

OUTLINE

STRATEGIC WORK PROGRAMME

2008 - 2011

October 2008

0 INTRODUCTION

This document presents the Outline Strategic Work Programme for the CEFTA Secretariat (further Secretariat) for the first three years of operation (September 2008 – September 2011). In line with its Mandate set out in the Decision No. 7 it outlines how the work of the Secretariat could be organized to meet the goals of the CEFTA structures (the Joint Committee, the Chair in Office and respective Sub-committees).

It is proposed that the work should be organized in three main areas, namely Technical Advice and Guidance, Management and Administrative Operations and Promotional Activities. This document also outlines the Expected Outputs, Indicators of Performance and Key Milestones.

The document sets out the structure of the budget and the sources of the financing from the CEFTA Parties', EC and other bilateral donors' funds.

I BACKGROUND TO THE CEFTA SECRETARIAT

With a view to enhancing the potential for greater intra-regional trade, contributing to greater economic growth, investment generation and employment, the countries and territories of the South East Europe region agreed to expand and amend the CEFTA. The negotiations were concluded on 19 December 2006, and the revised Agreement was signed by Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244. Following the necessary ratification processes, CEFTA 2006 entered into force on 26 July 2007 for five signatories (Albania, Macedonia, Moldova, Montenegro and UNMIK/Kosovo), for Croatia on 22 August 2007, Serbia on 24 October 2007 and for Bosnia and Herzegovina on 22 November 2007.

The Agreement fully conforms to the WTO rules and procedures and EU regulations. Effectively implemented, the Agreement provides an excellent framework for the Parties to prepare for EU accession, in accordance with the Thessaloniki Agenda and Declaration of June 2003.

The Agreement envisages that a free trade area will be established among Parties at the latest on 31 December of 2010.

CEFTA Structures include:

Joint Committee: This is the governing body (Article 40 of the Agreement), composed of representatives of each party to the Agreement. Its main function is to supervise and administer the implementation of the Agreement. The Joint Committee meets regularly, at least once a year and make decisions by consensus. The Joint Committee is chaired by one of the parties and this function revolves on an annual basis. The Chair in Office for 2008 is Moldova which will be followed by Montenegro in 2009.

Sub-committees: These are established by the Joint Committee (in accordance with Article 41.5 to the Agreement) to support the implementation of the agreement. To this date three Subcommittees have been established: on Agriculture including Sanitary and Phyto-sanitary Issues, on Customs and Rules of Origin and on Technical Barriers to Trade and Non-Tariff Barriers.

CEFTA Secretariat is a professional body established according to Article 40.2 of CEFTA 2006. It is located in Brussels. The Secretariat became operational with the recruitment of the Director *and* its staff in September 2008, which followed the signing of a headquarters agreement with the Belgian authorities and the finalisation of financing agreements/contracts with the CEFTA Parties, the European Commission and bilateral donors.

II OBJECTIVES OF THE SECRETARIAT

The overall objective of the CEFTA Secretariat is to provide technical and administrative support to the Joint Committee, to any sub-committee, expert group or other body established by the Joint Committee.

Specific objectives of the CEFTA Secretariat include:

- Provide technical and administrative support to the CEFTA Chair in Office (CiO) in the organisation and follow-up of all meetings of the Joint Committee and its appropriate organs, or respective sub-committees;
- Provide technical and administrative support to the three CEFTA sub-committees (Agriculture and SPS, Customs and TBT and Non-Tariff barriers);
- Facilitate the identification, delivery and co-ordination of technical assistance projects aimed at supporting the implementation of the parties' obligations under CEFTA;
- Follow implementation and promote actions to rectify any delays or omissions;
- Maintain the official archive of the Agreement in liaison with the Depository (Republic of Croatia);
- Provide the necessary support for implementation of the dispute settlement mechanisms as outlined in the Agreement;
- Facilitate the co-operation and co-ordination between CEFTA structures and other complementary regional bodies and programmes
- Co-ordinate donor-funded assistance for regional trade policy activities
- Promote the benefits of CEFTA to the business community both in the region and internationally, and disseminate information and best practices on trade and trade-related issues within the region and from the region

III STRUCTURE, ACTIVITIES AND EXPECTED RESULTS

Structure of the Secretariat

The staff of the Secretariat consists of a Director, two technical experts, an executive assistant and one part-time financial administrator. At present the Secretariat has one technical expert and it is expected that the recruitment of the second Technical Expert will take place in the last quarter of 2008.

Director

The Director has overall responsibility for the operation of the Secretariat. Her main role is to ensure the provision of technical, financial and administrative support to the Joint Committee and its bodies, and to support and advise the Chair of CEFTA and the Joint Committee to enable proper fulfilment of the terms and procedures of the Agreement.

The Director plays a key role in the development and submission of proposals for technical assistance and the monitoring of such projects as well as ensuring co-operation with other trade and investment related bodies.

Technical Experts

The technical experts service the Sub-committee on Agriculture including Sanitary and Phytosanitary Issues, the Sub-committee on Customs and Rules of Origin and the Sub-committee on Technical Barriers to Trade and Non-tariff Barriers in close consultation with the respective Chairs.

Executive Assistant

The executive assistant is responsible for providing administrative support to the staff and activities of the Secretariat and to the Joint Committee and Chair in Office. The Executive Assistant has a substantial role in the development and delivery of the Secretariats' promotional and information services.

Financial Administrator

The main responsibility of the Financial Administrator is, under the supervision of the Director, to provide appropriate financial management, planning and reporting for the CEFTA Secretariat to the CEFTA Parties, the European Commission and bilateral donors.

Indicative activities of the Secretariat

A Technical Advice and Guidance

A1 Technical assistance to the Chair in Office and Joint Committee

- Prepare for the approval of the Chair in Office and Joint Committee, an annual strategy and work programme to facilitate the timely and effective implementation of CEFTA, clearly identifying priority actions, responsible parties and the deadlines outlined in the Agreement
- Develop and implement an effective monitoring system for the implementation of all aspects of CEFTA within the set timetable
- Prepare options to overcome obstacles arising in implementation for review and approval by CiO and Joint Committee
- Support implementation of the dispute settlement mechanism in line with the procedures set out in the Agreement
- Prepare for and follow-up all meetings of the Joint Committee including preparation of draft agenda, background papers, draft decisions and draft minutes for approval and adoption

A2 Technical and administrative support to sub-committees

- Provide technical support to the sub-committees, including advising on best practices, conducting research activities, performing periodic reviews and assessments, giving recommendations and guidelines
- Prepare for and follow-up all meetings of the Sub-committees including preparation of draft agenda, background papers, draft decisions and draft minutes for approval and adoption

A3 Elaboration of Technical Assistance requirements

- Liaise with representatives of the Joint Committee and Sub-committees to identify and prioritise technical assistance needs
- Liaise with representatives of the European Commission, the WTO and bilateral donors to determine availability of necessary assistance
- Facilitate development and delivery of technical assistance programmes (including workshops, seminars, specialised courses in matters relevant to the three Sub-committees and other CEFTA related issues)
- Develop an effective monitoring system for the implementation of TA programmes
- Where appropriate provide specific technical support tailored to the ad-hoc trade related needs of the Parties

B Management and administrative operations

B1 Establishment of the CEFTA Secretariat Office

- Finalise legal registration of the Secretariat
- Finalise lease of premises and agreements with service suppliers
- Equip office: internet and telephone connections, computers, photocopiers, printers
- Devise and implement an financial management system: opening a bank account, install accounting and financial reporting systems and risk and insurance management all in line with agreed rules and procedures
- Finalise recruitment and contracting of Secretariat staff
- Devise and implement office procedures

B2 Preparation of Meetings and CEFTA Related Events

- Provide administrative and logistical support to the Chair in Office and the Chairs of the Sub-committees in the planning, organisation and delivery of Joint Committee, Sub-committee, other expert ad-hoc meetings
- Carrying out various administrative organisational tasks in regard to meeting preparation
- Maintaining the official archive of the Agreement in liaison with the Depositary

B3 Reporting

- Preparation and submission of regular progress reports in line with requirements of CEFTA, European Commission and bilateral donors
- Regular progress reports on activities and future work programmes to the Steering Committee

B4 Financial management

- On-going implementation of the financial management system
- Prepare and submit financial reports to CEFTA Parties, EC and bilateral donors in line with individual financing agreements
- Organise an annual audit
- Secure annual financial transfers from CEFTA parties in line with decision adopted at the 2007 Joint Committee meeting and in line with national procedures
- Secure annual financing from EC and bilateral donors in line with agreements and relevant procedures

B5 Performance monitoring and evaluation

- Review the structure, functions, staffing and management system on an annual basis
- Conduct evaluation and monitoring of the work of the Secretariat
- Identify training needs of the Secretariat staff to ensure a well-functioning office and to upgrade their professional skills

C Promotional activities of the Secretariat

C1 Development of Networks

- Develop and maintain lines of communication and co-operation with all trade/investment related public organisations in CEFTA countries and in the international community
- Development of network among main stakeholders in the regional and international business community in a quest to realise synergy and complementarities in trade related areas

C2 Create focal point for information dissemination on trade related issues

- Create and maintain a CEFTA website
- Create and maintain data base for CEFTA related trade issues

C3 Promotion of the CEFTA Agreement

- Organisation of workshops, seminars and regional events aimed at raising public awareness on the Agreement impact on the business community
- Participate as appropriate in relevant seminars conferences etc.

C4 Promotional activities of the Secretariat

- Regular promotion and communication with public, including semi-annual newsletters, press releases, brochures

Expected Outputs and Indicators of Performance per Activity Set

A *Technical Advice and Guidance*

A1 Technical assistance to the Chair in Office and the Joint Committee

- Approved annual work programmes for the implementation of CEFTA and effective meetings of Joint Committee
- Assessment of performance and recommendation of remedial measures

A2 Technical and administrative support to the Sub-committees

- Smooth implementation of work programmes of individual Sub-committees in accordance with relevant time lines
- Effective meetings of Sub-committees

A3 Elaboration of Technical Assistance requirements

- Submission of well-prepared, well-structured proposals for technical assistance
- Donor funds secured for TA implementation
- Timely delivery of technical assistance programmes in accordance with identified needs
- Monitoring of the technical assistance projects implemented within time framework

B *Management and administrative operations*

B1 Establishment of the CEFTA Secretariat Office

- CEFTA Secretariat established, fully operational, effective and sustainable
- All procedures in line with EC and other relevant requirements
- Implementation and effective operation of the official archive document management

B2 Preparation of Meetings and CEFTA related events

- Meetings carried out according to schedule, addressing the priority needs and resulting in clear decisions for next steps

B3 Reporting

- Regular progress reports available

B4 Financial Management

- Well functioning financial management system
- Timely transfers of financial resources from CEFTA Parties, EC and bilateral donors
- All audits completed successfully

B5. Performance monitoring and evaluation

- Training needs of the Secretariat staff completed and prioritised
- Annual report on structure and functions of Secretariat submitted and approved by the Joint Committee

C Promotional activities of the Secretariat

C1 Development of Network

- Established and efficient information and knowledge sharing network on trade, trade-related issues and projects in the SEE region.
- Mechanisms and modalities of co-operation and joint work with possible partners including formal agreements and memorandum of understanding set up

C2 and C3 Focal Point and Promotion

- Enhanced visibility and importance of the CEFTA 2006 and Secretariat in global, international and regional environment

IV BUDGET

The annual Budget of the Secretariat amounts to 650,000 Euro in the period September 2008 – September 2011 (3 years). CEFTA Parties have agreed to contribute to the overall annual budget of the Secretariat 10% in year 1 (see Appendix, Table 1), 30% in year 2 and 50% in year 3.

The European Commission (EC) has foreseen an annual contribution to the CEFTA Secretariat under its Instrument for Pre-Accession from 2008 – 2010. The EC has decided to support the Secretariat in the first three years of its functioning, contributing approximately 70% in year 1, 50% in year 2 and 30% year 3 to the Secretariat's budget.

The Secretariat is to secure financing from other sources, amounting to 20% of the annual budget in the next three years (see Appendix, Table 2).

V RISK MANAGEMENT

UNMIK/Kosovo is a Party to CEFTA on behalf of Kosovo in accordance with UN SCR 1244 and hence finding a solution to its continued involvement will be complex process. However this issue is common to a range of initiatives across South Eastern Europe and strong support from the international community to finding a *modus operandi* can be expected.

There are some bilateral trade issues could impact upon effective implementation of CEFTA. However, the Agreement contains clear rules and procedures for dispute settlement.

There is a risk that despite their formal agreement some CEFTA Parties may not transfer funds to the Secretariat.

APPENDIX

1 BUDGET STRUCTURE

Table 1 - Outline Budget for CEFTA Secretariat – Year One (Euro)

Human Resources (includes salaries & all related costs) Director, 2 technical advisers, executive assistant, financial controller	478,500
Travel/Mission Costs (including per diem costs) Indicative Costs include mission travel & initial travel and accommodation in Brussels for staff	35,000
Equipment Indicative Costs include server, PCs, software, laptops, printers, phones, photocopier etc.)	20,000
Office Rent and Running Costs Indicative Costs include (rent, telephone, Internet, IT support, meeting costs, postage, local travel, consumables, stationery, repairs, subscriptions etc.)	100,000
Other costs and services Indicative costs include annual audit, work permits, insurance	16,500
TOTAL	650,000

2 BUDGET SOURCES

Table 2 - Total contribution to the Secretariat Budget

YEAR	European Commission*	CEFTA Parties **	Other sources*
2008	70%	10%	20%
2009	50%	30%	20%
2010	30%	50%	20%

* Estimated

** Fixed