures
- Developing a comprehensive regional approach to trade logistics
- Simplifying clearance procedures for cargo moving by inland water transport and air cargo

The project will have a regional framework supported by beneficiary-specific activities. It would cover the trade within the Western Balkans, with the EU and with other regional markets, especially East and Southeast Asia. It would address the major challenges to expanding trade including:

- Limited access to ocean transport – several of the countries in the Western Balkan region are landlocked, which places greater demand on the efficiency of land border crossings specifically along the Pan-European Corridor X and ability to move goods in transit to and from the gateway ports in neighbouring countries.
- Interdependence. The Western Balkan countries are dependent upon one another not only in order to achieve scale of production but also to become more attractive for FDI as a common free trade market.
- Obsolete technology – Modernization of technology used in production and logistics across the region has yet to be done in order to fulfil the current needs.
- Traditional practices - Logistics has benefited from the improvements in communications and information processing technology but the improvements are limited by traditional practices and policies. As an example, customs is hesitant to implement risk management system utilizing business analytics, and transport companies have yet to introduce computerized fleet management.
- Conflicts between facilitation and control of trade. Because of a continuing dependence on revenues from duties and excise taxes, customs gives priority to revenue collection over trade facilitation. Additional concerns related to smuggling and securities are placing additional burdens on cargo inspection regimes.

### **2.3 Link with AP/NPAA / EP/ SAA<sup>3</sup>**

#### **European Partnership**

The project will work on the further development of the already set European Partnership approach for the countries of the Western Balkans, which entails activities such as:

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<sup>3</sup> AP = Accession Partnership; NPAA = National Programme for the Adoption of the Acquis (for Candidates), National Action Plan (for Potential Candidates); EP= European Partnership; SAA = Stabilisation and Association Agreement

- development of economic and trade relations with, and within, the region;
- capacity building and the development of institutions;
- co-operation in the field of customs;
- development of political dialogue.

#### Stabilisation and Association Agreement (SAA)

The EU's relations with the Western Balkans are governed by the Stabilisation and Association process. The trade section of the SAA came into force through an Interim Agreement with Albania (2006), Montenegro and Bosnia & Herzegovina (2007). The SAA with Serbia is signed. These agreements aim to progressively establish a free-trade area between the EU and the Western Balkan countries.

The project will assist beneficiary countries in liberalising trade in goods and further aligning rules on EU practices linked to the CEFTA regional trade agenda.

The customs administrations of European Union (EU) Member States play an important role in protecting the interests of the European Union. They also ensure an equal level of protection throughout EU territory for citizens and economic operators within the Union, specified through the Community action programme Customs 2013 (2008-2013). The programme Customs 2013 aims to support the development of a pan-European electronic customs environment that ensures customs activities match the needs of the internal market, guarantee the protection of the financial interests of the EU and increase safety and security.

The aim of the Customs 2013 programme is to help the customs administrations of participating countries to facilitate legitimate trade and simplify and speed up customs procedures. The project will assist beneficiary countries in meeting the objectives of the Customs 2013 programme in the following areas:

- supporting the development of a pan-European electronic customs environment that ensures customs activities match the needs of the internal market, guarantee the protection of the EU's financial interests and increase safety and security;
- increasing co-operation between customs administrations so that they carry out their tasks as effectively as if they were a single administration;
- preparing for enlargement, including the sharing of experience and knowledge with the customs administrations of the countries concerned;
- standardising and simplifying customs systems and controls to reduce the administrative burden and the cost of compliance for economic operators;
- identifying, developing and applying best working practices.

#### **2.4 Link with MIPD**

Chapter 3.4. of the Multi-Beneficiary MIPD for 2011-2013 clearly states the need for a focus on multi-beneficiary collaboration, specifically in areas such as networks of experts or civil servants to address needs or tackle problems of a trade logistics nature. Furthermore, the project's link to the MIPD is the support to increase competitiveness, address business' need to move further up the value chain and assist government develop supply chains that will offer a more specialized, high quality and high value-add services and products.

This project will cooperate closely with the beneficiaries and the EU's National Programmes in order to complement national efforts in this field and avoid duplication. It will compliment national programmes throughout the region by addressing intra regional trade logistics barriers that go beyond one economy and stimulate regional cooperation. The project will serve as a tool for beneficiaries to address and resolve supply chain regulatory and administrative constraints that could not or have not been addressed through national IPAs. The project will build on the reform momentum of completed EU funded project in this field, such as CAFAO and TACTA, and continue to stimulate reforms in the field of trade logistics. This project will cover specific objectives set by the multi-beneficiary Multi-annual Indicative Planning Document (MIPD) for the Western Balkans (2011-2013), such as strengthening co-operation between institutions in order to enable them to better implement the regional free trade agreement for South East Europe (CEFTA 2006) and increase the attractiveness of the region as a destination for foreign direct investment. The project will foster regional co-operation, by development of a set of consistent baseline benchmarks across countries in the region, development of a consistent risk management framework with systems at the national level, in order to facilitate the seamless movement of goods across the region and support progress towards integrated border management systems that provide seamless transit routes.

### **3. Description of project**

#### **3.1 Background and justification**

Situated between the European Union (EU) and Asia, the close proximity of the Western Balkan countries to the EU has fostered growing ties between the countries. The tenth Pan-European corridor demonstrates the power of regional co-operation and has been a major factor in shifting government attention from country-level trade reform to regional-level reforms. Originally proposed at the end of hostilities between the states of the former Yugoslavia, it now traverses Salzburg - Ljubljana - Zagreb - Belgrade - Nis (there one part connects with corridors IV and VIII towards Sofia and Istanbul) - Skopje - Veles - Thessaloniki. However, infrastructure itself is not enough.

Simplified, transparent trade procedures and efficient logistics services are essential for trade growth. Most of the beneficiary countries are members of the WTO, WCO and TIR. Like other transition and developing countries, they are seeking to facilitate the flow of goods and services and in the process stimulate private investment as a means to sustain economic growth. Within the context of EU Accession and the new Central European Free Trade Area (CEFTA), they are seeking to improve production of exportable goods and in the supply chains to deliver them to regional and international markets.

The national governments understand the importance of trade facilitation and a number of efforts at regulatory reform have been concluded or are underway. They also understand the challenges of competing with other suppliers to the EU, and the need for regional cooperation in order to achieve the necessary scale and quality of production in order to attract the FDI required to increase the competitiveness of their export industry.

The twin challenges for the exporters in the Western Balkans are to produce goods that are comparable in quality and price to competitors and to deliver them to various markets reliably and within an acceptable order time. Uncertainties in the performance of the supply chain due to delays at borders, intermodal interfaces and gateways place small and medium-sized enterprises at a disadvantage to firms with better integrated and more reliable supply chains,

because their costs for delivery to foreign markets represent a larger proportion delivered cost than for larger firms.

The project will focus on six activities aimed at further reducing trade logistics constraints and harmonizing border clearance through regional cooperation. The first two activities tackle the issue of simplification and harmonisation of trade-related regulations and administrative procedures along supply chains. The third activity concentrates on the creation of public and private sector networks. The fourth activity complements the first three by developing a comprehensive regional approach to trade logistics. The fifth and sixth respond to concerns expressed by the EU related to environmental impacts of trade. This includes simplifying clearance procedures for cargo moving by inland water transport and monitoring the environmental impacts of air traffic, both freight and air passengers.

The project will be implemented through the establishment of national working groups on trade logistics that will include all key stakeholders in each beneficiary. Each working group as a beneficiary will have a lead institution that will chair and champion the overall coordination and implementation of the project. In most cases the coordinating party will be the Ministries of Trade, Ministries of Economy and Ministries of Finance since they aside from dealing with trade related reforms are also CEFTA counterparts but depending on the challenges and the discussions with the stakeholders other agencies i.e. Customs may also lead this working group. The Ministry of Economy of Montenegro and the Chamber of Commerce of Montenegro will take the overall lead of this project activity.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

The project will include a regional framework supported by beneficiary-specific activities. At the beneficiary level, the project will respond to local priorities that will also yield closer economic integration with the EU. The project would be delivered by the World Bank Group's International Finance Corporation (IFC), in close co-operation with the existing institutional structures of the Central European Free Trade Agreement (CEFTA) and Regional Co-operation Council, which will enable promotion of regional co-operation among the countries on the three areas mentioned above.

By supporting an efficient trade regime in the Western Balkans, the project will provide opportunities for leaner supply chains that minimise trade transaction costs and increase the competitiveness of Western Balkan countries in global markets.

Sustainability will be provided through the transfer of expertise in specific areas to local counterparts as well as the interaction with the Regional Co-operation Council or sectoral organizations.

### **3.3 Results and measurable indicators:**

Drawing on the preliminary review and lessons learned, the design of the proposed project focuses on building the capacity of customs officials to conduct risk analysis, simplifying import/export documents and procedures, to improve the quality of information and exchange between the respective beneficiary customs in order to assure a sustainable reduction in waiting times at the border and inland pilot points, as well as improving the flow of goods across the region while building a regional community of practitioners in trade and logistics.

The results and measurable indicators listed below are linked to activities detailed in the Section 3.4.

Results and measurable indicators in relation with Activity 1:

Result: 10% reduction in the number of days and documents needed to import and export from and to across the seven beneficiaries.

Measurable indicators:

- Average number of days needed to needed to import and export from and to the seven beneficiaries
- Average number of documents needed to import and export from and to the seven beneficiaries Number of reports (assessments, surveys, manuals) completed across seven economies

Results and measurable indicators in relation with Activity 2:

Result: Twenty (20) simplified or harmonized trade related regulations and administrative procedures along the supply chain and across the seven beneficiaries.

Measurable indicators:

- Number of laws/regulations/amendments/codes enacted across seven economies
- Number of procedures/policies/practices that were improved/eliminated across seven economies

Results and measurable indicators in relation with Activity 3:

Result: Seven (7) national trade logistics workgroups created with over 30 common training events, seminars, conferences and over 500 participants across the seven beneficiaries.

Measurable indicators:

- Number of common workshops, training events, seminars, conferences, etc. across seven economies
- Number of participants in workshops, training events, seminars, conferences, etc. across seven economies
- Number of common reports and working documents
- Number of media appearances across seven economies
- More effective application of new skills among policy makers maximizing performance of trade logistics related reforms

#### Results and measurable indicators in relation with Activity 4:

Result: 10% reduction in the number of procedures across seven beneficiaries, and improvement in the overall preclearance and border clearance systems related to trade logistics.

Measurable indicators:

- Number of entities that implemented recommended changes across seven economies
- Implementation or improvement of an intelligence framework related to trade logistics across seven economies
- Implementation or improvement of preclearance systems related to trade logistics across seven economies
- Implementation or improvement of border clearance systems related to trade logistics across seven economies

#### Results and measurable indicators in relation with Activity 5:

Result: 10% reduction in the time and documents needed for border clearance, and implementation of common procedures for clearance of Transit Cargo on inland waterways on the River of Danube.

Measurable indicators:

- Number of entities receiving advisory services
- Number of procedures/policies/practices that were improved/eliminated
- Number of reports (assessments, surveys, manuals) completed across seven economies
- Average number of days needed to needed to import and export from and to on inland waterways on the River of Danube
- Average number of documents needed to import and export from and to on inland waterways on the River of Danube

#### Results and measurable indicators in relation with Activity 6:

Result: 10% reduction in the time and documents needed for border clearance, and implementation of common procedures for clearance of Cargo on major airports.

Measurable indicators:

- Number of entities receiving advisory services
- Number of procedures/policies/practices that were improved/eliminated
- Number of reports (assessments, surveys, manuals) completed

### 3.4 Activities:

At the regional level, the project will undertake a range of activities including the development of consistent baseline benchmarks across countries in the region; creation of regional public and private sector networks which will enhance the regional dialog on trade logistics; support regional training and information sharing; and support the implementation of mutually recognized procedures to facilitate the flow of goods.

At the beneficiary level, the project will support the implementation of deeper reforms in the trade logistics arena with an aim to create harmonized and mutually accepted procedures throughout the Western Balkans.

Specific project activities will include the following:

- Activity 1 - Development of a set of consistent baseline benchmarks across countries in the region, drawing on the Doing Business ‘trading across borders’ indicators, other indicators and field data. Additional development of specific indicators to help measure and monitor regional trade would be included in this activity.
- Activity 2 – The project will work across the seven economies and assist governments to simplify and harmonize trade-related regulations and administrative procedures along supply chains. These simplifications and harmonisations would include behind-the-border, at-the-border and cross-border administrative and regulatory constraints.
- Activity 3 - Creation of national trade logistics working groups that will include key stakeholders both public and private to identify, discuss, implement and monitor the reform agenda. In addition, the working group would seek to organize seminars and conferences, such as among customs authorities, service providers (e.g., freight forwarders) and private sector associations, to build, catalyse and sustain reform momentum. A link will be made to the existing networks of reformers in the region. In addition comprehensive technical training will be provided for counterparts and professional service providers engaged in the various activities of this project. The regional aspect is covered by the following Activity 4.
- Activity 4 - This project component will assist the governments of the individual countries in preparing a comprehensive approach for increasing trade within the Western Balkan, and between these countries and the EU and Asia. The primary agenda for the regional approach would be to find regional solutions to trade logistics related issues to benefit from economies of scale while also identifying areas that impact trade logistics i.e. fighting trade in illicit goods, consumer protection, intellectual property rights, including removing barriers for development of e-trade. The beneficiaries through the regional approach could also examine the potential for processing intermediate goods produced within the region or imported. For the former, multi-country supply networks would have to be developed to support the development of large-scale processing facilities.
- Activity 5 - This project component would identify current practices and collaborate with the Customs officials in Croatia and Serbia to develop common procedures for clearance of Transit Cargo on the Danube. The clearance of transit cargo moving on inland waterways should be done in such a way as to minimize

the delay to the movement of the cargo. This implies performing inspections while on board a moving vessel (where inspections are necessary).

- Activity 6 - This project component will assist Civil Aviation Authorities and the operators of the major airports to introduce SITA cargo handling module at Major Airports across the region. The EU has adopted the SITA system for monitoring the movement of aircraft as part of its efforts to regulate the environmental impacts. A plan will be developed for the introduction of this system at the major airports in the Western Balkans and a longer-term program for introduction of the system at the medium sized airports.

### **3.5 Conditionality and sequencing:**

Country and regional level commitment and support will be critical for the success of the project. The IFC will work with CEFTA and the respective national governments, with which IFC already has substantive working relationships, to secure the necessary commitment and support. Working under the CEFTA umbrella, there should be consensus and support among member countries for the regional trade facilitation component aimed at improving the performance of customs and the reducing the time and cost required to move goods across the region. In addition, there should be commitment from the respective governments of countries identified for country level assistance in capacity building, the development of risk management framework, and simplification and harmonization of trade-related regulations and administrative procedures. This country level commitment to implementing concrete reforms should include mobilization of reform champions and suitable working counterparts, contributions of staff time and operational resources for the implementation of reforms. The agreed commitments should be formalized in a Memorandum of Understanding between the IFC and the respective government.

#### Sequencing

Since this is a regional project, it will begin with a scoping mission to quickly assess the situation and develop a reform programme in two phases. This could also be a result of the project purpose actually)

In Phase 1 (16 months), the Trade Logistics team focuses on quick wins that provide demonstrable reforms. These quick wins provide value on their own merits, but they also generate the momentum and political will necessary for a successful Phase 2. Activities 1, 3 and 6 are proposed to be undertaken in phase 1.

In Phase 2 (18 months), the Trade Logistics team will undertake deeper reforms that address systemic issues undermining trade logistics systems, building on the work accomplished in the Phase 1. The benefits of phase 2 reforms take longer to manifest, but these reforms produce dramatic change that can redefine trade in the Western Balkans. Activities 2, 4 and 5 are proposed to be undertaken in Phase 2.

### **3.6 Linked activities**

The proposed project, supported by the multi-beneficiary programme, will promote coordination among the beneficiaries and relevant stake-holders as it ensures their co-operation.

IFC already participates in monthly Donor Coordination meetings throughout the region. Additionally, the project will work with other donors working in the field of trade logistics in the Western Balkans to collaborate and coordinate, as well as through collaboration with the Regional Co-operation Council, CEFTA Secretariat, and its regional ministerial meetings and the sub-committee on customs.

The project will contribute, together with the European Commission, GTZ, CEFTA and the OECD, to the annual “CEFTA week”, which is intended to highlight the benefits of CEFTA and facilitate implementation of the Agreement.

In co-operation with the CEFTA Secretariat, the project will take part in CEFTA’s Sub-committee on Customs and Rules of Origin, which is tasked with simplifying and facilitating customs procedures and reducing, where possible, the formalities applied to trade. Members of this Sub-committee are directors of customs administrations and senior public officials responsible for these issues. This Sub-committee meets at least once a year and submits a work report to the Joint Committee (Ministerial decision making meeting).

### **3.7 Lessons learned**

Experiences from previous EU assisted projects will be taken into account, such as the Customs and Fiscal Assistance Office to the Western Balkans (CAFAO), Technical Assistance to Customs and Taxation Administrations (TACTA), the World Bank’s Trade & Transport Facilitation in Southeast Europe Programme, and the IFC’s trade logistics programmes from across the world, as referred below. In preparation of implementation, the project will review each of the past EU assisted projects to draw specific lessons that may be applicable to the project.

The project will build on the experience and achievements of the EU funded CAFAO/TACTA project, which provided technical assistance to help strengthen and modernise the Customs Administrations in the beneficiaries and calibrate organisational settings and procedures in line with EU requirements. Experience from this project has shown that it is still a high need for a regional project that will assist countries with reduction in regulatory and administrative constraints related to trade and logistics.

IFC’s past experience shows that the quantification of time and cost to trade across borders motivates public officials to reform and explain the importance of these reforms to the broader audience. That is why the project will continuously track and inform the public officials of the change in the cost and time linked to the reforms implemented by this project.

The project will draw on the experiences from the World Bank’s Trade and Transport Facilitation in Southeast Europe Programme (TTFSE), which promoted more efficient and less costly trade flows across the countries of the Western Balkans and advanced European Union-compatible customs standards. This project has shown that it is of major importance for this region to further build a regional community of practitioners in the field of trade and logistics that will serve as a core for all future reforms in the region in the field of trade and logistics.

#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Development of a set of consistent baseline benchmarks across countries in the region	x		250 000	150 000	60	100 000	40	50 000		50 000		
Development of an impact measurement framework	x		250 000	175 000	70	75 000	30	50 000		25 000		
Support for progress toward coordinated border management systems	x		400 000	325 000	81	75 000	19	50 000		25 000		
Developing a comprehensive regional approach to trade logistics.	x		300 000	250 000	83	50 000	17	25 000		25 000		
Clearance of Transit Cargo on the Danube.	x		400 000	300 000	75	100 000	25	50 000		50 000		
Introduction of SITA at Major Airports.	x		400 000	300 000	75	100 000	25	75 000		25 000		
TOTAL IB			2 000 000	1 500 000	75	500 000	25	300 000		200 000		
TOTAL INV												
<b>TOTAL PROJECT</b>			<b>2 000 000</b>	<b>1 500 000</b>	<b>75</b>	<b>500 000</b>	<b>25</b>	<b>300 000</b>		<b>200 000</b>		

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	N.A.	Q3 2011	Q2 2014

## 6. Cross cutting issues

### 6.1 Equal Opportunity

Equal opportunity for participation of men and women will be assured in all aspects of the project implementation. The project will monitor data regarding the participation of men and women in project activities.

### 6.2 Environment

The project will not have any negative environmental effects.

### 6.3 Minorities

Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

## ANNEXES

- I- Logical framework matrix in standard format
- II- Amounts (in EUR) contracted and disbursed per quarter over the full duration of project
- III- Description of Institutional Framework
- IV - Reference to laws, regulations and strategic documents:
- V- Details per EU funded contract

## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	<p>Programme name and number</p> <p><b>Reducing trade and logistics related regulatory and administrative constraints and harmonizing cross-border clearance systems and services in Western Balkans</b></p>	CRIS No: 022-964
	Contracting period expires: 31 December 2012	Disbursement period expires: 30 November 2015
	Total budget : 2 000 000 EURO	IPA budget: 1 500 000 EURO

Overall objective	Objectively verifiable indicators	Sources of Verification	
To reduce trade and logistics related regulatory and administrative constraints and harmonizing cross-border clearance systems and services.	Value of aggregate private sector savings from implemented changes	<p>EU Country Progress Reports</p> <p>World Bank's Annual Doing Business report</p> <p>Project data</p> <p>Official statistical reports</p> <p>National Government Reports</p>	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of the regional trade logistics project is to enable promotion of regional cooperation in trade and logistics.	<p>Simplifying and harmonizing procedures and documentation</p> <p>Integrating risk management systems into border inspections and clearance</p> <p>Implementing electronic processing/automation and Single Window systems</p>	<p>Memorandum of Understanding and Cooperation Agreements signed</p> <p>Project Data</p> <p>Governments in the region</p> <p>Monitoring and Evaluation Surveys</p> <p>Official Gazette</p>	<p>Continuous support of the beneficiary countries</p> <p>Regional collaboration commitment by the beneficiaries</p> <p>Private sector input during focus groups</p>

		Bureau of Statistics  Customs Administrations & other technical control agencies	
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
10% reduction in the number of days and documents needed to import and export from and to across the seven beneficiaries.	Average number of days needed to needed to import and export from and to the seven beneficiaries	Bureau of Statistics, Customs Administrations, Official Gazette , Doing Business Report	
20 simplified or harmonized trade related regulations and administrative procedures along the supply chain and across the seven beneficiaries.	Average number of documents needed to import and export from and to the seven beneficiaries Number of reports (assessments, surveys, manuals) completed across seven economies	Memorandum of Understanding and Cooperation Agreements signed, Technical assistance action plans delivered	
7 national trade logistics workgroups created with over 30 common training events, seminars, and conferences and over 500 participants across the seven beneficiaries.	Number of laws/regulations/amendments/codes enacted across seven economies Number of procedures/policies/practices that were improved/eliminated across seven economies	Project Data, Governments in the region, Monitoring and Evaluation Surveys	
10% reduction in the number of procedures across seven beneficiaries improved preclearance and border clearance systems related to trade logistics.	Number of common workshops, training events, seminars, conferences, etc. across seven economies Number of participants in workshops, training events, seminars, conferences, etc. across seven economies Number of common reports and working documents Number of media appearances across seven economies More effective application of new skills among policy makers maximizing performance of trade logistics related reforms	Official Gazette, Monitoring and Evaluation Surveys } Sign-in sheets at project events	
10% reduction in the time and documents needed for border clearance, and implementation of common procedures for clearance of Transit Cargo on inland waterways on the River of Danube.	Number of entities that implemented recommended changes across seven economies Implementation or improvement of an intelligence framework related to trade logistics across seven economies Implementation or improvement of preclearance systems related to trade logistics across seven economies Implementation or improvement of border clearance systems related to trade logistics across seven economies	Standard evaluation forms at the end of every event  Press-clipping	

10% reduction in the time and documents needed for border clearance, and implementation of common procedures for clearance of Cargo on major airports.	Number of entities receiving advisory services Number of procedures/policies/practices that were improved/eliminated Number of reports (assessments, surveys, manuals) completed		
Activities	Means	Costs	Assumptions
<p>Activity 1 - Development of a set of consistent baseline benchmarks across countries in the region, drawing on the Doing Business 'trading across borders' indicators, other indicators and field data. Additional development of specific indicators to help measure and monitor regional trade would be included in this activity.</p> <p>Activity 2 – The project will work across the seven economies and assist governments to simplify and harmonize trade-related regulations and administrative procedures along supply chains. These simplifications and harmonisations would include behind-the-border, at-the-border and cross-border administrative and regulatory constraints.</p> <p>Activity 3 - Creation of a national trade logistics working group that will include key stakeholders both public and private to identify, discuss, implement and monitor the reform agenda. In addition, the working group would seek to organize seminars and conferences, such as among customs authorities, service providers (e.g., freight forwarders) and private sector associations, to build, catalyse and sustain reform momentum. A link will be made to the existing networks of reformers in the region. In addition comprehensive technical training will be provided for counterparts and professional service providers engaged in the various activities of this project.</p> <p>Activity 4 - This project component will assist the governments of the individual countries in preparing a comprehensive approach for increasing trade within the Western Balkan, and between these countries and the EU and Asia. The primary agenda for the regional approach would be to find regional solutions to trade logistics related issues to benefit from economies of scale while also identifying areas that impact trade logistics i.e. fighting trade in illicit goods, consumer protection, intellectual property rights, including removing barriers for development of e-trade. The beneficiaries through the regional approach could also examine the potential for processing intermediate goods produced within the region or imported. For the former, multi-country supply networks would have to be developed to support the development of large-scale processing facilities.</p> <p>Activity 5 - This project component would identify current practices and collaborate with the Customs officials in Croatia and Serbia to develop common procedures for clearance of Transit Cargo on the Danube. The clearance of transit cargo moving on inland waterways should be done in such a way as to minimize the delay to the movement of the cargo. This implies performing</p>	<p>Task Leader</p> <p>Key Experts</p> <p>Project Assistant</p> <p>Risk Management Expert</p> <p>Integrated Border Management Expert</p> <p>Regulatory Simplification Expert</p> <p>Trade and Logistics Training Expert</p> <p>Monitoring and Evaluation Expert</p> <p>Annual Conferences</p> <p>Workshops</p> <p>Round table meetings</p> <p>Publications</p>	<p>EUR 1 500 000</p>	

inspections while on board a moving vessel (where inspections are necessary).

Activity 6 - This project component will assist Civil Aviation Authorities and the operators of the major airports to introduce SITA cargo handling module at Major Airports across the region. The EU has adopted the SITA system for monitoring the movement of aircraft as part of its efforts to regulate the environmental impacts. A plan will be developed for the introduction of this system at the major airports in the Western Balkans and a longer-term program for introduction of the system at the medium sized airports.

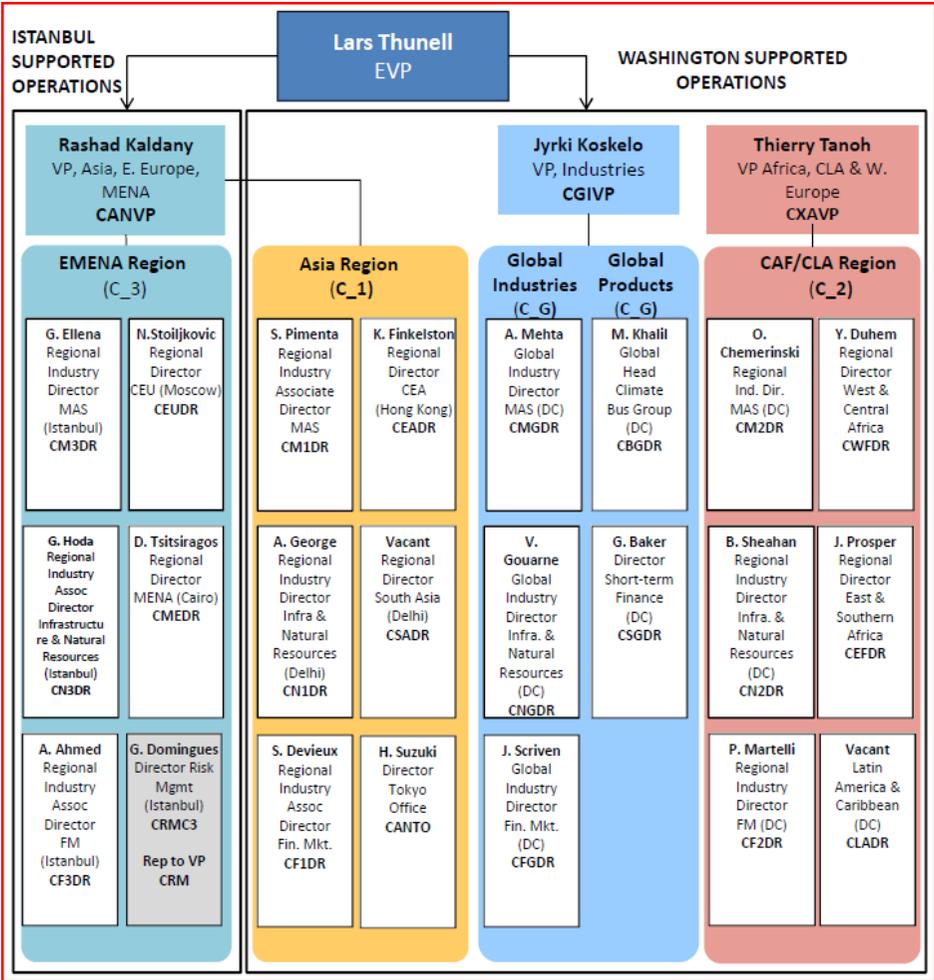
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**ANNEX II: Amounts (in EUR) contracted and disbursed per quarter over the full duration of project**

<b>Contracted</b>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>
Contract 1.1	1 500 000												
<b>Cumulated</b>	<b>1 500 000</b>												
<b>Disbursed</b>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>
Contract 1.1	450 000				500 000				400 000				150 000
<b>Cumulated</b>	<b>450 000</b>				<b>950 000</b>				<b>1 350 000</b>				<b>1 500 000</b>

**ANNEX III: Description of Institutional Framework**

The project will be delivered by the International Finance Corporation, a member of the World Bank Group, under the supervision of International Finance Corporation ECA regional program Director.



#### **ANNEX IV: Reference to laws, regulations and strategic documents**

- Multi-Beneficiary Multi-annual Indicative Planning Document MIPD (2008/2010);
- EU regionally relevant activities in the Western Balkans 2008/09, SEC(2009)128 final;
- COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL “Western Balkans: Enhancing the European perspective”, SEC(2008) 288;
- Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006), December 2006;
- CEFTA Strategic Work Programme 2008-2011, October 2008;
- Executive Summary of the Second Meeting of the CEFTA Subcommittee on Customs and Rules of Origin, May 2009;
- Ministerial Conclusions from the CEFTA JOINT COMMITTEE MEETING, October 2008;
- Western Balkan integration and the EU, The World Bank Group, 2008;
- Doing Business 2009, The World Bank Group, 2008;
- Doing Business in South East Europe 2008, The World Bank Group, 2008; and
- Attracting Investment to South East Europe, The World Bank Group, 2007.

## **ANNEX V: Details per EU funded contract**

The technical assistance as proposed under the project will be provided under an administration agreement, to be signed between the EC and IFC for a total amount of EUR 1 500 000.

The European Commission and the World Bank will conclude an Administration Agreement for the implementation of this project under Joint Management, as per the Trust Funds and Co-financing Framework Agreement between the European Union and the World Bank Group, signed on March 20, 2009.

IFC would administer the EU's grant funds via a dedicated stand-alone trust fund.