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ANNEX 10

to the Commission Implementing Decision on the financing of the multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024

Action Document for “Support to the implementation of the Common Regional Market (CRM) in 2024”

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(2) of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	Support to the implementation of the Common Regional Market (CRM) in 2024 Multi-country annual action plan in favour of the Western Balkans and Türkiye for 2024
OPSYS	ACT-61803
ABAC	ABAC Commitment level 1 number: JAD.1161483
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Yes Economic development (incl. private sector, trade and macroeconomic support)
EIP Flagship	15% share of the budget towards flagship 9 – investing in the competitiveness of the private sector
Team Europe	This action is not part of a regional Team Europe initiative in Western Balkans. However the European Commission support component 2 of this action (i.e. to be implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)) and support from the German Federal Ministry for Economic Cooperation and Development (BMZ) through its Open Regional Fund for South East Europe are complementary.
Beneficiary(y)/(ies) of the action	The action shall be carried out in Western Balkans (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, and Serbia) and Moldova ¹

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ In relation to CEFTA-related activities (components 1 and 3), and in order to ensure the coherence and effectiveness of Union financing and to foster regional cooperation

Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	Window 4: Competitiveness and inclusive growth Thematic Priority 2: Private sector development, trade, research and innovation (80%) Thematic Priority 3: Agriculture and rural development (20%)			
Sustainable Development Goals (SDGs)	Main SDG 17: Partnership for the Goals Other significant SDGs: SDG 8 ‘decent work and economic growth’ SDG 12 ‘responsible consumption and production’ SDG 15 ‘life on land’			
DAC code(s)	33130 – regional trade agreements (85%) 25030 – business development services (15%)			
Main Delivery Channel	Other multilateral institution – 47000			
Targets	<input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers and Tags	Policy objectives	Not targeted	Significant objective
EIP		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

EIP Flagship	YES x	NO <input type="checkbox"/>	
Tags:	YES	NO	
Transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Environment and climate resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digital	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Development (incl. human capital and youth)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Rule of law, governance and Public Administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION	
Amounts concerned	Budget line: 15 02 02 01 Total estimated cost: EUR 6 900 000 Total amount of EU budget contribution EUR 6 000 000 This action is expected to be co-financed in parallel under component 3 by BMZ for an amount of EUR 900 000.
MANAGEMENT AND IMPLEMENTATION	
Implementation modalities (management mode and delivery methods)	Direct management through grants Indirect management with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Final date for concluding contribution / delegation agreements, procurement and grant contracts	At the latest by 31 December 2025
Indicative operational implementation period	72 months following the adoption of the Financing Decision

1.2. Summary of the Action

This action aims at improving competitiveness and business environment in the Western Balkans while enhancing the alignment of the region with the EU legal framework. Three complementary specific objectives are identified, namely 1) enhancing the digital transmission of data among the Central European Free Trade Agreement (CEFTA) parties thereby removing obstacles, cutting costs and time needed for goods, services, capital and people to move freely across the region; 2) increasing support services for private sector development – with a focus on SMEs / MSMEs – and facilitating deeper cross-border business cooperation while promoting the benefits and opportunities of establishing a common regional market, through the Western Balkans 6 Chamber Investment Forum (“WB6 CIF”); and 3) improving the implementation of CEFTA 2006 Additional Protocol 5 (AP5), in relation to trade in goods, and Additional Protocol 6 (AP6) in relation to trade in services in the framework of the Common Regional Market (CRM) 2021-2024.

CEFTA agreement 2006 and its additional protocols provide a regional framework for the liberalisation and removal of non-trade barriers in the Western Balkans and Moldova. While legal framework reforms are ongoing their implementation remains equally important and can sometimes prove challenging. Besides, CEFTA parties engage with the EU as part of their accession process. This presents a risk of unsynchronised reforms in the region potentially generating new trade barriers and impacting the region competitiveness. In terms of political relations, the region is still confronted with unresolved disputes that limited in recent years the adoption of new decisions as well as slowing down of their implementation.

In order to address these multiple challenges and based on lessons learnt from recent EU-funded regional programmes in the area of trade and regional integration in Western Balkans this action provides targeted support to achieve direct benefits (i.e. digital exchange of trade data, building on the recent achievement of the green lanes between the EU and Western Balkans), engage proactively with CEFTA stakeholders to develop and adopt regional trade procedures aligned with the EU *acquis*, thereby promoting a harmonised

adoption of EU standards with indirect benefits for the environment and gender dimension. Finally, this action promotes business opportunities in the region for economic operators through better cooperation and tailor made services. The private sector in the region can be a powerful advocate for common regional market policies to be implemented.

The action fits mostly under thematic priority 2 on private sector development, trade, research of window 4 of the Instrument for Pre-Accession Assistance (IPA) III programming framework². It contributes essentially to SDG 17 ‘partnerships for the goals’ as well as ‘participation development/good governance’ DAC marker.

1.3 Beneficiaries of the Action

The action shall be carried out in Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia).

The action is of regional and cross-border nature, fostering regional cooperation. Due to the action’s nature and the importance to ensure complete regional coverage, the eligibility of the action extends exceptionally to Moldova, regarding component 1 (SEED+) and component 3 (Support to Regional Economic Integration)³, as its participation constitutes an important element to ensure the coherence and effectiveness of Union financing or to foster regional cooperation.

2. RATIONALE

2.1. Context

Despite a post COVID-19 economic rebound the Western Balkans region faced economic headwinds towards the end of 2022⁴ as pandemic-related support measures decreased and also as a result of market disruption derived from the Russia’s war of aggression against Ukraine. The convergence process of Western Balkans with the rest of the European Union (EU) still requires further efforts in terms of structural reforms and competitiveness⁵. Through the attraction of Foreign Direct Investments and enhanced trade policy measures, the Western Balkans economies have the opportunity to stimulate economic growth, innovation and address sustainable development challenges.

During the last decade CEFTA has generated higher intra-regional trade despite trade flows continuing to be strongly oriented towards the EU. The EU is a leading trade partner to most CEFTA parties, representing between 50 and 80% of CEFTA's total international trade. The majority of intra-regional exports still concentrate on low value-added industrial supplies and consumer goods, and a similar pattern can be observed for exports to the EU. The region is gradually transitioning from primary and resource-based exports to more specialised and goods with greater added value like machinery, electronic equipment, and automotive parts. These changes are in line with what is anticipated given the region's economic growth potential and expected convergence with the EU.

Deepening regional trade integration and enhancing trade cooperation with European countries represents a key premise for trade growth and economic development in the region. For that, facilitation of trade in goods and services, based on alignment with the EU norms and standards, remains one of the key priorities of the CEFTA Parties. Promoting regional economic integration is a priority of Western Balkans leaders with the goal of boosting regional economic development. In light of this the Common Regional Market Action Plan (CRM AP) 2021-2024 provides a key regional strategic framework for economic integration as endorsed in

² COM(2021) 8914 final, 10.12.2021

³ Components 1 and 3 support the work of the Central European Free Trade Area (CEFTA) to which Moldova is a party

⁴ [EU Candidate Countries’ & Potential Candidates’ Economic Quarterly \(CCEQ\), 4th Quarter 2022 \(europa.eu\)](#)

⁵ [Competitiveness in South East Europe: A Policy Outlook 2021, OECD](#)

2020 under the auspices of the Berlin Process. Western Balkans leaders committed to strengthen economic links and foster the free movement of goods, services, capital and people in the region. The progressive deepening of the economic integration in the region based on EU rules seeks to secure both integration within the region and in the EU. Alignment of national procedures, operations and documents in CEFTA Parties with the EU *acquis*, and other international conventions, standards and practices is essential for boosting trade flows and regional trade integration.

As part of the annual Economic Reform Programmes (ERPs) exercise short-term policy measures are identified in order to address macro-fiscal vulnerabilities and structural obstacles to sustainable growth⁶. Macro-fiscal imbalances widened during the COVID-19 period and despite improving and reversed trends since 2022, the combined economic slowdown and inflationary pressures make it a balancing act for Western Balkan policy makers to support sectors in needs while aiming at medium-term fiscal consolidation in order to rebuild fiscal buffers. A contraction of exports from the region to the rest of the world led to a deterioration of current accounts in Western Balkans economies. Implementing structural reforms alongside macro-fiscal management seems essential to achieve recovery objectives. Opportunities exist in the area of trade facilitation through more efficient custom procedures as well as in relation to innovation and job creation through enhanced business environment in the region.

The “WB6 CIF” has an important role to play as public-private dialogue facilitator and enabler of the establishment of a Common Regional Market (CRM). It is recognised as a regional business support organisation that facilitates implementation of joint actions, promotes joint potentials and presents the Western Balkans as a unique investment destination. It has a leading role implementing particular goals of the CRM Action Plan under the Regional Industrial and Innovation Area e.g. regional industry development, automotive industry value chains, green & circular economy value chains, creative industry, metal processing industry, and the development of the Regional Supplier Development Program. With a particular focus on Small and Medium-Sized Enterprises (SMEs), regional business cooperation aims at improving the business and investment climate in Western Balkans, in keeping with the forward looking agenda of the revised enlargement methodology (*Enhancing the accession process - A credible EU perspective for the Western Balkans*⁷). The private sector is also instrumental in influencing governments to advance on reforms to improve the regional legal and policy framework.

Window 4 of the Instrument for Pre-Accession Assistance (IPA) III programming framework addresses competitiveness and inclusive growth matters. It also has links with the EU Horizon Europe programme and the Western Balkans Agenda on innovation, research, education, culture, youth and sport. Its thematic priority 2 on private sector development, trade, research and innovation states that “given the potential for inclusive and sustainable economic growth, further support to tackle some of the private sector’s key challenges remains crucial: expedite structural adjustment; foster an environment conducive to business creation and to domestic and inward foreign investment; promote the use of international standards; promote small and medium-sized businesses; promote entrepreneurship; support the digitisation of industry, encourage innovation. In particular, for Micro, Small and Medium Enterprises, challenges include quality in their services and production, lack of access to finance and of financial inclusion (for women and youth especially), to sustainable and reliable energy and to digital technologies.” This will allow bringing about inclusive, sustainable growth and employment, in line with the existing policy framework and requirements and standards contained in by the EU *acquis*.

The action will also contribute to the Green Agenda for the Western Balkans⁸ in particular through green and circular economy value chains activities foreseen in the CRM AP such as the establishment of a regional framework on common standards in circular economy; setting up of a roadmap to reach a common agreement

⁶ https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/policy-highlights/economic-governance_en

⁷ COM(2020) 57 final, 5.2.2020

⁸ SWD(2020)223 final, 6.10.2020

on green and circular business value chains and a regional Green Start-up Network. It will also contribute to the Digital Agenda in Western Balkans through the electronic exchange of data for trade in goods and services as well as on the digitalisation of mutual recognition programmes (i.e. veterinary, fruits, vegetables, authorised economic operators, industrial products). Both the digital and green agendas are also of high importance to the business community in the region.

The action is also complementary to the Economic and Investment Plan (EIP) for the Western Balkans⁹ that aims at spurring the long-term recovery of the region, support a green and digital transition, boost economic growth and support reforms required to move forward on the EU path, including bringing the Western Balkans closer to the EU Single Market and the latest EU policy developments, such as the European Green Deal¹⁰. It aims at unleashing the untapped economic potential of the region and the significant scope for increased intra-regional economic cooperation and trade, contributing to a sustainable transition towards modern, carbon-neutral, resource-efficient and competitive economies. At the heart of this plan is a substantial investment package articulated around ten indicative investment flagships. The “WB6 CIF” activities link directly to EIP flagship 9 ‘investing in the competitiveness of the private sector, which seeks the development of a robust, innovative and competitive private sector. This requires, in particular, increased investments in SMEs and MSMEs - including the promotion of green financing and innovative energy efficiency - and their capacity to innovate, scale-up and grow. WB6 CIF activities are also in line with measures of the European Innovation Council (under the EU Horizon Europe programme) and with European Enterprise Network nodes in the region.

2.2. Problem Analysis

Short problem analysis

Trade relations in Western Balkan region are governed by CEFTA agreement and its additional protocols but in the meantime each CEFTA party also engages with the EU as part of their accession which leads to unsynchronised reforms of trade procedures and legislations. This can generate new trade barriers and can negatively impact the region competitiveness. A lack of regional coordination is also detrimental to the work of regulatory bodies and authorities in charge of controls and inspections when it comes to exchanging trade-related data (i.e. sanitary and phytosanitary matters, veterinary and medicines, data on authorised economic operators, etc.). As CEFTA market is not yet fully integrated, consumers are also affected through more expensive products, more limited options and less awareness in terms of standards. To tackle these challenges, the EU funded the Support to Regional Economic Integration programme implemented by GIZ following a two-pronged approach by working on regulatory and policy aspects at regional level while accompanying CEFTA party with implementation.

Enhancing the effectiveness of customs and inspections operations, particularly in the area of controls is another important requirement to improve trade flows in Western Balkans. Simplifying formalities and shortening waiting times through real-time electronic exchange of data is already work in progress through the Systematic Exchange of Electronic data system (SEED +) but the maintenance of databases and further development of modules (i.e. phytosanitary and veterinary certificates, notification for unsafe products, etc.) still relies on EU external due limited resources in the region. Further improving SEED+ would contribute decisively to foster relations among CEFTA parties, generate environmental benefits, offer gender-sensitive opportunities for new jobs in customs or logistics, reduce the risk of fraud and corruption at border posts, and promote peace in the region through more integrated and inter-related economies and societies.

CEFTA parties have also experienced political challenges in recent years, essentially as a result of the unresolved political disagreements between Serbia and Kosovo. This is currently resulting in around fifteen

⁹ COM (2020) 641 final, 6.10.2020

¹⁰ COM(2019) 640 final, 11.12.2019

draft decisions finalised at technical level but not approved by CEFTA Joint Committee, CEFTA highest and more political structure level. Advancing trade related harmonisation in areas related to decisions that have been already approved offers the opportunity to maintain the momentum of intra-regional trade integration while preparing for further achievements the moment political conditions are more favourable.

Economic operators are also affected by trade barriers originating not only from legislation but also from the way they are implemented. Even when a legislation is aligned with the EU *acquis* it can result in barriers to trade if not duly implemented. In order to identify and define specifically trade barriers, input and feedback from the private sector is fundamental. At the same time, a strong demand from the private sector for a better trade regional framework is essential to put pressure on public administrations of the parties to undertake necessary reforms. The sensitive political climate between Kosovo and Serbia negatively impacted activities under Work Programme 6 of the project with the “WB6 CIF” (–i.e. chamber dialogue between the Serbia and Kosovo chambers) for an extended period. However, since the new president of the Kosovo chamber took over the mandate of president of the “WB6 CIF” management board in early 2023, implementation of bilateral activities under Work Programme 6 began and continue in a collaborative manner.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The main stakeholders are members of the CEFTA structures¹¹ in charge of delivering economic integration as per the CRM AP as well as chambers of commerce of the Western Balkans representing the voice of business operators.

CEFTA framework is composed of multiple bodies composed of representatives of the parties and supported by the CEFTA Secretariat. Officials from the following institutions will be beneficiaries of the action: ministries of trade, customs administrations, veterinary authorities, sanitary and phytosanitary authorities, public health administrations, competent authorities in charge of the implementation of CEFTA trade in services decisions.

The final beneficiaries of this action are citizens and businesses in CEFTA region.

2.3. Lessons Learned

Since its first implementation phase in 2010, the Systematic Exchange of Electronic Data (SEED) has enhanced border management in the Western Balkans, fostering cooperation and sharing of information among Customs Administrations. SEED has along the years significantly contributed to overcome the inefficiencies in the Western Balkans' border management systems and made preconditions for less complicated and less time-consuming procedures for legitimate trade flows. SEED has also contributed to reducing the security risks in the region.

The SEED system has been supported by the Instrument of Pre-accession Assistance (IPA) since 2010 and as well as by the Italian Customs and Monopolies Agency until 2018. The current EU grant SEED+ (EUR 5.3 million, from 2018 to 2023) is implemented by the CEFTA Secretariat. SEED+ builds on past achievements and extends customs cooperation to other areas such as Authorised Economic Officers (AEO), binding tariffs information, exchange of certificates and risk management. In 2020, the SEED platform was instrumental in the implementation of the Green Corridors initiative amid COVID-19 pandemic. It was used to preserve trade and accelerate the process of clearance of essential goods. This was feasible by sending pre-arrival information on consignments of essential goods in advance to all agencies involved in the clearance of goods (customs, phytosanitary, veterinary and food inspections) for priority passage. This was among the most successful regional cooperation initiatives.

¹¹ <https://cefta.int/about/cefta-structure-organigram/>

Through SEED+ this initiative has been extended to all border crossing points and common crossing points within CEFTA including rail and to three EU Member States facilitating CEFTA export. The leaders of the European Union and its Member States, in consultation with Western Balkans leaders, and in the presence of regional and international stakeholders, at the Tirana summit held in December 2022 called for “EU-Western Balkans Green Lanes full application at all relevant borders, while fully respecting the EU *acquis* and procedures”.

SEED+ also supported the cooperation of other agencies involved in clearance of goods. CEFTA TRACES NT was built on EU TRACES NT¹² and in line with the EU *acquis* and EU Member States' practices. This practice of customisation of existing EU systems for CEFTA purposes turned to be very successful, providing for faster alignment of CEFTA with EU and should be explored in other areas. It is a multilingual online platform available 24/7, that streamlines the certification process and facilitates the exchange of data, information, and documents between all involved trading parties and regulatory authorities. CEFTA TRACES NT is an efficient tool, which ensures traceability (monitoring movements of consignments), information exchange (enabling trade partners and competent authorities to easily share information on the movements of their consignments, which in turn significantly speeds up administrative procedures) and risk management (reacting rapidly to health threats by tracing the movements of consignments and facilitating the process of rejected consignments). It supports generating, processing and exchanging phytosanitary, veterinary and pharmaceutical certificates and entry documents in CEFTA, including e-certificates, but currently paper copy still accompanies the trucks.

Since 2020 the EU is funding a programme called “Support to Regional Economic Integration” implemented by GIZ that contributes towards the achievement of the facilitation of trade in the region and has devoted its utmost attention to pursue the implementation of the agreed reforms under AP5 and AP6. The support from the project through working groups has been instrumental in facilitating the exchange of information through SEED+ platform. Indeed, due to different levels of compliances of CEFTA parties with EU, legal activities on harmonisation of certificates are carried out to allow digital and of harmonised exchanges at regional level.

The programme aimed at improving the capacities of CEFTA parties to implement the Decision on Establishment of the Validation Procedure for the Mutual Recognition of CEFTA Parties' Authorised Economic Operators' Programmes, the Decision for Facilitating Trade in Fruit and Vegetables and the CEFTA Risk Management Strategy and Action Plan. After elaboration of detailed plan for implementation of all three CEFTA Decisions with roadmap and specific capacity building measures, the programmes activities have been focused on addressing the identified gaps and needs of respective CEFTA authorities. Key achievements relate to the setting-up and implementation of national AEO programmes, mutual recognition of border procedures and documentation through regular working group meetings at technical level, as well as the development, deployment and piloting of joint controls based on Common Risk Profiles. Major efforts were also oriented towards the detailed elaboration of a simplified decision for facilitating trade in services supplied by travel agencies and tour operators, following the EU practices (Services Directive) and commitments from AP6. In the services sector, other key achievements included enhancing transparency in intra-CEFTA service trade data, strengthening capacities of CEFTA parties implement AP6 (i.e. though services trade restrictiveness index assessment reports), monitoring of trade in services statistics.

Regional trade integration is a long-term process requiring high political will and technical competence of all parties involved. Initiatives that are not integrated into the broader strategic context have often led to limited results. It requires that governments ensure that their administrations follow a constructive and positive line in the implementation of the regionally agreed measures. Haphazard progress in one area but not in another

¹² TRACES NT is the European Commission's multilingual online sanitary and phytosanitary certification platform supporting the importation of animals, animal products, food and feed of non-animal origin and plants into the European Union, and the intra-EU trade and EU exports of animals and certain animal products.

will not create a barrier-free region; nor will it be worthwhile if present barriers are replaced by new but equivalent ones. Combining both regulatory support, capacity building through “Support to Regional Economic Integration” programme and concrete benefits through SEED+ platform proved to be an efficient approach. High-impact results can be best achieved by supplementing long-term policy recommendations and action plans with short-term pilot implementation that translate early-on into tangible results and thereby, ensuring engagement and buy-in by all stakeholders.

Regarding the “WB6 CIF”, the first ever 3-year project to be managed by “WB6 CIF” was signed in December 2019. The COVID-19 pandemic began 3 months later, affecting implementation as holding physical meetings and events was very restricted. As such, most activities in the first 18 months were organised online or hybrid, leaving the budget partially unspent. In mid-2022, the “WB6 CIF” requested a no-cost extension to pursue completion of contract activities. An Addendum was signed in December 2022 for completion in June 2023. Despite setbacks, the “WB6 CIF” pursued project goals as best possible and overall have gained momentum and recognition for facilitating business outreach and promoting regional competitive advantages. It adopts a serious role promoting the benefits of the CRM AP and established a “EU-WB6 Business Platform” to ensure a continued and structured dialogue between EU decision makers and the Western Balkans’ business community. WB EDIF participated in the “EU-WB6 Business Platform” meeting held in Brussels, April 2022. Given its observer status, the “WB6 CIF” has participated in the WBIF Steering Committee meetings. Other activities include open calls on technical assistance for SMEs to access EU funds, several successful investment conferences and academy trainings with Eurochambres related to digital and green transition. The “WB6 CIF” stand at international fairs promoted regional products and services. It has engaged in B2Bs, conducted mapping surveys of regional suppliers which feed into the market access database they developed for the Regional Supplier Programme, and provided business analysis reports related to progress on establishing a common regional market. Strengthened human resource/financial capacities at the smaller chambers would be beneficial (e.g. Albania), and further efforts are needed (in some economies) to promote wider participation of companies at various business events. The “WB6 CIF” should consider putting in place an adequate/sustainable funding system to strengthen its effectiveness and ensure continuity post-donor funding.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective (Impact) of this action is to improve Western Balkans competitiveness and business environment while enhancing the alignment of the region with the EU legal framework.

The Specific Objective(s) (Outcomes) of this action are to:

1. Enhance the digital transmission of data among CEFTA parties thereby removing obstacles, cutting costs and time needed for goods, services, capital and people to move freely across the region;
2. Continue to build support services for private sector development – with a focus on SMEs / MSMEs – and facilitate deeper cross-border business cooperation in the Western Balkans through the “WB6 CIF”, while promoting the benefits and opportunities from establishing a CRM;
3. Improve the implementation of AP5 and AP6 of CEFTA 2006 and trade priority areas of the CRM 2021-2024;

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are as follows.

Contributing to Outcome 1 - SEED+ (or Specific Objective 1):

- 1.1 SEED+ platform is operational and new features and modules are developed;
- 1.2 Standard operating procedures supported by an enabling legal and regulatory framework and user sensitisation;

Contributing to Outcome 2 – “WB6 CIF” (or Specific Objective 2):

- 2.1 Strengthen capacities of targeted SMEs/MSMEs and further develop services for Western Balkans’ companies to respond to market needs and requirements, including those related to boosting cross-border trade;
- 2.2 Represent the interests of the Western Balkans’ business community, support the improvement of the regional legal and policy framework and promote the potential for enhanced regional cooperation with increased visibility for the benefits of a CRM;

Contributing to Outcome 3 – Support to Regional Economic Integration (or Specific Objective 3):

- 3.1 Trade in goods in CEFTA facilitated through engagement and support to CEFTA structures, mutual recognition frameworks, implementation of the risk management strategy and agency joint risk management piloting, harmonisation of custom procedures and documentation, alignment of legislation, regulations and procedures, compliance with environmental frameworks, transparency, accountability and communication;
- 3.2 Trade in services in CEFTA facilitated through notification procedures linked to services regulatory database, transparency on trade in services, inter-agency coordination meetings, domestic regulation reviews and support to the implementation of regional disciplines;

The underlying intervention logic for this action is that a better functioning of CEFTA market through an enhanced business environment is desirable for many reasons. Not only it offers a joint perspectives to CEFTA parties in achieving synchronised trade and economic reforms that could otherwise generate divergence as a result of EU accession bilateral timelines but it also provides a platform for improving growth and investment in the region, a necessity to improve living standards and for generating socio-economic benefits for the population. The adoption of legal reforms and their thorough implementation should be supported in Western Balkans economies in order to achieve this goal. The action therefore aims at supporting key stakeholders in the region through various aspects namely legal and regulatory support, capacity building, support with the adoption of suitable digital solutions. A joint approach targeting public and private structures is envisaged to create the right balance of incentives and in order to generate concrete results on the ground.

3.2. Indicative Activities

Activities related to Output 1.1:

- CEFTA SEED+ IT infrastructure maintained and expanded to support operationalisation of CEFTA agreement, protocols, decisions and policies by accelerating digital transition of data in particular regarding green lanes, CEFTA TRACES NT, authorised economic operators, unsafe and non-compliant products, risk management, e-commerce, rapid alert systems, authorisations, licenses, qualifications, professional cards;
- Operationalisation of data exchange for all veterinary, phytosanitary and medicines certificates;
- Support to automatic collection, data warehousing and analysing of statistical data to monitor and evaluate the implementation of trade facilitation instruments.

Activities related to Output 1.2:

- Support in drafting of provisions/templates for harmonised and integrated issuing of authorisations within the cross-border supply chain will be provided to the parties;
- Operational instructions for all stakeholders drafted and adopted by all relevant institutions in all CEFTA parties;
- Integrating existing national legislation in the area of data exchange, with particular regard to common risk profiles, irregularity detection, customs alert forms, inspection reports;

- Updating the relevant national legislation by the means of a gap and needs analysis of customs procedures and strengthening inter-agency cooperation, within the perspective of establishing the One Stop Shop Framework, including relevant recommendations, conducted and delivered;
- Implementation of EU best practises in post-clearance controls and auditing, management and protection of customs related data;
- Strengthening national risk databases capacity allowing CEFTA parties to exchange relevant data on a case-by-case scenario. Implementing data analysis tools in order to enhance the identification of customs-related risks and improve all parties' capabilities in countering illegal activities;
- Sensitisation of public and economic operators on CEFTA SEED+ benefits.

Activities related to Output 2.1:

- Organise tailor-made training, investment promotion, joint trade fairs, info days and other business-relevant events, presenting Western Balkans products and services, and offer technical assistance – including on access to EU funds - to increase their competitiveness and ensure private sector development with transition to a green economy focus; and continue to implement the Regional Supplier Development Program that promotes integration into regional and EU value chains.

Activities related to Output 2.2:

- Organise roundtables with decision makers - including through the “EU-WB6 Business Platform” - and sectoral events; conduct surveys and analysis on topics of importance for business aimed at supporting regional integration, competitiveness and job creation, mainstreaming environment and climate change considerations where possible; and promote the benefits and achievements of the CRM.

Activities related to Output 3.1:

- Strategic and technical advisory support to CEFTA structures and national institutions for full implementation of the regional framework for mutual recognition of Authorised Economic Officer (AEO) programmes in CEFTA;
- Assessing risk management systems, legal and regulatory reviews and practices of customs and other border agencies (e.g. sanitary, veterinary, border police) and supporting CEFTA parties implement the regional risk management strategy and action plan based on EU best practices as well as piloting of joint risk management activities;
- Harmonisation of border documents in line with EU norms and standards;
- Mobilisation of technical assistance to carry out specific support in the priority areas including environment and climate change mainstreaming where possible;
- In-depth analyses and legal advises to allow for a better adherence to the commitments set out in the regional agreements and to address relevant policy deficits;
- Alignment of domestic legislation, regulations, and procedures in relation to trade facilitation;
- Regular monitoring of results of AP5 reforms for improved transparency and accountability;
- Communicating and promoting benefits resulting from AP5 reforms.

Activities related to Output 3.2:

- Implementation of notification procedure linked with CEFTA Services Regulatory Database to enhance transparency on trade ins services;
- Supporting intra-governmental coordination meetings among relevant agencies at national level;
- Regular review of domestic regulation to maintain agreed AP6 commitments;
- Support implementation of Regional Disciplines on Domestic Regulation based on the EU position in the World Trade Organisation.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

At this stage no Strategic Environmental Assessment, Environmental Impact Assessment or Climate Risk Assessment is required since the support will involve mostly non-physical work (i.e. no new infrastructure). On top of strategic objective to get the Western Balkans to European environment standards and to implement their Green Agenda, the action brings also concrete and pragmatic environmental wins. The digital component of the action should reduce waiting time for lorries at border post and therefore reduce carbon emissions during custom crossing. Consultation, workshops and meetings organised at regional level should alternate in person and virtual modalities in order to reduce air and road transport of participants. Progress in the area of mutual recognition can simplify testing procedures for economic operators and limit unnecessary transactions and shipments. The action foresees activities relating to phytosanitary inspections, controls, contingency plans and food safety measures. This in turn contributes to preserving biodiversity in Western Balkans (and also on the EU market through safer imports) thanks to the detection and eradication of pests.

The increase in trade flows presents the risk of generating additional carbon emissions through the movement of consignments but this should be mitigated by the development of transport infrastructures in line with the Green Agenda for Western Balkans.

Stakeholders of the action should also promote the development of regional trade in a way that it contributes sustainable development objectives by preserving the environment and climate change through the promotion of a green and circular economy and the adoption of product standards with higher environmental requirements as targeted by the Green Agenda for the Western Balkans and European Standards. The programme is an opportunity to sensitise economic stakeholders on the Paris Agreement, their own nationally determined contributions, Montreal-Kunming Global Biodiversity Framework.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that in line with the approach outlined in the EU Gender Action Plan, (GAP III) 2021-2025, the actions will mainstream gender equality whenever possible.

As the voice of the private sector, chambers of commerce can play a vital role in shaping policies and partnerships, in overseeing their implementation, and in promoting a gender responsive policy in the region. Cluster cooperation and networking of women and youth can be promoted through the support services offered to SMEs in niche markets. Activities carried-out under specific objective 2 will ensure that specific needs of women entrepreneurs are addressed specifically through workshops and panel discussions.

As part of the monitoring of indicators linked to activities implemented under specific objectives 1 & 3 data should be collected and presented as much as possible disaggregated by sex and reflect gender issues. Indeed statistics provide the basis for evidence-based policy development and monitoring and evaluation of their implementation.

Overall, the contracts deriving from this action should be designed in a way to mainstream gender equality and enable better delivery of services to the vulnerable populations. This could particularly be applied when supporting customs and trade procedures reforms in order to combat gender stereotypes and promoted the reporting of offenses.

Conflict sensitivity, peace and resilience

Promoting trade and regional integration in Western Balkans is a sustainable and powerful way to reduce the risk of conflict in the region. The action aims at increasing joint cooperation at technical level between

authorities from CEFTA parties (i.e. customs and regulatory authorities), promote opportunities for business in the region (i.e. chambers of commerce) and generate socio-economic benefits for the population.

Disaster Risk Reduction

The promotion of data exchange through digital means among CEFTA parties can reduce phytosanitary, veterinary and food safety risks in the region. The regional platform for data exchange could also real-time notification in the event of an outbreak presenting a risk for human consumption, animals or the environment.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1-External environment: Political matters	In the event that the Belgrade-Pristina dialogue agreement (2023) is not implemented CEFTA structures might not be able to operate properly (i.e. joint committee decisions; cooperation between parties).	M	H	Engagement with stakeholders from CEFTA parties through already established working groups to build on past achievements at technical level and further advance reforms that are seen as necessary by all stakeholders. Active participation of the private sector in demonstrating the benefits and need for deeper regional integration in Western Balkans. Trade data exchanged digitally through clouds located outside of the region preventing political susceptibility.
1-External environment: Economic conditions	Economic of financial difficulties leading to a deterioration of trade flows in the region	M	M	The engagement of the European Commission with Western Balkans as part of the accession process together with support through Economic Reform Programmes, Economic Investment Plans and broadly through the Instrument of Pre-accession Assistance should contribute to improving the resilience and competitiveness of the region.
1-External environment: Cybersecurity	Cyber-attacks affecting CEFTA parties and SEED+ platform	M	M	Through another EU grant with the Regional Cooperation Council regional cyber resilience is supported to boost the overall level of cybersecurity including for critical infrastructure.
1-External environment: Environment and Climate Change	Limited institutional capacity to tackle environmental	M	M	Sensitization of public and private stakeholders on the impact of the Carbon Border Adjustment Mechanism for Western Balkan exporters.

	challenges and risk of missing opportunities in terms of transition to a greener economy			Inclusion of environmental and climate change consideration when engaging with customs and other agencies in the region as part of the implementation of the CRM.
3-People and the organisation: People	Lack of capacity of customs officers and/or inspectors from CEFTA parties	M	M	Targeted needs assessments and capacity building activities will be carried through the activities linked to specific objective 1 and 3.
3-People and the organisation: Organisations	Lack of ownership or sustainability of the action	L	M	Activities supported through CEFTA working groups will be endorsed through respective sub-committees and committees. The activities implemented in support to each specific objective should foresee exit strategies to ensure a gradual and sustainable working modality.
4-Legality and regularity aspects: Integrity	Risk of corruption, fraud or malpractice by the public and/or private sectors undermine partners confidence	M	H	The adherence to international procurement standards, technical and financial audits and evaluations can significantly reduce the scope of corruption and fraud. Digitalisation of government services for the exchange of trade data will increase transparency and accountability.
5-Communication and information	Lack of coordination among the implementing partners	M	M	Continued participation at stakeholder meetings throughout the implementation, as well as sharing lessons learned and key data from M&E, will support coordination efforts.

External Assumptions

In order to achieve the expected results of this action it is assumed that CEFTA parties will remain committed to implement the CRM AP 2021-2024 and its successor. This entails cooperating in good faith and exchanging information in the different areas of the Action Plan. Equally the intervention logic relies on the assumption that CEFTA parties remain actively determined to advance internal reforms in light of their accession to the EU.

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Improve Western Balkans competitiveness and business environment while enhancing the alignment of the region with the EU legal framework	Global Competitiveness Index for Western Balkans	58,26 in 2019	2026 (TBD)	World Economic Forum, global competitiveness report (or equivalent); OECD SME policy index	<i>Not applicable</i>
Outcome 1 – SEED+	Enhanced digital transmission of data among CEFTA parties thereby removing obstacles, cutting costs and time needed for goods, services, capital and people to move freely across the region	Level of efficiency and transparency of border administrations	2022 (TBD)	2026 (TBD)	World Economic Forum, global enabling trade report (or equivalent)	Active and constructive participation of CEFTA parties stakeholders in promoting intra-regional trade
Outcome 2 – “WB6 CIF”	Increased support services for private sector development – with a focus on SMEs / MSMEs – and facilitated deeper business cooperation in the Western Balkans through the “WB6 CIF”, while promoting the benefits and opportunities from establishing a common regional market (CRM)	Balkan Business Sentiment Index Economic Analysis of the Western Balkans’ business community	2022 (TBD)	2025 (TBD)	Balkan barometer business opinion by the Regional Cooperation Council The “WB6 CIF” Economic Analysis and Key Performance Indicator Report (monitoring implementation of the CRM AP 2021-2024)	Active and constructive participation of chambers from CEFTA parties in improving business conditions for operators
Outcome 3 – Support to Regional Economic Integration	Improved implementation of AP5 and AP6 of CEFTA 2006 and trade priority areas of the CRM 2021-2024	Reduction of average clearance and border crossing times for intra-CEFTA trade	2022 (TBD)	2025 (TBD)	CEFTA statistics portal	Active and constructive participation of CEFTA parties stakeholders in promoting intra-regional trade
Output 1 related to Outcome 1 SEED+	1.1 SEED+ platform is operational and new features and modules are developed 1.2 Standard operating procedures supported by an enabling legal and regulatory framework and user sensitisation	1.1 Notifications exchanged by CEFTA parties through SEED+ 1.2 Harmonised templates adopted by CEFTA parties	1.1 2022 (TBD) 1.2 2022 (TBD)	1.1 2026 (TBD) 1.2 2026 (TBD)	SEED+ action report Data extracted from the platforms	CEFTA parties provide necessary hardware and infrastructure for communication links Active and constructive participation of CEFTA parties in working groups at technical level

<p>Output 2 related to Outcome 2</p> <p>“WB6 CIF”</p>	<p>2.1 Strengthened capacities of targeted SMEs and developed joint business services to respond to market needs and requirements including those related to boosting cross-border trade</p> <p>2.2 Represented the interests of the Western Balkans’ business community, supported the improvement of the regional legal and policy framework and promoted the potential for enhanced regional cooperation (i.e. studies, events) with increased visibility for the benefits of a CRM</p>	<p>2.1 number of SMEs that received individual, tailor-made support to seek business and funding (including access to EU funds/green financing) opportunities across borders; number of events “WB6 CIF” organised; increased number of companies registered on the “WB6 CIF” market access database;</p> <p>2.2 number of events promoting the Western Balkans’ business potential and the benefits of regional cooperation through a CRM, and aligned with Green Agenda</p>	<p>2.1 2022 (TBD)</p> <p>2.2 2022 (TBD)</p>	<p>2.1 2025 (TBD)</p> <p>2.2 2025 (TBD)</p>	<p>“WB6 CIF” Annual Report based on surveys of participating companies</p> <p>“WB6 CIF” Market Access Database</p>	<p>Conducive political and economic conditions in the Western Balkans promoting business cooperation in the region</p>
<p>Output 3 related to Outcome 3</p> <p>Support to Regional Economic Integration</p>	<p>3.1 Trade in goods in CEFTA facilitated through engagement and support to CEFTA structures, mutual recognition frameworks, implementation of the risk management strategy and agency joint risk management piloting, harmonisation of custom procedures and documentation, alignment of legislation, regulations and procedures, transparency, accountability and communication</p> <p>3.2 Trade in services in CEFTA facilitated through notification procedures linked to services regulatory database, transparency on trade in services, inter-agency coordination meetings, domestic regulation reviews and support to the implementation of regional disciplines</p>	<p>3.1 Number of harmonised border documents adopted by CEFTA parties and aligned to EU standards</p> <p>3.2 number of regional cooperation arrangements piloted for trade in services</p>	<p>3.1 2022 (TBD)</p> <p>3.2 2022 (TBD)</p>	<p>3.1 2025 (TBD)</p> <p>3.2 2025 (TBD)</p>	<p>Report of the CEFTA Committee on Trade Facilitation</p> <p>Report of the CEFTA Sub-Committee on Trade in services</p>	<p>Active and constructive participation of CEFTA parties during regional meeting relating to trade in goods and services in the region</p> <p>Sufficient capacities and adequate mandate of participants during regional meetings</p>

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude financing agreements with the relevant IPA III beneficiaries nor with Moldova.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

4.3.1. Direct Management (Grants)

4.3.1.1. CEFTA Secretariat for SEED+

(a) Purpose of the grant

CEFTA Secretariat will be awarded a grant in order to implement activities contributing to achieving Outcome 1 - (SEED+) *“Enhanced digital transmission of data among CEFTA parties thereby removing obstacles, cutting costs and time needed for goods, services, capital and people to move freely across the region”*.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to CEFTA Secretariat.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of article 195 (f) of the Financial Regulation of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, i.e. for activities with specific characteristics that require a particular type of body on account of its technical competence, and its high degree of specialisation, on condition that the activities concerned do not fall within the scope of a call for proposals.

The CEFTA Secretariat is the only regional organisation in charge of supporting the trade negotiations among all CEFTA parties. Since 2001, regional trade policy in the region of South-East Europe has been developed and implemented under the auspices of the Stability Pact's Trade Working Group. With the entry into force of Central European Free Trade Agreement (CEFTA) in 2006 responsibility for facilitating, managing,

¹³ [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

monitoring and promoting trade relations was transferred to the CEFTA institutions. 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. The work done by CEFTA has been instrumental in ensuring the success of negotiations on trade facilitation (AP5) and on liberalisation in trade in service (AP6), by allowing the parties to have access to high-level expertise at the time when they needed it most in their negotiations. More importantly, the tasks of the CEFTA Secretariat and the Parties are continuously expanding to include negotiations on AP7 (Dispute Settlement Mechanism), non-tariff measures, quality infrastructure, market surveillance and e-commerce. These are core elements to ensure an enhanced intra-region trade and a progressive alignment with the EU *acquis* as well as key elements to support the implementation of the CRM Action Plan.

(c) Exception to the non-retroactivity of costs

The Commission authorises that the costs incurred may be recognised as eligible as of 1 January 2024. Cost eligibility as of 1 January 2024 would allow a smooth transition with current activities due to end on 31 December 2023.

4.3.1.2. The “WB6 CIF”

(a) Purpose of the grant

The “WB6 CIF” will be awarded a grant in order to implement activities contributing to achieving Outcome 2 (“WB6 CIF”) - *Continue to build support services for private sector development – with a focus on SMEs / MSMEs – and facilitate deeper cross-border business cooperation in the Western Balkans through the “WB6 CIF”, while promoting the benefits and opportunities from establishing a CRM”*

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the “WB6 CIF”.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of article 195 (f) of the Financial Regulation of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, i.e. for activities with specific characteristics that require a particular type of body on account of its technical competence, and its high degree of specialisation, on condition that the activities concerned do not fall within the scope of a call for proposals.

The “WB6 CIF” is the only organisation in the region that has access to the vast majority of private sector enterprises through its constitutive organisations (the chambers of commerce of each of the Western Balkans members). Through activities stemming from their first EU project (December 2019 to June 2023) it has gained traction with the regional business community and developed more expertise for organising pertinent events (including EU high-level) for dialogue on EU-relevant policies, including the promotion of green and digital transition. The “WB6 CIF” demonstrates commitment to facilitating business outreach and promoting the benefits of establishing a CRM as a step towards the EU Single Market.

(c) Exception to the non-retroactivity of costs

The Commission authorises that the costs incurred may be recognised as eligible as of 1 January 2024. Cost eligibility as of 1 January 2024 would allow timely continuation of the EU support to the private sector in Western Balkans and maintain momentum towards enhanced regional integration.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission’s services using the criteria defined in section 4.3.1. above.

4.3.2. Indirect Management with a pillar-assessed entity

A part of this action will be implemented in indirect management with *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ), a pillar-assessed organisation. This implementation entails delivering activities contributing to achieving Outcome 3 (Support to Regional Economic Integration) - *Improve the implementation of AP5 and AP6 of CEFTA 2006 and trade priority areas of the CRM 2021-2024*.

The envisaged entity has been selected using the following criteria:

- Extensive track-record in support to trade facilitation and regional economic integration in Western Balkans;
- Demonstrated experience in support to the negotiation and implementation of CEFTA 2006;
- Ability to support the capacities of relevant stakeholders in the region and promote their cooperation;

The reason for choosing GIZ is justified by its track record in promoting trade and regional integration in Western Balkans, in particular through the implementation of the Open Regional Fund for South-East Europe - Foreign Trade (ORF FT) programme, co-financed in parallel by the German Federal Ministry for Economic Cooperation and Development (BMZ) that aims at improving the implementation of the reform agenda for trade and competitiveness in the CEFTA region in line with the requirements of the EU approximation process. Currently, DG NEAR is supporting two programmes supporting the ORF TF implementation, namely 'EU4Business Fostering the Common Regional Market through Quality Infrastructure and e-commerce', reference 429-196 (project ends in April 2024) and 'Support to Regional Economic Integration', reference 412-790 (project ends in February 2024). Implementing Outcome 3 through GIZ would allow further supporting CEFTA parties and CEFTA Secretariat at a key moment in the implementation of the CRM Action 2021-2024 and preparing for the next Action Plan. GIZ can build on accumulated knowledge and trust from partners to achieve the expected results. Progress reports, minutes of regional meetings and missions carried out by DG NEAR staff provide a positive appraisal of the expertise and capacity of GIZ team.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.3.1.1. (CEFTA Secretariat).

4.3.3. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under direct management as defined in section 4.3.1.1 and 4.3.1.2 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity might be used according to section 4.3.2.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

Due to the regional nature of the action, in order to ensure the coherence and effectiveness of Union financing and to foster regional cooperation among CEFTA parties, the Commission decides to extend the eligibility of this action to Moldova. For this multi-country action, natural persons who are nationals of, and legal persons who are effectively established in this country, are also eligible.

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, (amount in EUR)
Outcome 1 - SEED+		
Grants, direct management with CEFTA Secretariat - cf. section 4.3.1.1	4 000 000	N.A.
Outcome 2 – “WB6 CIF”		
Grants, direct management with “WB6 CIF” - cf. section 4.3.1.2	1 000 000	N.A.
Outcome 3 - Support to Regional Economic Integration		
Indirect management with GIZ - cf. section 4.3.2	1 000 000	900 000 ¹⁴
Indirect management – total envelope	1 000 000	
Grants – total envelope under section 4.3.1	5 000 000	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision	N.A.
Totals	6 000 000	900 000

4.6. Organisational Set-up and Responsibilities

In relation to outcome 1- SEED+

CEFTA Secretariat will recruit a team in charge of implementing activities supporting the digital transmission of data among CEFTA parties as per contractual provisions specified in the EU grant. A steering committee will oversee the implementation of the action with the aim to provide advice and guidance as necessary. It will be composed of the following members: representative of the CEFTA Secretariat, representative of DG NEAR, representative of DG TAXUD / DG SANTE / DG TRADE (when relevant). The steering committee will meet on a regular basis, at least once per year. Other stakeholders may be invited to attend the steering committee meeting, such as representatives of other contractors in charge of supporting CEFTA parties with the implementation of AP5 and AP6 (i.e. GIZ) or stakeholders that SEED+ is collaborating with. The tasks of the steering committee will be to review progress, provide guidance for the implementation of the activities for the next reporting period, and provide recommendations if needed.

¹⁴ BMZ indicative additional support to ORF FT in 2024

In relation to outcome 2 – “WB6 CIF”

The action will be implemented by the “WB6 CIF” in partnership with its members, chambers of commerce and industry, who will act in capacity of its affiliates. The “WB6 CIF” will set-up a project management team including a representative from each chambers. It will steer the implementation of activities, manage contractual matters and reporting. Besides, a steering committee will monitor at least once a year achievements and challenges in relation to the grant contract implementation and provide guidance and recommendations as needed. Its members will consist of the “WB6 CIF” Secretary General, members of the “WB6 CIF Managing Board” (i.e. chamber presidents or their substitutes) and a representative of the European Commission. The Action will be implemented based on the principle of shared management collaboration between the “WB6 CIF” and its members.

In relation to outcome 3 – Support to Regional Economic Integration

In order to avoid duplicates it is envisaged that the action implemented by GIZ will be monitored as part of the steering committee foreseen under outcome 1. The aim being to strengthen synergies and complementarities. This may be reviewed at a later stage during the drafting of the contribution agreement.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring will be specified in each of the contracts relating to the outcomes mentioned under paragraph 3.1. Implementing partners should report to the designated task manager at DG NEAR, Unit D1.

5.2. Evaluation

Having regard to the nature of the action, a final evaluation may be carried out for this action or its components contracted by the Commission.

It would be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the EU support to trade and regional integration in Western Balkans needs to adapt to the change in regional policies, priorities identified by beneficiaries and progress made by each beneficiary in terms of EU accession negotiations.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.) levels. If deemed necessary, other donors will be invited to join.

The Commission shall inform the implementing partner at least two months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the Beneficiaries and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the Beneficiaries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the Beneficiaries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/EU Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

7. SUSTAINABILITY

In relation to outcome 1, the operations, maintenance and further development of SEED+ platform is a core activity of CEFTA Secretariat as it allows digital transmission of trade data, simplify procedures and reduce

trade barriers. The ownership of SEED+ is already demonstrated and should remain strong as further modules are developed. In terms of resources, CEFTA parties should gradually commit to cover more operational costs in view of a reduce reliance on EU funding.

In relation to outcome 2, improved business opportunities for economic operators in the region should be the main driving factor to the sustainability of the “WB6 CIF” activities and services to SMEs; and membership to the chambers could generate income.

In relation to outcome 3, the support provided by GIZ is intended to be transitional until trade agreements and regional integration arrangements of CEFTA parties are fully adopted and implemented. An exit strategy will therefore need to be envisaged in due time.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as:

Action level (i.e. Budget support, Blending)		
<input type="checkbox"/>	Single action	N.A.
Group of actions level (i.e: i) top-up cases, ii) second, third, etc. phases of a programme)		
<input checked="" type="checkbox"/>	Group of actions	Top-up to an ongoing contract, e.g. CRIS 412-790, OPSYS 17521
Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	Individual legal commitment foreseen with CEFTA Secretariat to achieve outcome 1
<input checked="" type="checkbox"/>	Single Contract 2	Individual legal commitment foreseen with WB6 CIF to achieve outcome 2
Group of contracts level (i.e: i) series of programme estimates, ii) cases in which an Action Document foresees many foreseen individual legal commitments (for instance four contracts and one of them being a Technical Assistance) and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other, iii) follow up contracts that share the same log frame of the original contract)		
<input type="checkbox"/>	Group of contracts	N.A.