

PHARE 2001
STANDARD SUMMARY PROJECT FICHE

1. Basic Information

- 1.1 Désirée Number:** RO-0107.03
- 1.2 Title:** Further Strengthening of the Operational Capacity of the Romanian Customs Administration
- 1.3 Sector:** Customs
- 1.4 Twinning Component:** RO2001/IB-FI-01, Enhancement of the Enforcement Function, Budget: € 650,000; Duration: 12 months
RO2001/IB-FI-02, Implementation of the Romanian Integrated Tariff/TARIR, Budget: € 700,000, Duration: 12 months
- 1.5 Location:** The Romanian Customs Administration (RCA), the Customs Surveillance and Fight Against Customs Fraud Division, and the Customs Regimes and Operations Division.

2. Objectives

2.1 Overall Objective

To support Romania in the process of fulfilling the EU pre-accession requirements concerning the Customs Union.

2.2 Project Purpose

Strengthening of the operational capacity of the Romanian Customs Administrations in accordance with the EU standards in key areas of the customs business: enforcement and mutual assistance, the control of transit operations and the implementation of the Community Tariff (TARIC).

2.3 Accession Partnership and NPAA Priority

This project proposal addresses the areas defined in the Accession Partnership (AP) and the National Programme for Adoption of the Acquis (NPAA) as short/medium-term priorities for Romania's accession to the EU, as follows:

Accession Partnership

Short-term priorities

- Internal Market - Customs has to apply measures to combat fraud and corruption;
- Intellectual and Industrial Property Rights – align and enforce trademark, copyright and neighbouring rights legislation; reinforce administrative capacity and the fight against counterfeiting especially by strengthening border controls.

Medium-term priorities

- Intellectual and Industrial Property Rights – complete alignment and reinforce implementation structures.
- Customs – application of simplified procedures, reinforce administrative and operational capacity, including border controls; complete the Integrated Tariff.

NPAA

- progress in the preparation of the adhesion to the European Convention concerning Common Transit,
- compatibility with TARIC,
- development of customs infrastructure and institutional reform,
- participation in the inter-institutional co-operation in order to fight against and eliminate the law infringements phenomena at the borders.
- improvement of the professional level and the moral profile of customs staff,
- strengthening of the administrative co-operation,

3. Description

3.1 Background and justification

The RCA has supported, from the very beginning of this initiative, the Commission's 'Pre-accession strategy for the CEEC Customs and Tax Administrations' by endorsing the document in July 1997 and creating a Pre-accession Unit (PAU) in November 1997. The PAU comprises the managers of the key RCA departments and under its co-ordination that the RCA fulfilled the screening and the blueprint/gap- and needs-analysis processes in the period 1997-1998 and developed subsequently the **Romanian Customs Development Strategy** for the period 2000-2005 (Attached at Annex 6).

In line with the priority areas underlined in the AP and the NPAA, and following on from the Business Strategy of the Romanian Customs Administration (RCA), one of the major priorities of RCA is to reform and modernise its services in order to reach the standards required for accession to the European Union and to meet the needs of its stakeholders.

In preparing the Report on 'Administrative and Operational Capacity Based on the Customs Blueprints', which was requested by the Commission/DG ENLARG in the context of the Screening Exercise (June 2000), RCA has carried out an updated analysis of the existing situation vis-à-vis the Commission's Customs Blueprints ('gap-analysis'). This analysis resulted in the definition of urgent needs for improvement/further development in the areas of Enforcement and Mutual Assistance, Transit and Trade Facilitation. Based on the results of this updated gap-analysis, and in line with the set of clear recommendations of the Commission/DG TAXUD concerning particular areas that need improvement, RCA decided to give highest priority to:

- enhancement of the Customs Enforcement Function, particularly in the areas of Post-clearance Audit, Customs Intelligence and the protection of Intellectual and Industrial Property;
- preparation for adhesion to the Common Transit Convention and implementation of the New Computerised Transit System (NCTS);
- implementation of the Community Tariff (TARIC).

RCA project proposal for Phare 2001 programming continues and builds upon the very positive results of the previous Phare-financed programme, with the view to complete the harmonisation and reform process in the Romanian Customs and to protect the previous investments of the Commission. The proposal is in accordance with the objectives of the NPAA and the Customs Business Strategy priorities, and it aims at strengthening the operational capacity of Romanian Customs in accordance with the EU standards and best practice in the key areas of the Customs business: enforcement and mutual assistance, the control of transit operations and the implementation of the Community Tariff (TARIC).

3.2 Linked Activities

EU Phare National Programme (1998)

Enforcement component

The objective of this component is to improve the existing Enforcement module of the Integrated Customs Information System (ICIS) by integrating it with the other ICIS modules (i.e. customs declaration processing, accounting etc), developing risk-assessment capabilities, and rolling it out at the national level.

Transit component

This component aims at integrating in the ICIS the types of transit that are currently processed by the customs administration: road, railway, air, transit on the national rivers transit transaction types and documents that are used in Romania.

EU Phare Multi-country Customs Programme/Transit Facilitation & Customs Modernisation (1997)

Customs Information & Intelligence

This project supported the creation Intelligence structures within the customs services of the Candidate Countries, by providing basic training and guidelines to the appointed staff, and implementing short-term IT solutions for the use of the information available in-house for Intelligence purposes.

The results of the implementation of this project in Romania are described in section 3.4.1 – Enhancement of the Enforcement Function.

Transit North-South

This project provided technical assistance for the implementation of the Common Transit Convention in the Candidate Countries. The project was implemented by Eurocustoms and it was structured in four main phases: (1) legislation and basic procedures, (2) system management and organisation, (3) computerisation of transit according to the requirements of the Commission's New Computerised Transit System (NCTS) and (4) preparation of the pre-accession instruments and accession to the Common Transit Convention.

The first two phases have been fully completed and the phases 3 and 4 have provided information on the current status of the Common Transit Reform and the development of the NCTS.

The results of the implementation of this project in Romania are described in section 3.4.2 – Preparation for the adhesion to the Common Transit Convention – Implementation of NCTS.

3.3 Results

Enhancement of the Customs Enforcement Function

- Legislation related to Post-clearance Audit, Customs Intelligence and Intellectual and Industrial Property amended, in line with the relevant EU legislation;
- Enforcement policies, methodologies, practices, procedures in place, compliant with the EU and national requirements and conventions;
- Specialised structures and systems fully functional in key areas of the fight against fraud, i.e. post-clearance audit, intelligence, and intellectual and industrial property;
- Specific Enforcement training programmes and materials developed and delivered;
- Internal regulations and guidelines in current use;
- Appropriate systems and methodologies in place supporting the customs service in the Post-clearance Audit, Customs Intelligence and Intellectual and Industrial Property areas of the fight against fraud;
- Increased co-operation with other law enforcement agencies at national, European and international levels;
- Awareness sessions for the Trade community organised.

Preparation for the Adhesion to the Common Transit Convention - Implementation of NCTS

- National legislation amended and the RCA organisational structure, working procedures, methodologies and information flow, staff responsibilities and job description adapted to support implementation of the new transit procedures;
- National Transit System, fully compatible with New Computerised Transit System (NCTS), developed at the level of the NCTS – Phase 3.1, piloted and evaluated;
- Customs staff trained in the specific NCTS methodology, procedures and the operation of the National Transit Application;
- Manuals for the customs staff produced and disseminated;
- The Trade Community involved in transit operations, trained and prepared to use the new procedure.

Implementation of the Romanian Integrated Tariff

- The Romanian Integrated Tariff (TARIR) developed and in current use;
- National legislation amended to support the implementation of TARIR;
- The inter-ministerial procedures adapted to support the drafting, the approval, and the implementation of the TARIR;
- RCA organisational structure, working procedures, methodologies, information flows, staff responsibilities and job description amended to support the implementation of TARIR;
- The TARIR Management System in place and fully operational, assuring the maintenance of the TARIC and its dissemination to the customs staff and the Trade community;

- RCA staff trained in the management/maintenance and the use of TARIR;
- Manuals for the customs staff produced and disseminated;
- The trade community prepared to use the TARIC.

3.4 Activities

Enhancement of the Customs Enforcement Function

In accordance with the recommendations of the Commission's 2000 Regular Report on Romania's Progress Towards Accession, the RCA continues to consider the fight against fraud a high-priority, primarily, in areas related to the full implementation of the simplified customs procedures, the economic regimes – inward and outward processing (suspensive customs procedures), and the cargo manifest. This is also in accordance with the Commission/DG TAXUD recommendation concerning areas of the customs business that need particular attention in the pre-accession period. In addition, these procedures/regimes represent significant tools in the facilitation of legitimate trade and traffic and in the support for the transition to a market economy.

The increasing pressure for the introduction of simplified procedures creates in the customs administration the need for more efficient techniques and tools to fight against fraud. Among these techniques are those which assist the customs officers to concentrate their efforts in those areas where breaches of regulations are most likely to occur, whether deliberate or not. The use and effectiveness of limited resources in terms of personnel can also be maximised.

Therefore, RCA will further strengthen the Enforcement function in interconnected areas of the customs business with high-impact on the effectiveness of the fight against fraud: the Post-clearance Audit, the use of information for Customs Intelligence purposes and the protection of the Intellectual and Industrial Property.

RCA has created specialised departments (Post-clearance Audit, Intelligence - IDRA and Counterfeited Goods - GCD) within its Customs Surveillance and Fight Against Customs Fraud Division, and their activities are performed within the legal framework of the Customs Code and Implementing Rules.

So far, these departments have been provided with Phare assistance through TAIEX or the Multi-country Customs Programme, as follows:

- RCA has been in the first group of the customs administrations that committed the necessary resources to implement the Phare multi-country project 'Customs Information & Intelligence', which created the foundation of an effective and efficient Intelligence function within the Customs Administration. As result of this project, RCA has achieved the following:
 - Senior management support the Intelligence function and Intelligence structures have been created in the headquarters (IDRA) and in the Regional Customs Directorates;
 - Staff have been appointed to the Intelligence Units and trainers have been trained in the Intelligence Function;
 - An Intelligence Doctrine/Strategy has been defined and Intelligence features have been included in the RCA Development Strategy;
 - Information/data management policies have been explored and decisions on the policy features have been made;
 - Intelligence IT applications are in place for use in the short/medium-term, whilst longer term needs are identified;

- IT hardware and software adequate to meet the immediate needs of the central IDRA have been supplied and installed;
- Data sources have been partially identified.
- As result of the TAIEX assistance the following major results have been produced:
 - Law on Protection of the Intellectual Property in the Customs Clearance Process (202/2000), in line with the relevant EU legislation (Reg. 3295/EU) and with TRIPS (Annex to the Marrakech Agreement), was elaborated by the National Office for Standards, Inventions and Trademarks (OSIM), the Romanian Office for the Protection of Author's Rights (ORDA) and the RCA/CGD;
 - Implementing Rules are elaborated and under consideration by the Government;
 - A co-operation protocol has been signed between the RCA and OSIM;
 - CGD staff has participated in two EU seminars on specific subjects (Sweden and Bulgaria-April 2000);
 - Awareness training courses have been organised for the customs operational staff.

However, as shown by the gap-analysis performed by RCA in June 2000 in the preparation of the Report on 'Administrative and Operational Capacity Based on the Customs Blueprints', which was requested by the Commission/DG ENLARG in the context of the Screening Exercise, it is necessary to continue the enhancement of the Customs Enforcement Function towards the full alignment of the legislation and of the specific methodologies and procedures with the EU standards and best practice, as set out in the Commission's Customs Blueprints. This is also in line with the recommendations of the Commission's 2000 Regular Report and with the RCA Development Strategy 2000 – 2005 (Objective 1 – 1.1.4, 1.2.3; Objective 2 – 2.1; Objective 3 – 3.3 and 3.4; Objective 10 – 10.2).

Following on from the above, RCA envisages to build upon the results of the previous Commission's assistance and to achieve the following objectives in the enforcement area:

- Greater focus of resources on fraudulent transactions and non-compliant traders, through more efficient post-clearance audit controls, intelligence-analysis and protection of intellectual and industrial property activities;
- Further improvement of institutional co-operation between Customs Administrations and others, e.g. tax authorities, police, the National Office for Prevention and Control of the Money Laundering etc;
- More effective and faster customs clearance procedures;
- Improved co-operation between RCA and the national and European institutions with competence in the enforcement area.

This project will therefore assist the RCA to achieve the objectives mentioned above through:

- the analysis of the existing legislation, with particular emphasis on the audit and accounting practices, and the audit knowledge and skills within RCA;
- the amendment of the primary and secondary legislation to provide RCA with the necessary powers to carry out the full range of post-clearance controls on customs duties and reliefs, and to enforce compliance, to establish new and better data sources etc;

- the subsequent development/enhancement and documentation of policies and practices, procedures and methodologies for post-clearance audit, evaluation of information / intelligence material, the movement of Intelligence material, the protection of the intellectual and industrial property;
- the strengthening of the existing specialised structures/teams, particularly, at regional and local levels;
- the production and distribution of internal regulations and guidance/manuals for specialised Enforcement departments and staff;
- the development of knowledge and skills, through comprehensive post-clearance audit, intelligence analysis train-the-trainers programme, with supporting materials and methodologies, followed by the theoretical and practical training of the RCA staff, designed to meet all of the identified knowledge and skills shortfalls;
- the increase of the general awareness of customs staff;
- the enhancement/development and implementation of appropriate systems/applications and methodologies to allow the Enforcement Department to properly undertake its functions in the areas of post-clearance audit, the Customs Intelligence and the protection of the intellectual and industrial property, e.g.
 - computer-aided audit and Intelligence systems and techniques;
 - consultation in each customs office of the OSIM reference information, e.g. trademarks (graphics, images, characteristics etc.), references of their representatives in Romania, special conditions etc, and of the UPFR (Phonogram Manufacturers Union) and ORDA reference information;
 - consultation of the IPWO (Intellectual Property World Organisation) reference files on the companies/trademarks registered to be protected in Romania;
 - development and implementation of an Investigation Request Management System;
 - and to efficiently and timely exchange information with other enforcement agencies at national, European and international levels;
- the international co-operation in the use of data and in the production of strategic threat assessments in relation to the geographic region as a whole.

Preparation for Adhesion to the Common Transit Convention - implementation of NCTS

The preparedness of the customs administrations for the adhesion to the Common Transit Convention and the connection to the EU New Computerised Transit System (NCTS) is a pre-requisite of the accession process in the customs sector: The Commission has required that the Candidate Countries are fully NCTS compatible one year prior to accession.

The experience of the EU Member States participants in the pilot phase of the NCTS, as well as of the Czech Republic, Hungary, Poland and the Slovak Republic has shown that several years of preparation are needed for the full implementation of the EU Common Transit Convention and of the NCTS. It was estimated by the NCTS pilot countries that around 30,000-50,000 man-hours are needed for the development of the National Transit Application (the national component of the NCTS), which is equivalent to 200 – 300 man-months.

Following on from the above and in line with recommendations of the Commission's 2000 Regular Report on Romania's Progress Towards Accession, the RCA gives high-priority to the preparation of the legislation, procedures and systems compatible with the Common Transit Reform and with the NCTS. This is also in accordance with the RCA

Development Strategy 2000 – 2005 and with the Commission/DG TAXUD recommendation concerning areas of the customs business that need particular attention in the pre-accession period.

So far, RCA has been the beneficiary of the Phare multi-country project 'Transit North-South', which aimed at assisting the Candidate Countries in the preparation for the adhesion to Common Transit Convention and the implementation of the first stage of the NCTS project. The 'Transit North-South' project, which is implemented by Eurocustoms, will terminate in April 2001, prior to the finalisation of the Common Transit Reform (scheduled for June 2001) and during the Phase 2 of the implementation of the NCTS. As result of the technical assistance provided through this project and of the important resources allocated by RCA, several significant steps have been made:

- two legislative acts have been produced and approved by the Romanian Government concerning the implementation of the provisions of the Common Transit Convention for the road traffic (2397/2000) and for the rail traffic (2670/2000);
- a special department (Centralised Transit Department) was created within the Customs Regimes and Operations Division, as appreciated in the Commission's 2000 Regular Report;
- customs procedures and methodologies have been amended to support the implementation of the provisions of the Common Transit Convention;
- the customs staff from all the Regional Customs Directorates and all customs offices dealing with road traffic has been trained in the provisions of the Common Transit Convention;
- the trade operators involved in transit operations have been also trained;
- the Common Transit documents and manual procedures are in current use in all customs offices (border and inland) dealing with road traffic;
- RCA is participating in the Commission's Common Transit Project as observer, including in the Task Force and the working groups.

In the context of the Common Transit Reform and the termination of the 'Transit North-South' project, the Commission/DG TAXUD recommended in the November 2000 meeting of the Common Transit Project Task Force that the Candidate Countries should seriously consider the support of the Phare National Programmes to continue the process of alignment of the legal and procedural framework to the relevant provisions of the Common Transit Reform, as well as the preparation of their systems for the implementation of the NCTS at the national level.

In order to maintain the momentum and to build upon the achievements of the previous Phare assistance, and in line with the Draft Implementation Plan agreed between the RCA and the Commission/DG TAXUD' Interconnectivity Study Team and with the RCA Development Strategy 2000-2005 (Objective 1 - 1.2.1, Objective 3 – 3.5, Objective 10 - 10.3), the following activities should be carried out :

- amendment of the national legislation, of the RCA's organisational structure, of the working procedures, the methodologies and the information flows, of the responsibilities of staff and the corresponding job descriptions, in compliance with the provisions of the Common Transit Reform and the NCTS requirements;
- design, development, testing, piloting, training and documentation of the National Transit Application;
- purchasing of the associated specialised software and the standard hardware, according to the Commission/DG TAXUD specifications (EDIFACT Translator, TUXEDO TPM CCN/CSI, etc)

- communication through EDIFACT within the system (National Domain, in NCTS terms), with the Trade community (External Domain, in NCTS terms) and with the Commission' system (Common Domain , in NCTS terms);
- development of knowledge and skills of the customs staff in accordance with the NCTS requirements;
- creation of common awareness for the participants in transit operations, e.g. banks, principles (transporters) etc.

This component will therefore assist RCA to continue the preparation for the adhesion to the Common Transit Convention and to prepare the implementation of NCTS through the provision of short/medium-term technical assistance for:

- the amendment and documentation of the national legislation, the organisational structure, the working procedures, the methodologies and the information flows, as well as the responsibilities of staff and the corresponding job description;
- the subsequent design, development, testing, piloting and documentation of the functional modules of the National Transit Application required by the NCTS – Phase 2 .
 - Office of Departure - comprising all the functionalities required at the level of the Office of Departure;
 - Cancellation - that handles the cancellation requests at the level of the Office of Departure, Office of Transit and Office of Destination;
 - Office of Destination - comprising all the functionalities required at the level of the Office of Destination;
 - Central Services - that includes the management of the reference databases at the national level and the provision of common services to the various NCTS users;
 - System Administration - that provides the services needed to administer an IT system, such NCTS;
 - Statistics (partial) - that manages the statistics concerning the transit movements (partial);
 - and Phase 3.1
 - Office of Transit - covering all the functionalities required at the level of the Office of Transit;
 - Diversion - that comprises all the functionalities required at the level of the Office of Departure, Office of Transit and Office of Destination for re-routing of transits;
 - Handle enquiry – that includes functionalities required in relation to enquiry procedures;
- the evaluation of the National Transit Application;
- the supply of the associated specialised software and the standard hardware, according to the Commission/DG TAXUD specifications;
- the implementation of the communication through EDIFACT within the Trade community (External Domain, in NCTS terms);
- the training of the customs staff in relation to the NCTS requirements and the production of manuals for the RCA staff, as well as the creation of common awareness for the Trade community involved in transit operations.

As indicated above, this project will assist RCA in the development and implementation of the National Transit Application at the level of the NCTS Phase 3.1. RCA envisages completing the implementation of the National Transit Application, from the NCTS

Phase 3.2 to its full integration into the Customs Information System, with the assistance of the 2003 Phare National Programme.

Implementation of the Romanian Integrated Tariff (TARIR), fully compatible with the Community Integrated Tariff (TARIC)

As part of the pre-accession process the European Commission has required the customs administrations of the Candidate Countries to have fully implemented the Community Integrated Tariff (TARIC) one year prior to accession. The experience of the new EU Member States has shown that the customs administrations needed extensive preparation prior to the full implementation of the TARIC in their national customs systems.

Following on from the above and in line with the recommendations of the Commission's 2000 Regular Report on Romania's Progress Towards Accession, RCA gives high-priority to the full preparation of the legislation, procedures and systems related to the implementation of TARIC in Romania. This is also in accordance with the Commission/DG TAXUD recommendation concerning areas of the customs business that need particular attention in the pre-accession period.

As highlighted in the Commission's 2000 Regular Report, RCA has created a specialised department (Integrated Tariff Department) within its Customs Regimes and Operations Division. In the same time, it was decided that a Romanian version of TARIC (called TARIR), fully compatible with the EU version, will be developed and implemented, with the view to comply with the Commission's pre-accession requirements and to prepare the customs and the Trade community for the EU procedures and working methods. Concurrently, this will increase the safety, uniformity and accuracy in the application of the trade policies, customs tariff, taxes and procedures.

So far, the Integrated Tariff Department has received assistance from the Commission (TAIEX) through several training events. As result, the Integrated Tariff Department has made several significant steps:

- a legislative act has been produced, dealing with the introduction of TARIR, and it is currently in the process approval by the Government;
- in the interim, a first paper version of the TARIR has been produced, at the beginning of 2001, which will be introduced for consultation purposes only by the customs staff (the traders will not be obliged to use the TARIR prior to legislation approval);
- the TARIR/TARIC principles have been introduced to the Regional Customs Directors, the shift supervisors, the traders and the customs experts (agents) through a series of training events (seminars, workshops etc.);
- currently, the paper version of TARIR is in the process of being harmonised with the EU publication standards.

Following on from the recommendations of the Commission' 2000 Regular Report, the Draft Implementation Plan agreed between the RCA and the Commission/DG TAXUD' Interconnectivity Study Team and in line with RCA Development Strategy 2000-2005 (Objective 1 - 1.2.5, Objective 2 - 2.5 and Objective 10 - 10.2), three further major phases have to be accomplished:

1. The development of the TARIR.

In a first phase, the TARIR and the associated management principles and mechanisms will be developed in accordance with the national needs, but also

compatible with the TARIC structure, with the view to decrease gradually the national needs component in the process of full harmonisation of the Romanian legislation and procedures with the EU legislation;

2. The development of a TARIR Management System

In order to assure the effective maintenance of the TARIR (legal provisions, customs tariff – taxes and duties, commercial preferences, documents needed for customs clearance, restrictions/quotas etc.) and also its dissemination to the customs operational staff and the Trade community, a TARIR Management System will be designed, developed and implemented. This will include both the methodologies and procedures for the maintenance of the TARIR and the automated tools to assist this process.

3. The integration of the TARIR into the Integrated Customs Information System (ICIS)

This stage will involve the structural adaptation of the ICIS at the national level (i.e. the customs declaration processing system and the complementary systems - enforcement, statistics, accounting, communications etc.) for the use of the TARIR and also the compatibility of ICIS with the Commission/DG TAXUD system in order to receive and process the future daily updates of the TARIC. This stage should fully implement TARIR in the customs operational environment, both functionally and technically.

This project will support the implementation of the first two stages mentioned above. It is envisaged to finalise the implementation of a fully TARIC compatible system in Romania (third stage) with the assistance of the 2003 Phare National Programme.

This project will assist the RCA to achieve the results mentioned above through:

- the amendment of the relevant legislation and adaptation of the inter-ministerial procedures for the implementation of TARIR/TARIC;
- the adaptation of the RCA's organisational structure, internal regulations, working procedures, methodologies, information flows, staff responsibilities and job description;
- the production of manuals for the RCA staff;
- the train-the-trainers programme for the RCA and the creation of common awareness amongst the participants to the customs operations (brokers, importers/exporters etc) through high-level meetings;
- the development of a TARIR Management System
 - definition and documentation of methodologies and procedures/rules for the maintenance of the TARIR (legal provisions, customs tariff – taxes and duties, commercial preferences, documents needed for customs clearance, restrictions etc.) and for its dissemination;
 - design, development, testing, piloting, implementation and documentation of the TARIR Management System;
 - development of knowledge and skills of the involved customs personnel and of the participants to the customs operations (brokers, importers/exporters etc).

Activities to be implemented through Twinning arrangements

Twinning 1 - Enhancement of the Enforcement Function

It is envisaged that part of the activities of the component 3.4.1 above will be implemented through twinning arrangements. The following activities will be included, as a minimum, in the Twinning Covenant:

- analysis of the legislation, in particular, with regard
 - the provisions enabling RCA to require enterprises and other importers/exporters to account for customs duty, or to suspend duty payment in certain circumstances, to allow access to premises, systems (including computerised systems) and processes, to require production by enterprises of accounting and other records (including those held on computer), and to require maintenance of records for specified periods and in specified formats;
 - the provisions enabling the RCA to enforce compliance with the legislation.
- analysis of the existing audit and accounting practice, in particular, with regard to
 - the existing national accounting law, standards, conventions and other requirements for commercial enterprises and other importers/exporters;
 - the existing practices of the relevant customs department in these respects;
 - the existing structure and organisation of RCA's post-clearance audit function.
- analysis of the existing audit knowledge and skills within RCA, in particular, with regard to
 - the legal basis for post-clearance control by customs;
 - the existing import, export and duty suspension and relief procedures;
 - the audit techniques (including system- and transaction-based);
 - the compliance practice;
 - the structure, organisation and activities of commercial enterprises;
 - the common commercial practices and malpractice;
 - the accounting and book-keeping conventions and practices;
 - the primary and subsidiary records maintained by enterprises.
- amendment of the primary and secondary legislation to provide RCA with the necessary powers to carry out the full range of post-clearance controls on customs duties and reliefs, and to enforce compliance, and the drafting of the manuals for customs staff;
- subsequent development/enhancement of existing post-clearance audit policy and practice, i.e.
 - of audit and accounting policies and practices in compliance with the national requirements
 - of requirements for enterprises and other importers/exporters in respect of duty payment and reliefs/suspensions, and in respect of the production and maintenance of relevant accounting and other associated records
 - of policies and practices for post-clearance selection, control and enforcement of compliance
 - of an appropriate structure and working methods for the post-clearance audit function (including, where appropriate, computerised systems)
- development of an overall Intelligence Action Plan;
- creation of a team of customs expert analysts with responsibility for analysis of information and trend data, and dissemination to investigation and enforcement staff;
- amendment of the legal framework, with the view to establish new and better data sources;
- definition and documentation of procedures and methodologies for the evaluation of information / intelligence material, the movement of Intelligence material etc;
- creation of a team of fully trained customs expert analysts with responsibility for analysis of information and trend data, and dissemination to investigation and enforcement staff;

- education of the users of Intelligence products, with the view to develop a clearer vision of what Intelligence can achieve in various areas of the Customs and Enforcement business;
- increase of the intelligence awareness of customs staff, in general;
- exchange of operational Intelligence with other law enforcement agencies at national, European and international level;
- international co-operation in the use of data and in the production of strategic threat assessments in relation to the geographic region as a whole;
- development of knowledge and skills of the specialised staff, through comprehensive train-the-trainers programmes, with supporting materials and methodologies, followed by the theoretical and practical training of the RCA staff, designed to meet all of the identified knowledge and skills shortfalls, as follows:
 - Post-clearance Audit;
 - Customs Intelligence – intelligence analysis, acquiring/manipulating/importing electronic data in usable formats, visual presentation of analytical results etc.
 - Protection of Intellectual and Industrial Property (for the staff from all customs offices, Regional Customs Directorates and the headquarters) - the RCA/CGD envisages the participation in these events as presenters of the trademarks representatives in Romania.

Profile of the PAA

- solid background in the development of Enforcement policies and strategies;
- sound knowledge of regulations and policies of the European Union, in relation to post-clearance audit, intelligence and protection of the intellectual and industrial property, and of the accession requirements for the Candidate Countries in this sector;
- sound communication skills and previous experience of working in a multi-disciplinary and multi-national team;
- previous experience as project co-ordinator/project manager;
- understanding of the Romanian environment;
- sound knowledge of English/French.

Duration of the Assignment

The PAA will work within the RCA/Customs Surveillance and Fight Against Customs Fraud Division, for a period of 12 months (10.5 working months), starting at the latest on 1 May 2002.

Short-term Expertise

audit related issues and audit training, Customs Intelligence related issues, intellectual and industrial property related issues, organisation development, Human Resource Management, elaboration of training (needs assessment, design and delivery of training courses), production of manuals for customs staff.

Expected Results/Outputs

- legislation related to Post-clearance Audit, Customs Intelligence and Intellectual and Industrial Property amended;
- Post-clearance Audit policy and practice developed/enhanced;
- Post-clearance Audit training programmes and materials developed and delivered (max 30 participants);
- overall Intelligence Action Plan developed and approved;

- customs expert analysts team appointed, trained and operational (max 30 participants);
- procedures and methodologies for the evaluation of information/intelligence material and the movement of Intelligence material documented;
- Training Plan for Intelligence officers developed;
- awareness sessions for the users of Intelligence products and for the customs staff designed and delivered;
- operational Intelligence exchanged of with other law enforcement agencies at national, European and international levels;
- training courses for customs staff dealing with Intellectual and Industrial Property issues in all customs offices, Regional Customs Directorates and the headquarters designed and delivered (max 30 participants);
- technical documentation for the enhancement of the corresponding Enforcement systems.

Twinning 2 - Implementation of the Romanian Integrated Tariff/TARIR

It envisaged that part of the activities of the component 3.4.3 above will be implemented through twinning arrangements. The following activities will be included, as a minimum, in the Twinning Covenant:

- Development of TARIR
 - amendment of the relevant legislation and adaptation of the inter-ministerial procedures for the implementation of TARIR/TARIC;
 - adaptation of the RCA's organisational structure, rules, working procedures, methodologies, information flows, staff responsibilities and job description;
 - production of manuals for the RCA staff;
 - train-the-trainers programme for the RCA and the creation of common awareness amongst the participants to the customs operations (brokers, importers/exporters etc) through high-level meetings.
- Development of a TARIR Management System
 - definition and documentation of methodologies and procedures/rules for the maintenance of the TARIR (legal provisions, customs tariff – taxes and duties, commercial preferences, documents needed for customs clearance, restrictions etc.) and for its dissemination.

Profile of the PAA

- solid background in the TARIC related activities, especially in the design, development, implementation and management activities;
- sound knowledge of regulations and policies of the European Union, in relation to TARIC and related issues;
- sound communication skills and previous experience of working in a multi-disciplinary and multi-national team;
- previous experience as project co-ordinator/project manager;
- understanding of the Romanian environment;
- sound knowledge of English/French.

Duration of the Assignment

The PAA will work within the RCA/Integrated Tariff Department for a period of 12 months (10.5 working months), starting at the latest on 1 May 2002.

Short-term Expertise

TARIC related issues, organisation development, Human Resource Management, elaboration of training (needs assessment, design and delivery of training courses), production of manuals for customs staff.

Expected Results/Outputs

- relevant legislation amended to support the implementation of TARIR;
- inter-ministerial procedures adapted for the development/approval/implementation of TARIR;
- TARIR management principles and mechanisms defined and documented;
- TARIR developed in accordance with the national needs and the TARIC structure;
- TARIFF maintenance and dissemination methodologies and principles/procedures/rules defined and documented;
- organisational structure, working procedures, methodologies, information flows, staff responsibilities and job description amended to support the implementation of TARIR;
- manuals produced for the RCA staff;
- train-the-trainers programme designed and delivered (max 10 participants);
- high-level awareness meetings organised for the customs brokers, importers/exporters etc.
- methodologies and procedures defined and documented for the design of the TARIR Management System.

4. Institutional Framework

The RCA is part of the Ministry of Finance and it is responsible for the collection of customs duties, excise duties and VAT on imports and the prevention of illegal imports and exports.

The Administration is structured in three hierarchical levels:

- Headquarters
- 10 Customs Regions, co-ordinated by Regional Customs Directorates (RCD). Each RCD is methodologically and functionally subordinated to the HQ.
- 100 Local Customs Offices (LCOs), methodologically and functionally subordinated to the RCDs.

A total number of 4,600 employees are foreseen for the RCA. Currently only 4,400 posts are filled.

The direct beneficiaries of this project are the Customs Surveillance and Fight Against Customs Fraud Division, and the Customs Regimes and Operations Division (Organisational chart attached at Annex 5).

The Post-clearance Audit Department, the Intelligence Department (IDRA) and the Counterfeited Goods Department within the Customs Surveillance and Fight Against Customs Fraud Division comprise around 25 people at the central level and have subordinated structures at the regional and local levels.

- The Post-clearance Audit Department is primarily in charge of the co-ordination, supervision and monitoring of the post-clearance activities concerning both legal and private persons; it also controls the compliance of the customs brokers with the national legislation; the department exchanges specific information with other customs administrations.

- The Intelligence Department (IDRA) is has as main competences the organisation of the activities related to the collection of information, documentation and evaluation of the risks with impact on the customs activity, through the development of strategies, policies and working methodologies; the department is responsible for identification of risk-analysis needs and the elaboration of the risk analyses, as well as for their quality.
- The Counterfeited Goods Department is primarily in charge of the organisation, co-ordination, monitoring of the prevention and fight against the traffic of goods that breach and intellectual or industrial property right, and the illicit traffic of objects that belong to the national cultural patrimony.

The Integrated Tariff Department and the Centralised Transit Department within the Customs Regimes and Operations Division comprise around 20 people at the central level and have subordinated structures at the regional and local levels.

- The Integrated Tariff Department is in charge with the elaboration of the Romanian Integrated Tariff (TARIR), based on the principles of the Community Integrated Tariff (TARIC); the department is also responsible for the development of the methodological framework for the implementation of the TARIR, the elaboration of the codification system in relation to commercial policy measures and regulations that will be integrated in the system.
- The Centralised Transit Department has competences in the elaboration of norms, methodologies and instructions regarding the internal and external customs transit (air, sea, road, railway, cables, pipes), the management of conventions regarding the transportation of goods by railway, road, air, sea; the department is also in charge to monitor the implementations of the agreements concerning the means of transport and the containers in international traffic.

In order to create sustainable programmes and in line with the recommendations of the Commission' 2000 Regular Report, the training activities will be carried out in the framework of the Public Finance and Customs School and the training courses and materials developed through this component will be included in the training curricula of the school, as appropriate.

5. Detailed Budget

(Million EURO)

COMPONENT	Phare support		Total Phare (=I+IB)	national co-financing	IFI	TOTAL
	Investment Support [*]	Institution Building ^{**}				
1. Enhancement of the Enforcement Function - <i>Twinning</i> - <i>Phare service contract</i>	0.30 <i>0.30</i>	0.65 <i>0.65</i>	0.95	0.70		1.65
2. Preparation for Adhesion to the Common Transit Convention and Implementation of NCTS	1.35	0.80	2.15	1.50		3.65
3. Implementation of the Romanian Integrated Tariff - <i>Twinning</i> - <i>Phare service contract</i>	0.70 <i>0.70</i>	0.70 <i>0.70</i>	1.40	0.80		2.20

COMPONENT	Phare support		Total Phare (=I+IB)	national co- financing	IFI	TOTAL
	Investment Support*	Institution Building**				
TOTAL	2.35	2.15	4.50	3.00		7.50

(*) *In relation to software licenses, software design, developments, testing, installation and integration, equipment and documentation;*

(**) *In relation to changes in legislation, management, procedures, training and general activities and services as result of investments.*

6. Implementing Arrangements

6.1 Implementing Agency

The Implementing Agency for this project will be the RCA, in close co-operation with the Central Financing and Contracting Unit (CFCU) within the Ministry of Finance, which is responsible for carrying out the tendering, contracting and payment procedures.

Since 1993, RCA have developed structures and systems to co-ordinate the Phare-financed programmes, which have produced very good results and have proved to be very efficient: the absorption of the Phare 1993 funds being 100%. The Phare Programme Implementation Unit (PIU) and the Steering Committee were established, the latter comprising, according to the objectives of the projects, high-level management of the beneficiary departments. Since then, both structures maintained approximately the same structure.

For the implementation of this project a Project Steering Committee (PSC), comprising senior representatives of the RCA key departments, will be set up, in charge with the monitoring, supervision and co-ordination of the overall progress and implementation of the project. The PSC will provide guidance for the different components of the project, will approve the results and will define priorities. PSC will be chaired by the Director General of RCA, who is to be nominated as Senior Programme Officer (SPO).

RCA will appoint a Project Managers for each component of the project from the departments directly involved in the implementation of the project. A Programme Implementation Unit (PIU) is already in place and it will carry out the day-to-day management of the project. Its role is to administer and resolve issues concerning the management of the project, including planning and identification of tasks, reporting, preparation of Terms of Reference, participation in tendering, monitoring and evaluation of activities. The PIU will report to the PSC. The PIU will assure the secretariat for the PSC meetings.

The RCA will support the implementation of the proposed project by assuring the necessary organisational environment, making available the necessary personnel and by covering the cost of the national experts, the required infrastructure and equipment, and the related running and administrative costs.

6.2 Twinning

It is envisaged to implement the partially the project components 3.4.1 and 3.4.3 through Twinning arrangements, as follows:

Enhancement of the Enforcement Function (0.65 MEURO)

Contact person: Mr. Adrian Costin
Director, Romanian Customs Administration
13 Matei Millo Street, Sector 1,
Bucharest, Romania
Tel/Fax: +40 1 310 2672
E-mail: acostin@customs.ro

Implementation of the Romanian Integrated Tariff /TARIR (0.70 MEURO)

Contact person: Mr. Adrian Costin
Director, Romanian Customs Administration
13 Matei Millo Street, Sector 1,
Bucharest, Romania
Tel/Fax: +40 1 310 2672
E-mail: acostin@customs.ro

The Romanian Customs Administration will provide:

- Adequate human resources to implement the twinning projects together with the twinning partner, in accordance with the agreed Twinning Covenants;
- Facilities necessary for the implementation of the twinings (offices, computers, printers, telephones, access to internet);
- Funds to cover the travel costs of the Romanian Customs personnel in the context of training or seminars in the country.

6.3 Non-Standard Aspects

The component 3.4.2 (Preparation for Adhesion to the Common Transit and NCTS) will be implemented through technical assistance and procurement contracts. Taking into consideration the extensive experience of Eurocustoms in providing assistance in the Common Transit and NCTS areas, and the notable achievements in Romania of the 'Transit North-South' project, this technical assistance may be implemented through a direct agreement contract with Eurocustoms.

6.4 Contracts

It is envisaged to implement partially the project components 3.4.1 and 3.4.3 through Twinning arrangements, as mentioned under point 6.2.

It is envisaged to implement the following parts of the components 3.4.1 - Enhancement of the Enforcement Function and 3.4.3 - Implementation of the Romanian Integrated Tariff/TARIR, through two contracts awarded as result of open tender procedures, as follows:

Enhancement of the Customs Enforcement Function

- enhancement of existing Enforcement and Intelligence applications, with the view to better support the analysis activities and the efficient and timely transmission of information;
- development and implementation of a system for the consultation in each customs office of the OSIM, UFDR, ORDA, IPWO reference databases; this will include the integration of the reference databases into the ICIS environment and the further maintenance of this information, the tools to consult this information at the level of all local customs offices, the associated methodologies and information flow, and the amendment of the relevant staff responsibilities and job description;
- development and implementation of an Investigation Request Management System.

Implementation of the Romanian Integrated Tariff /TARIR

Development of a TARIR Management System

- design, development, testing, piloting, implementation and documentation of the TARIR Management System, in accordance with the methodologies and procedures defined by the Twinning component and
- development of knowledge and skills of the involved customs personnel and of the participants to the customs operations (brokers, importers/ exporters etc).

It is also envisaged to implement the component 3.4.2 - Preparation for Adhesion to the Common Transit Convention and Implementation of the NCTS, through a direct contract with Eurocustoms (see also 6.3), including the activities described in the section 3.4.2.

7. Implementation Schedule

7.1 Start of Tendering/Call for Proposals: December 2001

7.2 Start of project Activity: June 2002

7.3 Project Completion: May 2004

8. Equal Opportunity

The Romanian Customs is an equal opportunities employer.

9. Environment

N/A

10. Rates of Return

N/A

11. Investment Criteria

N/A

11. Conditionality and Sequencing

The Phare service contracts (components 3.4.1 and 3.4.3) will be launched only after the development of the corresponding technical documentation by the Twinning partners in the two components. Consequently, the production of this documentation will be included as priority activities and outputs in the two Twinning Covenants.

ANNEXES

1. Logical framework matrix in standard format.
2. Detailed implementation time chart in standard format.
3. Contracting and disbursement schedule by quarter for full duration of project.
4. Indicative implementation time chart of the Phare Customs Projects.
5. Organisational structure of the Romanian Customs Administration.
6. Development Strategy of the Romanian Customs Administration, 2000 - 2005

LOGFRAME PLANNING MATRIX		
PROJECT FURTHER STRENGTHENING OF THE OPERATIONAL CAPACITY OF THE ROMANIAN CUSTOMS ADMINISTRATION	Contracting period expires: 30.11.2003	Disbursement period expires: 30.11.2004
	Total Budget: 7.50 MEURO	Phare contribution: 4.50 MEURO

Overall objective	Objectively verifiable indicators	Sources of Verification	
To support Romania in the process of fulfilling the EU pre-accession requirements concerning the Customs Union.	RCA in full compliance with the accession requirements and the Commission's Customs Blueprints' standards in the key areas addressed by this project.	Regular Customs Administrative and Operational Capacity Reports, as part of the Screening process. Commission' Regular Reports.	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Strengthening of the operational capacity of the RCA in accordance with the EU standards in the key areas of the customs business: enforcement and mutual assistance, the control of transit operations and the implementation of the Community Integrated Tariff (TARIC).	<ul style="list-style-type: none"> Increased detection of fraud cases; National Transit Application, fully compliant with the NCTS requirements, piloted; The Romanian version of TARIC implemented; 	Customs and trade statistics. Regular Customs Administrative and Operational Capacity Reports, as part of the Screening process, and Reports to the EU-Romania Customs Sub-committee.	Government maintains consistent policy viz. the Customs Administration, in line with the 'Declaration of Endorsement of the Commission's Pre-accession Strategy for Customs and Tax administrations'. National legislation, compliant with the EU legislation and best practice, enacted. Full commitment of all parties involved.

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p><u>1. Strengthening of RCA surveillance and control capacity</u></p> <ul style="list-style-type: none"> • Legislation related to Post-clearance Audit, Customs Intelligence and Intellectual and Industrial Property amended; • Enforcement policies, methodologies, practices, procedures in place; • Specialised structures and systems fully functional in key areas of the fight against fraud: audit, intelligence and intellectual property; • Specific Enforcement training programmes and materials developed and delivered; • Internal regulations & guidelines in current use; • Appropriate systems and methodologies in place supporting the customs service in the Post-clearance Audit, Customs Intelligence and Intellectual and Industrial Property areas of the fight against fraud; • Increased exchange of enforcement information with other law enforcement agencies at national, European and international levels; • Awareness sessions for the Trade community. 	<ul style="list-style-type: none"> • Amended legislation, in line with the relevant EU legislation, enacted; • Policies, Action Plans, practices, procedures, compliant with the EU and national requirements and conventions, developed and documented; • Specialised structures documented and in place; • Systems developed/enhanced and fully operational; • Training programmes designed and documented; • Specialised staff trained; • Internal regulations and guidelines for the Enforcement personnel available. • Agreements/protocols/MOUs with law enforcement agencies. • Meetings organised for the Trade community; • Systems and methodologies documented and in current use. 	<ul style="list-style-type: none"> • Published policies, procedures, internal regulations and guidelines. • RCA organisational structure. • Training materials. • Regular reports of the Romanian Customs Administration. • Regular reports of the Trade associations. 	<ul style="list-style-type: none"> • Full commitment of the parties involved. • Timely and adequate resources available.

<p><u>2. Preparation for the adhesion to the Common Transit Convention – implementation of NCTS</u></p> <ul style="list-style-type: none"> • National legislation amended; • RCA organisational structure, working procedures, methodologies and information flow, staff responsibilities and job description adapted to support implementation of the new transit procedures; • National Transit System, fully compatible with NCTS, developed at the level of the NCTS – Phase 3.1, piloted and evaluated; • Customs staff trained; • Manuals for the customs staff produced and disseminated; • Trade Community involved in transit operations, trained and prepared to use the new procedure. 	<ul style="list-style-type: none"> • National legislation amended; • Specific procedures, working procedures and information flows documented; • National Transit Application documented and piloted ; • Specialised customs staff trained and in place; • Manuals for the customs staff produced; • Trade community trained and using effective the new transit procedure. 	<p>Published amended legislation and procedures.</p> <p>Training materials and evaluation questionnaires fulfilled by the trainees.</p> <p>Regular reports of the trade associations.</p> <p>Regular reports of the Romanian Customs Administration.</p>	<p>Timely and adequate technical information and assistance provided by the Commission.</p> <p>Full commitment of the Trade community.</p> <p>Timely and adequate resources available.</p>
<p><u>3. Implementation of the Romanian Integrated Tariff</u></p> <ul style="list-style-type: none"> • Romanian Integrated Tariff (TARIR) developed and in current use; • National legislation amended to support the implementation of TARIR; • Inter-ministerial procedures adapted to support the drafting, the approval, and the implementation of the TARIR; • RCA organisational structure, working procedures, methodologies, information flows, staff responsibilities 	<ul style="list-style-type: none"> • National legislation documented and enacted; • Amended inter-ministerial procedures agreed and implemented; • Amended organisational structure, working procedures, methodologies, information flows, staff responsibilities and job description documented; 	<p>Published amendments of the national legislation, inter-ministerial procedures and strategies.</p> <p>Organisational structure of RCA related to the development/maintenance and implementation of TARIR/TARIC.</p> <p>Training materials.</p> <p>Regular reports of the Romanian Customs</p>	<p>Timely and adequate technical information and assistance provided by the Commission.</p> <p>Full commitment of the parties involved.</p> <p>Timely and adequate resources available.</p>

<p>and job description amended to support the implementation of TARIR;</p> <ul style="list-style-type: none"> • TARIR Management System in place and fully operational, assuring the maintenance of the TARIC and its dissemination to the customs staff and the Trade community; • RCA staff trained; • Trade community prepared to use the TARIC. 	<ul style="list-style-type: none"> • Specialised staff trained and in place; • TARIR Management System documented and in current use; • Trade community trained and using effectively the new tariff. 	<p>Administration. Regular reports of the Trade community.</p>	
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Activities	Means		Assumptions
<ul style="list-style-type: none"> • Development/enhancement and implementation of policies, systems and procedures; • Amendment of national legislation; • Change of organisational structure and corresponding job descriptions; • Design, development and delivery of training programmes; • Drafting, production and distribution of staff instructions (regulations, guidance); • Production and publication of information for trade community. • Enhancement/development of Enforcement systems. 	<p>Twinning arrangements for part of the Institutional Building part of the component 1 and 3.</p> <p>Phare service contract, awarded as result of open tender procedures, for Investment part of the components 1 and 3.</p> <p>Technical assistance and procurement contracts for component 2. The technical assistance for this component may be implemented through a direct contract with Eurocustoms.</p>		<p>Full commitment of the parties involved.</p> <p>Timely and adequate resources available.</p> <p>Effective monitoring of project implementation;</p>

Preconditions
Continued political commitment to EU accession. National legislation in line with EU legislation and best practice enacted. Budgets approved and available.

Title: FURTHER STRENGTHENING OF THE OPERATIONAL CAPACITY OF THE ROMANIAN CUSTOMS ADMINISTRATION

COMPONENT	2001				2002												2003												2004											
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S			
1. Enhancement of Customs Enforcement function																																								
- Twinning		D	D	D	D	D	C	C	I	I	I	I	I	I	I	I	I	I	I	I	R																			
- Phare service contract											D	D	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	R									
2. Preparation for Common Transit adhesion and implementation of NCTS		D	D	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	R										
3. Implementation of he Romanian Integrated Tariff																																								
- Twinning		D	D	D	D	D	C	C	I	I	I	I	I	I	I	I	I	I	I	R																				
- Phare service contract											D	D	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	R	X							
	D = Design C = Contracting R = Review I = Implementation X = Closure																																							

Annex 3 –Cumulative contracting and disbursement schedule by quarter for project: RO0107.03

Title: FURTHER STRENGTHENING OF THE OPERATIONAL CAPACITY OF THE ROMANIAN CUSTOMS ADMINISTRATION

(Million EURO)

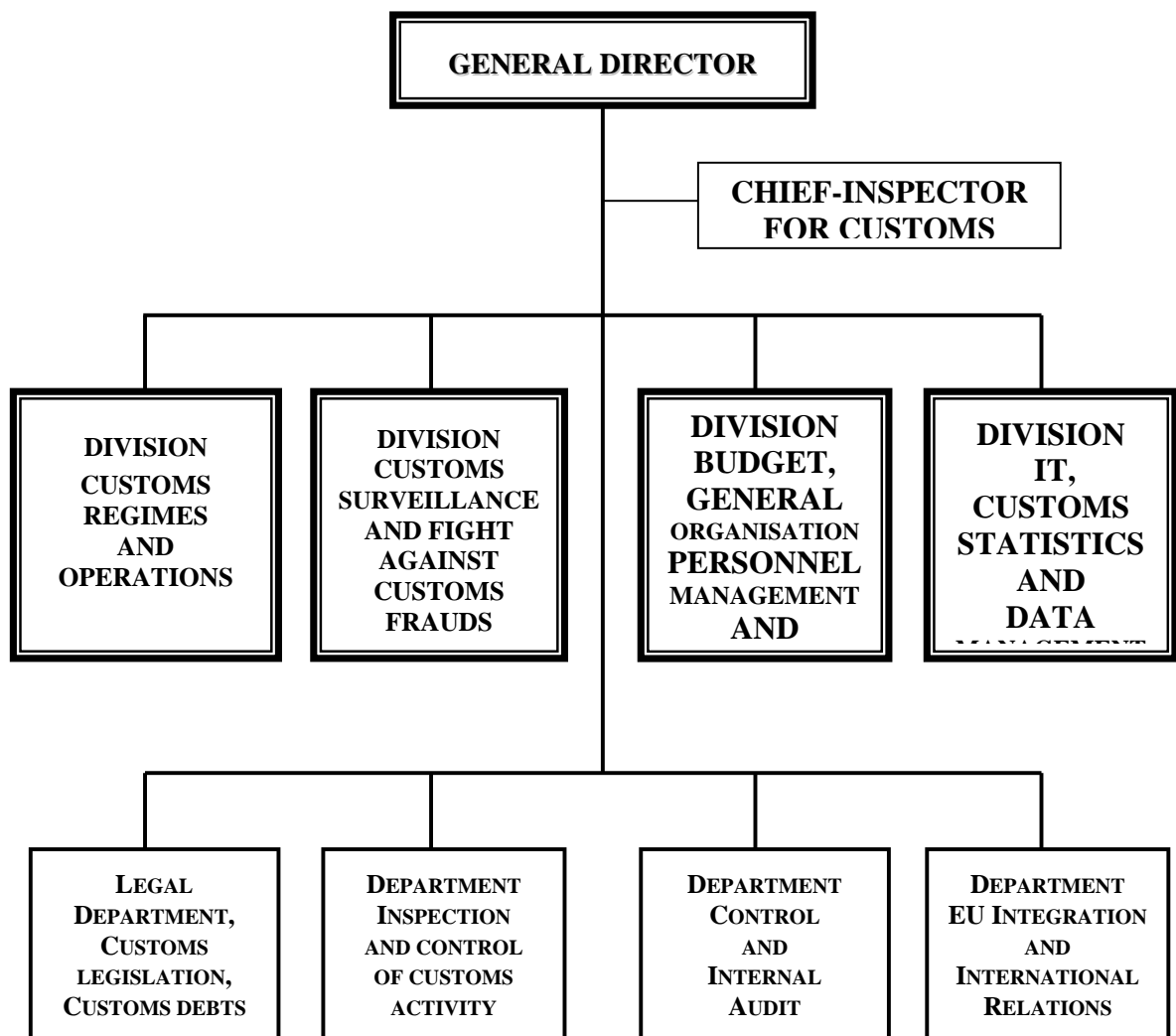
	31/12/01	31/03/02	30/06/02	30/09/02	31/12/02	31/03/03	30/06/03	30/09/03	31/12/03	31/03/04	30/06/04	30/09/04	31/12/04
CONTRACTED		2.15	3.50	3.50	3.50	4.50	4.50	4.50	4.50				
DISBURSEMENT		0.70	1.02	1.90	2.38	3.16	3.79	4.32	4.40	4.46	4.50	4.50	4.50

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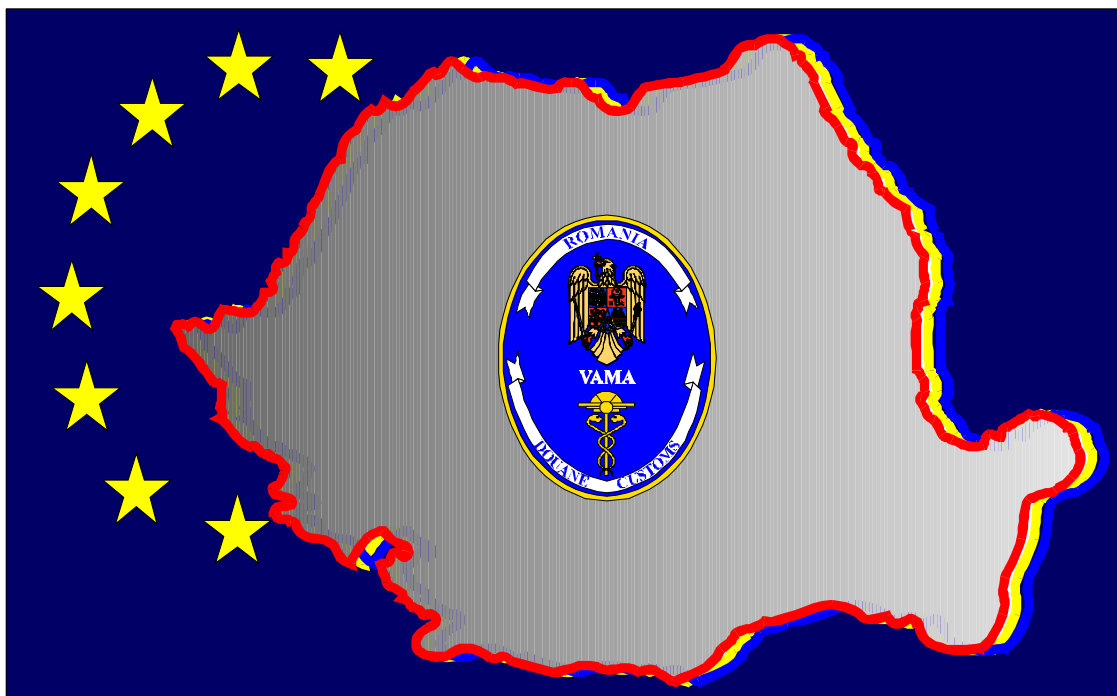
Annex 3 –Cumulative contracting and disbursement schedule by quarter for project: RO0107.03

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**ANNEX 5: ORGANIGRAM OF
THE ROMANIAN CUSTOMS ADMINISTRATION**



**ANNEX 6:
ROMANIA
MINISTRY OF FINANCES
Romanian Customs Administration**



**DEVELOPMENT STRATEGY
2000-2005**

CHAPTER I

INTRODUCTION

1. Background

The beginning of the economic and social reform in Romania, the implementation of the indispensable mechanisms for the market economy, the diversification and intensification of the commercial exchanges have all influenced, in a direct way, the activities of the Romanian Customs Administration (RCA).

The RCA's efforts in the last years to reform and modernise have increased both the quality and the efficiency of its operational activities. These results were obtained through the personal efforts of RCS managers and staff, with the support of the Phare-financed assistance programmes at the national and regional level, beginning in 1993.

Since 1997, the development of the Romanian Customs System has become more strategic and focussed, following the principles of the European Commission's 'Customs and Taxation Pre-Accession Strategy'. A special Pre-Accession Unit has been created to co-ordinate and to manage the RCA's pre-accession reform activities.

At the level of the Department for European Integration of the Romanian Government, through the elaboration of the National Programme for Romania's accession to the European Union, the contribution of the R C A has been a substantial one both regarding its own areas of competence, and collaboration with other empowered institutions at the border.

As these stages of the reform and modernisation process have been undertaken, the RCA's development directions, objectives and modalities to realise them have crystallised. At the same time, the R C A has proved its ability to implement external assistance programmes effectively and also to efficiently absorb, the related financing

This 5 year Development Strategy builds upon all of these earlier efforts by systematising, prioritising, correlating and clearly setting out for all RCA managers and staff the efforts required of the RCA at the legislative, economic and personnel administration level in order to accede to the European Union. It will be supported by detailed action plans, in each domain of activity, through which the RCA's strategic objectives will be implemented.

A Working Operational Group has been established, and will work in close co-operation with the Pre-Accession Unit to elaborate the strategy and action plans, to oversee their implementation, and to periodically follow them up and update them

2. Brief History of the Romanian Customs Administration

The first law establishing a Romanian Customs service was the General Law of Customs, adopted on July 1, 1875.

Both the regulations and the procedures, as well as the organisation and the functioning of the customs service evolved under the impact of the historical changes occurring in Romania and Europe at the end of the XIXth and beginning of the XXth century. In the inter-war period, customs duties were administered by the Customs Direction, a department of the Ministry of Finance. This was according to the Customs Law of 1905, a law further modified and supplemented in 1933 to enable the decentralising of the customs administration and the modernisation of its operational activities.

During the 'socialist' period after 1945, when a centralised 'command' economy prevailed, and the state administered trade activity, the Romanian Customs service's role was confined to, from 1973 as part of the Ministry of Commerce.

From January 1st 1983 until now, the Romanian Customs Administration (RCA) has been subordinated to the Ministry of Finance.

After 1990, the R C A entered a process of legislative and institutional reform, with the main purpose of preparing the conditions necessary for the adhesion to the European Union.

The elaboration, enforcement and the effective application of the import customs tariff, begun on the 1st of January 1991, was the first complex measure aimed at developing the fiscal function of the customs service: the unitary, systematic and non-discriminatory process of customs tax collection.

During 1992-1993, the legal framework was gradually improved, in order to harmonise it with European Community legislation through:

- The adoption of the import customs tariff based on the nomenclature of the harmonised system at the level of 6 digits (1992)
- The adoption of the Single Administrative Document, similar to the one used in the Community (1993)
- The adoption of the import customs tariff based on the combined nomenclature of goods (1993)

During 1996-1998 an overall legislative framework, completely harmonised with that of the Community, was introduced to regulate the activities of the Customs Administration:

- The Customs Code of Romania (1997)
- The Customs Regulations (1997)

- The Statute of the Customs Staff (1998), the legal instrument which offers the customs personnel stability in their work and statutes their belonging to the same administrative structure.

3. Recent Successes

The Romanian Customs Administration has already made significant reforms in the following domains of activity:

Legislation –evidenced by the adoption of the Customs Code (Law 141/1997), the Customs Regulations (Government Decision no 626/1997), the Statute of the Customs personnel (Urgency Government Order no 16/1998) to which Government Decision 392/1999 regarding the value in customs control is added. A project regarding legal measures to protect intellectual property rights was promoted too.

At the same time, R C A obtained very good results during the European Commission's "screening" exercise for legislative harmonisation in 1998, and its legislative framework closely matches the Commission's "Legislation Blueprint", which sets the standard for EU operational capacity.

Organisation – reflected in the s creation of new departments specialised in the integrated tariff and customs procedures, decentralisation of the customs activity realised through the 12 Regional Customs Directorates as well as through creating an operative surveillance and control system.

Tax Collection there have been year-on-year increases in the volumes of the customs taxes collected by the RCA: VAT, excises and other amounts due to the state budget were 825.2 million Lei in 1990 – 18,92 billion Lei in 1998.

Investments - the allocation of 334 billion lei (equivalent of 38 million USD) allowed the finalisation of the construction of 3 RCA centres as well as 7 modern customs offices with multiple traffic lanes, terminals for goods and facilitations for transporters and trade operators.

Customs Surveillance and Control - to support the RCA's activities to prevent, and investigate customs fraud, and to verify the observance of the regulations and customs procedures by the economic agents, specialised 'ICIS' software is being used to follow up transit movements, create and follow up 'black lists', elaborate statistical reports, generate intelligence and risk analysis data, and control customs value.

This domain of activity has also benefited from the strengthening of the co-operation with other institutions authorised by the state to prevent and combat cross-border crime (Ministry of the Interior, Financial Guard, Special services, Justice), with other customs administrations, and with specialised agencies engaged in combating drug trafficking(Balkan Info, RILO).

Computerisation – a **computer** network has been established at RCA Headquarters, in the 12 Regional Directorates and at 114 customs offices and points. Over 95% of the import / export customs declarations submitted to these customs offices are now processed by computer, as is the management of the accumulated data.

In the entire system over 1600 active computers are installed, providing a networked communication system and a statistical database for the RCA.

The first phase of implementing the Integrated Customs Information System (ICIS), covering the processing of the customs declarations, tariff management, follow-up of transit, accounting, MIS, creation and following up 'black lists', elaboration of statistical reports, risk analysis and value control has been implemented.

This implementation was sustained by the Phare RO9304 Programme and was successfully carried out, on time, within budget and to the required quality level. The RO9304 programme is the largest implementation at the national level of the ASYCUDA++ system and in this respect has placed the R C A in the first position among the central European customs administrations. The RCA model has become a reference for these other administrations, some of which -: Lithuania, Estonia, Latvia, Slovakia, and Macedonia, Albania – have visited the RCA to learn from our experience.

4. International Co-operation

Four accords have been signed regarding the customs co-operation and the mutual administrative assistance for the prevention, and investigation of customs infractions: with the United States, Turkey, and the Federal Republic of Yugoslavia and Bulgaria.

Similar accords are due to be signed with France, Hungary, Ukraine, Israel, Georgia, Greece, Moldova, as well as with the Republic of Korea. These accords represent the necessary legal framework for the efficient fight against customs fraud.

CHAPTER II

THE MISSION AND VALUES OF THE ROMANIAN CUSTOMS ADMINISTRATION

1. MISSION STATEMENT

The mission of the Romanian Customs Administration is to apply the customs policy established by the Romanian Government through the Ministry of Industry and Commerce, in accordance with the objectives of the Ministry of Finances, and to prevent from entering the national territory, any goods that might affect national, regional and international security, the economic, social and environmental health.

Macro-economic stability, the consolidation of the financial market system, and the development of a high performance economy are natural aspirations of a modern administration and the premises for Romania's integration into the European Union.

2. VALUES

The accomplishment of the Romanian Customs Administration's mission is based on the observance of the following values and principles:

- Observance of human rights, guarantee of private property and the free circulation of goods
- Orientation of customs activity towards meeting the needs of the customs service beneficiaries
- Uniform and impartial application of the specific legislation
- Readiness to assimilate the new as well as the will to change
- The free circulation of information, subject to the need protect personal and commercial data

CHAPTER III

STRATEGIC OBJECTIVES 2000 – 2005

- 1. Supplement the legislation and related procedures, in line with the national and European legislative systems**
- 2. Increase the efficiency and effectiveness of the collection for the state budget of the revenues for which the RCA is responsible**
- 3. Strengthen customs control at the border to combat commercial fraud and organised crime, whilst at the same time facilitating legitimate trade**
- 4. Restructure the organisational framework and improve management and internal communications systems**
- 5. Create an institutional framework, which provides for professional recruitment, training, performance evaluation, resource allocation, and protection of the rights of customs employees.**
- 6. Combat staff corruption and create an ethical-professional profile of the customs staff.**
- 7. Create an inter-institutional communication system at the national and international level with a view to facilitating legitimate trade**
- 8. Consolidate, stabilise and develop the Integrated Customs Information System to respond to the requirements of the reform of the customs functions**
- 9. Modernise the infrastructure and provide high performance equipment to support customs control activity**
- 10. Prepare the Romanian Customs Administration for accession to the European Union by approaching the strategic objectives in the context of the evolution of customs functions at the EC level**

CHAPTER IV

ACTIVITIES TO SUPPORT THE STRATEGIC OBJECTIVES

OBJECTIVE 1 - Supplement the legislation and the specific procedures, correlation with the national and European legislative system

In virtue of the prerogatives offered by the law, the Romanian Customs Administration will initiate proposals to modify and supplement the legislation with incidence on the customs activity.

1.1 Correlation with the national legislative system

- 1.1.1 Elaboration and implementation of the simplified customs procedure at the domicile;
- 1.1.2 Supplement and finalisation of the legal framework regarding the investigation and the follow-up of the customs infractions;
- 1.1.3 Delimitation of the competencies of the various control agencies of the administration (the Romanian Customs Administration, the Ministry of the Interior, Financial Guard, etc) in order to eliminate the parallelisms at the central and local level;
- 1.1.4 Elaboration of norms regarding the post control of the customs activity both at the executive level and at the level of co-ordination and control;
- 1.1.5 Elaboration of the norms regarding the valorisation of the goods which became the property of the state;
- 1.1.6 Set-up of the differences identified in the national legislation regarding the audit of the trade statistical systems and reporting

1.2 Correlation with the European legislative system

- 1.2.1 The Common Transit Convention
- 1.2.2 The realisation of a Compendium regarding the rules and provisions from the collection of texts envisaging the practical application of the Common Transit Convention;
- 1.2.3 The alignment of the simplified procedure to the Community legislation for the air, maritime and railway transport of the goods;
- 1.2.4 The detailed analysis of the gaps existing between the EU customs legislation and Romania's customs legislation, in order to insure the legislative compatibility at the time of accession to the EU.

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- 1.2.5 Elaboration of Romania's integrated customs tariff under the aspect of establishing the influences over the customs rights of the different normative acts
- 1.2.6 Accession to the international conventions mentioned in the screening list (Istanbul, Kyoto, Nairobi, harmonisation of the goods control at the border)

OBJECTIVE 2 - Increase the efficiency of the activity to collect the rights due to the state budget from the customs activity, evaluation measures (audit)

For the efficient fulfilment of the duty to collect the customs taxes and other rights due to the state budget, in order to harmonise its own mechanisms to the mechanisms used at the EC level, the Customs Authority envisages the following:

- 2.1 Strengthening the post-control of the import-export activity in order to protect the licit trade;
- 2.2 Strengthening the mechanism to establish the customs value according to the rules stipulated by the Accord to apply art. 7 – GATT;
- 2.3 Materialisation of the mechanism to valorise the goods which became the property of the state;
- 2.4 Elaboration of the Regulations regarding the organisation and functioning of the forced executions offices, as well the elaboration of a monography to register, collect and distribute the debts through forced execution;
- 2.5 Elaboration of the integrated customs tariff based on the TARIC principles;
- 2.6 Interconnection of the customs IT system with the financial-banking ones.
- 2.7 Materialisation of an audit mechanism of the trade statistical systems and reporting

OBJECTIVE 3 - Strengthen the customs control at the border in correlation with fluidising the goods traffic – combating the commercial fraud and the organised crime

The responsibility of the Customs Authority to provide a fluid traffic of goods developed under the conditions of an adequate customs surveillance, with the observance of the national and European legal framework implies the materialisation of the following:

- 3.1 The fluidisation of the goods traffic and the increase of the volume of operations in the simplified procedure addressed to the correct economic operators

- 3.2 The access to the database regarding the circulation of the containers on the Planetary Ocean (the Marinfo System), as well as to the Interpol system
- 3.3 The development of the system of information, documentation and risk analysis, and the selection of the potentially illicit actions
- 3.4 The creation of the facilities to receive relevant information that is to be used in the activity of customs investigation and surveillance
- 3.5 The strengthening of the operative control of the transit customs operations for the prevention of the customs-avoidance phenomenon
- 3.6 The enhancement of the degree of assuming the decisional responsibility for the phenomena of introducing into the country prohibited goods stipulated in the international conventions regarding the protection of the environment, flora and fauna in which Romania is signatory part
- 3.7 The creation of zonal centres to co-ordinate the activity of the mobile teams in order to improve the customs surveillance in the special zones (20 km from the border)

OBJECTIVE 4 - Restructure of the organisational framework and improve of the management and internal communications system

In the dynamic of an accentuated dynamics of its own strategy and a legislative framework, the Customs Authority envisages the continuing organisational restructuration and the optimisation of the system managerial and the internal communications by promoting the following:

- 4.1 Evaluation and updating of the organisational framework of the Romanian Customs Administration in conformity with the necessities of the current dynamics of society
- 4.2 Elaboration of the Organisation and Functioning Regulations in conformity with the organisational structure of the Customs Authority
- 4.3 Adoption of activity plans for each domain and the creation of mechanisms to allocate / reallocate optimally the resources within the Romanian Customs Administration
- 4.4 Creation of a system of reporting and evaluation of the activity at all the levels
- 4.5 Periodical update of the sectoral strategies and the strategy of the Customs Administration
- 4.6 Creation of an internal communication system owned by the Romanian Customs Administration

OBJECTIVE 5 - Create the institutional framework and selection mechanism, professional training, evaluation and human resources allocation, protection of the customs worker

The process to transform the state administration into a modern structure requires that the Customs Authority elaborate some efficient mechanisms of selection, professional training, evaluation and allocation of human resources, as well as the institutional framework specific to the application of these mechanisms through:

- 5.1 The definition of a professional training programme according to the RCA development requirements (the objectives, the methods of professional training, the training programmes, the responsibilities and allocation of material and human resources)
- 5.2 Improvement of the system of recruiting, selection and allocation of the staff based on a careful and thorough analysis of the development

needs (recruiting sources, recruiting criteria, definition of the recruiting plan, staff selection, professional integration)

5.3 The creation of a managerial system that should allow the collection of the information regarding the performances of the staff, which will be used in order to take decisions in this regard

5.4 Improvement mechanisms of appreciation and evaluation to promote the staff (evaluation criteria, performance standards, evaluation methods)

5.5 The adequate application of the stimulative framework of motivation in order to obtain high performance results (motivation sources, professional satisfaction, salaries and work security)

5.6 The development of an adequate policy of sectoral training and the integration into a global system of professional training

5.7 The materialisation of the stipulations of the Strategy of continuing professional training of the public administration

OBJECTIVE 6 - Combat the corruption and create an ethic-professional profile of the customs staff

The Customs Authority is one of the main institutions of the central public administration empowered with the prevention, the combat, investigation of the customs frauds, verification of the observance of the customs regulations and procedures by the economic agents and the detection of the tendencies of customs fraud phenomenon. In order to regulate the problems associated to corruption, the Customs Authority envisages the following:

- 6.1A good knowledge of the legislation in force, the standards, responsibilities, rights and sanctions stipulated in the customs staff statute, as well as the adoption of an ethical code.
- 6.2 The efficient reorganisation of the internal structure in order to create a mechanism of ethical and professional evaluation
- 6.3 The improvement of the activity of its own internal control body and linking the actions with the decisions of the Honour Council of the Customs Experts
- 6.4 The creation of the mechanism to report and inform, both the performances, and the cases of inadequate conduct of the customs staff
- 6.5 The orientation of the ethical profile of the customs staff towards the harmonisation with the necessities of the services beneficiaries, assuming responsibilities, observance of discipline, removal of conservatism and the prevention and the combat of corruption among the customs staff.
- 6.6 The elaboration, legislation and appliance of some alternative systems of socio-professional motivation of the customs staff

OBJECTIVE 7 - Structure the inter-institutional communication system at the national and international level; measures to facilitate the trade

In order to accomplish its mission, the Romanian Customs Authority, through the nature of its attributions, has to collaborate with all the authorised institutions of the state, as well as with the international specialised bodies and the operative information exchange agencies. This collaboration must be regulated by accords, conventions or protocols. The opening of the Romanian Customs Administration towards bilateral and multilateral collaborations with other customs

administration will lead to the acceleration of the process of modernisation and reform. These desiderata will be accomplished through:

- 7.1 The promotion of close relations of collaboration between the Customs Authority and the governmental departments
- 7.2 The improvement and institutionalisation of the co-operation between the Customs Authority and the business community
- 7.3 The fluidisation of the goods traffic through the adoption of transparent images regarding the customs control and clearance formalities
- 7.4 The improvement of the public image of the Romanian Customs Administration as a result of the rigorous application, of the specific legislation, as well as the adoption of an adequate conduct and behaviour of the customs staff.
- 7.5 The development of an efficient mechanism of external communication in order to support the Romanian Customs Administration with clear and on-the-subject information
- 7.6 The finalisation and ratification of the co-operation accords stipulated for the next period (China, Korea, France, Israel, Ukraine, Hungary)

OBJECTIVE 8 - Consolidate, stabilise and develop the Integrated Customs Information System to respond to the requirements of the reform of the customs functions

The Romanian Customs Administration successfully completed the first phase of implementation of the Integrated Customs Information System on time, within the budget and at the qualitative level recommended by the European standard. Based on the obtained results, it decided to continue the consolidation, stabilisation and the development of the Integrated Customs Information System both by optimising the functionalities existing in the system, as well as by computerising other functionalities which were not included in the first phase of implementation. The development of the system also implies the extension of the computerisation of the customs offices that were established in the last period. In this context, the main function of the computerisation activity to support the customs activity and to enhance its efficiency will be accomplished through:

- 8.1 The adoption of an IT, statistics and communication strategy, in order to sustain the IT and communication function;
- 8.2 Making the customs activity efficient by establishing a rigorous, simplified system of customs clearance and tax collection, simplified, completely computerised and sustained;
- 8.3 The improvement of the installed system by developing new applications in order to extend it with new functionalities (such as manifest processing, simplified procedures, post entry control, intelligence, WEB processing);
- 8.4 Computerised processing of the customs declarations according to the real needs;
- 8.5 Supporting the activity of the Romanian Customs Administration by delivering and orientating the necessary data towards the users' needs, on time and within the existing budget following the stabilisation of the system in order to ensure the capacity of the Romanian Customs Administration to sustain the system independently;
- 8.6 Provision of quality for all the components of the system and data integrity;
- 8.7 Refining of the technical solutions for each project based on including the IT architecture, operating systems, application of the software, methods of communication and systems of database management;
- 8.8 The harmonisation, at central and sectoral level, of the work procedures, mechanisms, responsibilities, the efficient allocation of the material and human resources and the professional training in order to

create the capability of the operative responsibility of the requirements that will appear in the perspective.

OBJECTIVE 9 - Modernise the infrastructure and equip with high performance equipment specific to the customs control activity

The modernisation of the infrastructure constitutes the premise of the process of reform and modernisation of the customs activity. The Romanian Customs Authority has made material, organisational and human resources efforts to sustain this activity and to equip with specific high performance equipment. The process will continue and will envisage the following:

- 9.1 The finalisation, with priority, of the investments objectives on the North-East frontier (border with Ukraine and the Republic of Moldova)
- 9.2 The orientation of the design for the future customs objectives with variable structures adaptable to the changes in the flow of goods and persons determined by the socio-economic dynamics.
- 9.3 The adoption of a unitary acquisition policy to insure the compatibility of the equipment, the facility of the maintenance and service, a decrease in the cost as a premise for the increase in the staff mobility
- 9.4 The equipping with specific means and equipment that should allow an increase in the efficiency of the border surveillance and control
- 9.5 The elaboration of procedures of analysis and reallocation of the material and money resources that should allow the maximisation of the efficiency of their use.
- 9.6 The equipping of the Romanian Customs Administration with an alternative system of communication (radio waves) that should allow the information circulation in case of force majeure or non-operation of the classic system.
- 9.7 The equipping with rapid transportation means, easy to drive or manoeuvre that should allow the increase of the customs control and the limitation of fraud and contraband.
- 9.8 The creation of an adequate environment to develop the activity (equipment, offices, facilities)

OBJECTIVE 10 - Prepare the Romanian Customs Administration for accession to the European Union by approaching the strategic objectives in the context of the evolution of the customs functions at the EC level

The Romanian Customs Authority has obtained good results at the EC initiatives, “screening” for legislative harmonisation and “blueprints” to identify the gaps between the European standards and the existing situation and the delineation of the requirement developments. Also, the Romanian Customs Authority has actively participated in the elaboration, during 1999, the National Plan to Adopt the Acquis elaborated at the level of the Department for European Integration of the Government. Added to these are the very good results obtained in the co-ordination and implementation of the Phare programmes, both national, and regional. Based on the obtained results, the training activity for the accession to the EU will continue through:

- 10.1 The participation in the implementation of the National Plan for Romania's Accession in order to sustain the government policy regarding the customs sector
- 10.2 The completion of the legislative harmonisation
- 10.3 The accession to the international conventions (for ex.: Common Transit) as a priority for the policy of the Romanian Customs Administration
- 10.4 The stabilisation, consolidation and development of the Integrated Customs Information System in order to support the activity of the Romanian Customs Administration.
- 10.5 The reform of the organisation and the development of the leadership function in order to realise the institutional flexibility necessary in the accession process
- 10.6 The improvement of the border control and the collaboration with the authorised institutions which develop their activity at the border and especially on the Eastern border
- 10.7 The limitation of the phenomenon of corruption and customs fraud
- 10.8 The improvement of the external communication with other customs administrations, the World Customs Organisation and the Specialised Directions of the EC.

CHAPTER V

CRITICAL SUCCESS FACTORS

The Romanian Customs Administration will have to take into consideration the realisation premises and the risk factors which influence the application in to the present activity of the objectives adopted through the Development strategy for the next 5 years.

To the same extent, at the time the RCA Development strategy was developed, the potential critical factors of success can be identified:

1. The addition of the legislative framework which identifies the place and role of the RCA
2. The evolution, in the sense of the complementarity, of the general legal framework with the special legislation in order to delimit the competencies within the state authority and inside the customs system
3. The normal development of the programmes with external financing which sustain the fulfilment of the objectives from the development strategy
4. The continuation of the dynamics of the past years in the percentage of the staff with higher education with direct impact in changing the mentality and in the rapid assimilation of the new regulations and technologies to make the entire activity efficient
5. The institutionalisation of its own system of training and upgrading of the customs system
6. The elimination of the political factor in the administrative decisional factor
7. The provision of necessary funds (from extra-budgetary sources) for the build-up of its own system infrastructure (at the north and east border) having complex facilities
8. The development of adequate relations between the customs authority and the national agencies of the economic agents that deal in import – export activities
9. The existence of availability for the assimilation of the new and the will to change at the managerial level
10. The evolution of the capacity of the banking system to assimilate the electronic payment procedure
