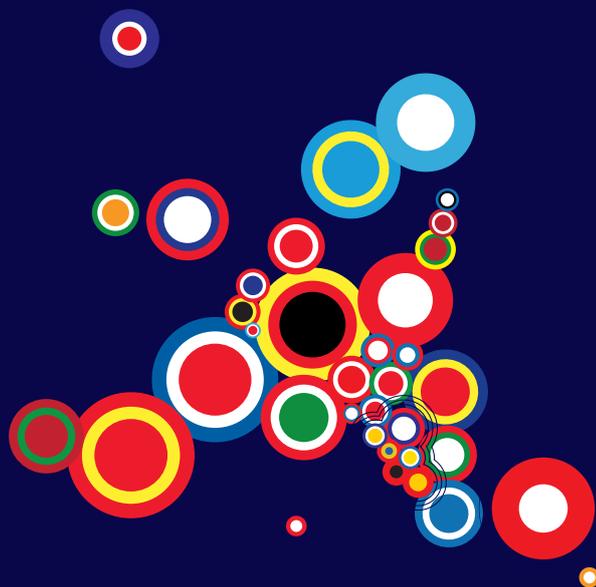




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### MONTENEGRO

### Support to the Customs Administration



#### **Action summary**

The overall objective of the Action is the fulfilment of the EU accession requirements concerning the Chapter 29. The specific objective of the Action is to strengthen the operational capacity of the Montenegrin Customs Administration in order to implement Customs transit procedures fully aligned to the external and internal Common/Community transit procedures of the European Union and in order to implement New Computerised Transit System (NCTS) current version.

One of the most important priorities in the process of joining the EU is creating a territory of free movement of goods in Montenegro, as well as harmonising with procedures and rules which are currently in force in the EU.

Joining Convention on Common Transit is important for Montenegro in the process of EU integration because it would enable faster movement of goods, reduction of operational costs and supervision over the movement of shipments and prevention of misuse.

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for Montenegro (2014)
<b>Action Title</b>	Support to the Customs Administration
<b>Action Reference</b>	IPA 2014/032022.3/ME/Customs
<b>Sector Information</b>	
<b>IPA II Sector(s)</b>	Democracy and Governance
<b>DAC Sector</b>	15111 Public finance management
<b>Budget</b>	
<b>Total cost</b>	EUR 3.3 million
<b>EU contribution</b>	EUR 2.97 million
<b>Management and Implementation</b>	
<b>Method of implementation</b>	Indirect management
<i>Indirect management:</i> <b>National authority or other implementing body</b>	Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)
<b>Implementation responsibilities</b>	/
<b>Location</b>	
<b>Zone benefiting from the action</b>	Montenegro
<b>Specific implementation area(s)</b>	/
<b>Timeline</b>	
<b>Deadline for conclusion of the Financing Agreement</b>	At the latest by 31 December 2015
<b>Contracting deadline</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<b>End of operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement.

## 1. RATIONALE

### PROBLEM AND STAKEHOLDER ANALYSIS

*Montenegro 2013 Progress Report* noted that the introductory steps have been taken in order to put in place and implement a customs transit system, compliant with the common transit rules, including New Computerized Transit System (NCTS). This lays the foundations for future membership of the *Convention on a Common Transit Procedure (CTC)*. It is stated that the preparations for possible accession to the *CTC* have started, but need to be stepped up. In *Screening Report for Chapter 29 – Customs Union* it is noted that Montenegro has expressed interest in becoming a full member of the *CTC* and of the *Convention on Formalities in Trade in Goods (SAD Convention)* and has the status of Informal Observer to the Joint *CTC* and *SAD* Committee. Montenegro recognises the need for further development of systems and processes to harmonise with the *acquis* in this domain, and identifies in particular the NCTS, as well as the Import and Export Control Systems (ICS and ECS) as “*applications to be prepared*”.

In the process of accession to the European Union, Montenegro must assume all obligations under European legislation relating to the Chapter 29. One area in which the business process will change significantly is the transit procedure by implementation of the *CTC*. Provisions of the *Customs Law* and implementing provisions to the *Customs Law*, in section related to the transit of goods, are mostly harmonized with the *acquis*. External transit, in accordance with the Montenegrin customs legislation, refers to the movement of foreign goods between two places within the customs territory or domestic goods for which the export customs procedure has been carried out. Internal transit refers to the movement of domestic goods, crossing the territory of a third country, without the change of customs status. Currently, the Customs Administration (MCA) is using the centralised computerised system for national transit, which allows conducting national transit procedure electronically. However, apart from lodged electronic declaration, MCA also requires from economic operators to lodge transit declaration in paper form. In cooperation with experts engaged by the twinning partner MCA drafted provisions for amending the *Customs Law*, relating to the implementation of the transit procedure and they entered into force in early January of 2014. The work on the draft amendments to the *Implementing provisions to the Customs Law* is in progress. It was planned to fully harmonize the provisions of the *Customs Law* and the *implementing provisions to the Customs Law*, which regulates the implementation of the transit procedure, including the status of goods and guarantees, with the relevant provisions of the European legislation by the end of 2016.

Considering that ratification and implementation of the *CTC* is one of the requirements towards future membership in the EU, and having in mind that NCTS is a tool for implementation of the *CTC*, Montenegro decided to develop its own National Transit Application (NTA) compatible with NCTS functional and technical requirements. Benefits of joining the *CTC* (and thus implementing NCTS in Montenegro) are numerous, both for customs and economic operators involved in transit procedure. Specifically, economic operators will communicate with customs electronically, and thus exchange data and information on specific transit procedure, so they will be timely informed about the progress of the procedure. On the other hand, MCA shall exchange data on all transit procedures through electronic message exchange with other contracting parties, thus allowing a continuous and smooth movement of shipments from the place of departure to the place of destination. In line with the on-going activities in the Region on the future implementation of *CTC* provisions and development of NCTS, MCA is finalising the draft National Plan. The main stakeholders are the MCA and the economic operators. In order for the main economic operators to gain the maximum benefits, they must adapt their procedures and IT systems to be able to exchange NCTS electronic messages with the MCA IT system as external users in accordance with the national standard (based on DG TAXUD specifications). Also it is necessary to define the external domain specifications, to enable the economic operators (i.e. the traders or their software providers) to develop the NCTS Trade module compatible with the NTA.

### RELEVANCE WITH THE IPA II INDICATIVE STRATEGY PAPER (OR MULTI-COUNTRY STRATEGY PAPER) AND OTHER KEY REFERENCES

*The Indicative Strategy Paper for Montenegro (2014-2020)* (the Strategy Paper) outlines the commitment of Montenegro to an intensive process of aligning its legislation with EU legislation and to developing the administrative capacity to ensure its proper implementation.

The Strategy Paper states that the Customs and Taxation are specific negotiation chapters with a number of EU accession related requirements, especially in terms of interoperability. Furthermore, Customs and taxation have a significant impact on good governance, in particular in the economic area, ensuring an appropriate spending of public funds and the efficient collection of the necessary budgetary revenues. The main challenges will be to reinforce administrative capacity, improve the monitoring and control over tax/customs collection, align the legislation with EU *acquis* and develop interconnectivity and interoperability of customs and tax administration IT systems in line with the EU standards.

Further to the Strategy Paper, main reform of state administration shall be also focused on support to the harmonization and efficient application of European legislation in the field of customs. It is necessary to ensure interconnectivity and interoperability of IT systems in line with EU standards, as well as automatic exchanges of information with other customs administrations. Pursuant to the Strategy Paper, one of the main objectives that need to be achieved within the Sector *Democracy and Governance*, with IPA support, is that Montenegro, through harmonization with EU standards, becomes a full member of the *Convention on a Common Transit Procedure*.

*The Business Strategy of MCA 2013-2015* stipulates that Customs Administration, aiming at accession of Montenegro to the EU, facilitation of trade at the border, reduction of costs and simplification of procedure for legitimate goods, shall undertake initial steps for the application of the *Convention on a Common Transit Procedure*, including the implementation of the New Computerised Transit System (NCTS).

Montenegro adopted the *Strategy for Development of Information Society 2012-2016*, where the planned activities aim at the utmost use of social and economic potential of Information and Communication Technology (ICT), especially interconnectivity and interoperability as an important instrument of economic and social activities. The Strategy clearly defines goals and activities to be carried out. The Government of Montenegro adopted the *National Interoperability Framework* in December 2011 (and revised it in 2013) as a strategic document defining the rules and manners of setting up interoperability in Montenegro. The Government also defined the annual *Action Plan for e-Government* which treats interoperability with focus on cross-border cooperation as one of the important activities.

Activities envisaged by this Action correlate with the priorities and timeline defined in the *Accession Programme of Montenegro 2014-2018* (particularly Chapter 29).

## **SECTOR APPROACH ASSESSMENT**

Government of Montenegro adopted *Public Administration Reform Strategy for the Period 2011-2016* along with *the Action Plan for its Implementation* on the session held on 31<sup>st</sup> March 2011. The main aim of the Strategy is “the structural adjustment of public administration according to the best EU standards, public administration rationalization, increased efficiency and savings, improved coordination within public administration, openness, availability; strengthening legality of the work of local government bodies, achieving greater level of cooperation between local self-government units as well as between local self-government units and public services established by the state which provide services at the local level; systematic strengthening of public services and organizations exercising public functions”.

Having in mind that implemented measures are not sufficient for the sustainability of public finances in short-term and mid-term, as well as that improved public administration efficiency requires analysis of realistic public sector the Government adopted the *Plan for Internal Restructuring of Public Sector* in 2013. This Plan represents the key instrument for further support of the programming, while priorities identified in this sector shall be also linked with those defined in the enlargement agenda.

Along with planned reorganization of public administration special attention will be given to the:

- strengthening of the system of public finances;
- enhancing information society (e-Government);
- strengthening the EU integration process.

This sector policy is led by the Ministry of Interior, being responsible for the enhancement of the institutional capacity and efficient public administration. The other ministries involved in this public administration reform process are the Ministry of Finance and the Ministry for Information Society and Telecommunications. In Montenegro, the coordination within the government institutions and with other donors is functional and satisfactory, even though there is room for further improvements within the sector and government level.

It's important to stress out that currently there is no sector budget and the allocations are placed in the budget within the line ministries/institutions. Expenses for IPA co-financing of the Actions will be planned in each institution separately, within the total expenditure.

The *Law on the Budget and Fiscal Responsibility* is adopted by the Parliament and it will provide a base for a medium-term planning, which is the establishment of medium-term budgetary framework, as well as with numerical fiscal rules.

#### **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

IPA 2008 Project *Assistance to the Customs Administration* was related to the modernisation of customs service of Montenegro. The project as a whole was divided into three components: governance, harmonization of legislation and Integrated Border Management (IBM) with clearly specified activities within each component, one of which was related to familiarisation with the implementation of a common transit procedure and NCTS.

During the course of IPA 2010 Project *Preparation of the Customs Administration of Montenegro to Implement the New Computerized Transit System - NCTS*, in accordance with the recommendations, MCA has established a working group for the implementation of the CTC, including NCTS. In addition to this, the working group to monitor the implementation of the project was also established, ensuring that all activities undertaken are implemented within the planned timeframe. Group for the transit procedure and NCTS has been established within the Department of Customs Procedures.

In accordance with experts' recommendations MCA has established appropriate administrative structure and recognized the needs for further compliance with CTC, SAD and ICT. Through this Action, all the stakeholders will be familiarized with the rules applied for the common transit procedure including NCTS in a continuous cascade of information, which will ensure their readiness for its implementation.

After due consideration of all possible options, MCA decided to develop its own application. MCA believes that developing of its own application for NCTS is the best solution, in the long term.

Beside mentioned activities through this Action MCA will get assistance in drafting guidelines and instructions for proper application of new legislation and CTC.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To fulfil the EU accession requirements in Chapter 29 in terms of accession to the Common/Community transit Convention before the accession to the EU	Customs Administration complies with accession requirements in Chapter 29 in regard to Common/Community transit Convention and NCTS	EC Progress Report Performance report submitted to the Government of Montenegro	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To strengthen the operational capacity of the Customs Administration of Montenegro (MCA) in order to implement national customs transit procedures fully aligned to the requirements of Common external and internal transit procedures of the European Union and in order to implement NTA fully aligned to the requirements of the New Computerised Transit System (NCTS) latest current phase and version	National Transit Application (NTA) tested in national and international mode  Ratification of the conventions	EC Progress Report EC up-dated country reports on IT interoperability and interconnectivity EC Report on the Conformance Testing EC Monthly Report on NCTS Operations	Government maintains consistent policy and commitment to the implementation of NCTS;  Willingness and capacity of Customs high-level management to introduce changes and innovation into transit procedure;  The timing for the publication of the new NCTS specifications in the framework of the Union Customs Code (UCC) is taken into account by the MCA and the service provider.
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>R 1:</b> MCA supplied with the server equipment and licences for data bases and other system software necessary for the NCTS implementation <b>R 2:</b> The National Transit Application (NTA) is fully operational in line with NCTS requirements, and the MCA is capable of working and managing the NTA application and to provide advice to the trade community <b>R 3:</b> MCA staff and economic operators are ready for applying the new transit rules <b>R 4:</b> The Montenegro NTA is ready for NCTS conformance testing using Common Communications Network/Common Systems Interface	Hardware and licences in place (with tests reports)  Statistics over NCTS movements; enquiry messages exchanged; registered traders; comprehensive guarantees and recovery performed.  Number of MCA staff and economic operators trained Response time for the questions received by the MCA's National Service Desk responded within 1 working day, during the Pilot Phase NCTS conformance testing completed	EC Progress Report DG TAXUD reports on acceptance and conformance tests MCA performance report Action team report National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit).	Adopted National Project Plan (NPP) for NCTS within the planned time frame  Adopted amendments to the Customs Law and Implementing provisions within the planned time frame  Sustainability of staff trained, further training of incoming new staff ensured
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
<b>R1 - A1:</b> Supplying, installing and testing hardware equipment (servers etc.) <b>R2 - A1:</b> Prepare/update internal organisation, procedures and guidelines/instructions of MCA; <b>R2 - A2:</b> Develop, install, test NCTS application, complete with Trade module <b>R3 - A1:</b> Trainings for MCA staff and economic operators <b>R4 - A1:</b> Implementation of CCN/CSI Gateway and configuration for NCTS	Service contract Supply contract	EUR 3 300 000	Full commitment of the parties involved.  Adequate human and budgetary resources secured

## **ADDITIONAL DESCRIPTION**

The overall objective of the Action is fulfilment of the EU accession requirements concerning the Chapter 29 – Customs Union. Specific objective of the Action is to strengthen the operational capacity of the Customs Administration of Montenegro in order to implement Customs transit procedures fully aligned to the external and internal Common/Community transit procedures of the European Union and in order to implement NCTS current phase and version. Namely, one of the most important priorities in the process of joining the EU is creating a territory of free movement of goods in Montenegro as well as harmonising with procedures and rules which are currently in force in the EU. Joining the *Convention on a Common Transit Procedure* and *Convention on Formalities in Trade in Goods* (SAD) is of high importance for Montenegro in the process of EU integration because that would enable faster movement of goods, reduction of operational costs and supervision over the movement of shipment and prevention of misuse. It is also important to emphasise that each candidate country is highly recommended to accede to the *Convention on Common Transit Procedure* and the *Convention on Formalities in Trade in Goods* prior to joining the EU. This has proved to be beneficial for the country concerned. The implementation of these Conventions must start at least one year before joining the EU, but would even bring more benefits if achieved earlier.

The prerequisite for the accession to those Conventions is the preparation for the implementation of the common transit rules, including the implementation of NCTS. Montenegrin Customs Administration has taken steps in order to provide IT strategy and one of the segments of IT strategy development is New Computerised Transit System (NCTS). Realistic estimate is that it takes three to five years to meet all conditions for the full implementation of NCTS.

The current IT System of MCA provides complete support to the transit procedure at national level, regulated by current legislation. However, having in mind the wider economic territory that goes beyond the borders of Montenegro, as well as cooperation among the customs administrations in the region and full exchange of information, it is evident that the transit procedure has its limitations.

The implementation of the New Computerized Transit System (NCTS) requires legal, procedural, operational and IT changes, with a National Transit Application (NTA) that enables implementation of standard NCTS processes including the exchange of messages between the contracting parties. Common Communication Network/Common System Interface (CCN/CSI) is the secured communication platform that ensures this network among the parties.

Montenegro lacks the network to exchange data between contracting parties and the European Commission. As a result it does not comply with CTC, NCTS and other EU requirements. Therefore, MCA needs the development of NCTS compatible transit module based on the functional and technical specifications available in the EU and integrated into MCA IT System. This Action for implementation of New Computerised Transit System (NCTS), which is essential to ensure the control of transit movements throughout the Community/the CTC territory will consist of two components, a supply contract to develop the necessary IT systems and a service contract to assist the Customs Administration of Montenegro in the management of the implementation of common transit rules (including the NCTS). This service contract will also include the definition of the MCA legal/procedural changes regarding, for example, the registration of operators, the simplifications, and the guarantee management.

The NCTS Action will cover primarily IT Action management support for the software developments, including support to the management of all business and functional aspects of systems implementation, the software design, development and implementation as well as the user training and the production of all the necessary documentation including user requirements, software installation, system administration and user manuals. The MCA will start the Common transit (and later the Community transit) operations with a NTA aligned to the NCTS specifications defined by DG TAXUD as applicable. Therefore, the Action will develop NCTS based on the functional and technical specifications available in the EU and integrated into MCA IT system such as Customs Declaration Processing System (CDPS), Guarantee Management System (GMS), Risk Management System (RMS), etc.

In order to exchange data with economic operators, it is necessary to develop web application, with using electronic signatures and certificates, for the economic operators who are unable to develop their own system compatible with NCTS and develop web service, with using electronic signatures and certificates, for interconnecting with IT systems of economic operators.

Alongside the development of NCTS, it is necessary to create conditions for application of electronic signature, in accordance with the *Law on Electronic Signature*. Also, it is necessary to prepare and provide training for traders regarding the advantages of NCTS and necessary steps for inclusion and the usage of this system in order to facilitate the transit procedure.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The main beneficiary of the action will be the Customs Administration.

The Directorate for Finance and Contracting of the EU Assistance Funds (CFCU), being the Implementing Agency under IPA, bears the sole responsibility for the proper implementation of all contracts in line with the relevant contractual provisions and the requirements governing the indirect management of EU assistance. The Project Implementation Unit (PIU) of the Ministry of Finance will provide support to the CFCU whereby ensuring proper technical implementation of the contract activities. In this regard, the CFCU and the PIU will closely cooperate throughout the contracts' implementation process.

Implementation monitoring will be performed in order to obtain information on progress achieved and collect data required to prepare relevant reports for the National IPA Coordinator (NIPAC) Office and the CFCU, provide advices and contribute to tackling any problems and possible mistakes which could endanger the successful completion of the implementation. The major tools of the PIU for performing monitoring are: monitoring visits, participation in the regular progress meetings, participation in the Steering committees meetings, review of regular progress reports and participation at on-the-spot checks, carried out by the CFCU.

A Steering committee (SC) will be established to review the Action progress. It will be composed of representatives of PIU of the Ministry of Finance, beneficiary institutions, NIPAC Office and the EUD. The SC may invite other organisations to attend meetings where this will bring added value to discussion, direction and outcomes of the Action. Representatives of the other key stakeholders may also be invited at the meetings of the SC.

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

The activities will be implemented through one service and one supply contract. This Action for implementation of New Computerised Transit System (NCTS), which is essential to ensure the control of transit movements throughout the Community/the CTC territory will consist of two components, a supply contract to develop the necessary IT systems and a service contract to assist the Customs Administration of Montenegro in the management of the implementation of the NCTS. The national co-financing will be provided jointly with the EU funds by the beneficiary of the Action i.e. Customs Administration.

### **4. PERFORMANCE MEASUREMENT**

#### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of indirect management and respecting the requirements and provisions of IPA II regulations and those that will be laid down in Framework Agreement and in respective Financing Agreement. Achieving of the Action results will be regularly monitored by the responsible national implementing body and National IPA Coordinator.

Implementation of this Action will be subject of special attention of Sectoral Monitoring Committee and IPA Monitoring Committee which shall measure progress against set objectives of the actions and

their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. The Sectoral Monitoring Committee will report to the IPA Monitoring Committee and will make proposals on any corrective action to ensure the achievement of the objectives of the Action and enhance its efficiency, effectiveness, impact and sustainability.

Moreover, in accordance with Article 8 of Commission Implementing Regulation (EU) no 447/2014 NIPAC shall take measures to ensure that the objectives set out in the Action are appropriately addressed during the implementation of EU assistance. Procedures for implementing monitoring activities will be set out in the revised Manuals of Procedures aligned with new IPA regulations. Best practices from the monitoring of implementation of previous actions and recommendations given by external monitoring in this sector will be also taken into consideration.

This Action shall be subject to evaluations, in accordance with Article 30(4) of Regulation (EU, EURATOM) No 966/2012 and with Article 22 of Commission Implementing Regulation (EU) no 447/2014. The results of evaluations shall be taken into account by the IPA Monitoring Committee and the Sectoral Monitoring Committee.

## INDICATOR MEASUREMENT

INDICATOR	DESCRIPTION	BASELINE (YEAR 2010)	LAST (YEAR 2013)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<b>OVERALL OBJECTIVE INDICATOR</b> Customs Administration complies with accession requirements in Chapter 29 in regard to Common/Community transit Convention and NCTS	Customs Administration has met the requirements for ratification of conventions	Requirements not met	Requirements not met	Requirements not met	Requirements for ratification met and Montenegro has ratified the conventions	EC Progress Report Performance report submitted to the Government of Montenegro
<b>ACTION OUTCOME INDICATOR 1</b> National Transit Application (NTA) tested in national and international mode	NTA is functional and in conformity with the requirements for the national and international transit	NTA not in place	NTA not in place	NTA is functional and in conformity with the requirements for the national transit (end 2017)	NTA is functional and in conformity with the requirements for the international transit (end 2018)	EC Progress Report EC up-dated country reports on IT interoperability and interconnectivity EC Report on the Conformance Testing EC Monthly Report on NCTS Operations
<b>ACTION OUTCOME INDICATOR 2</b> Ratification of the conventions	Ratification of the conventions (CTP and SAD) as well as their implementation	Conventions not ratified	Conventions not ratified	Conventions not ratified	Initiated the procedure for ratification of conventions (CTC and SAD) (end 2019)	EC Progress Report EC up-dated country reports on IT interoperability and interconnectivity EC Report on the Conformance Testing EC Monthly Report on NCTS Operations
<b>ACTION OUTPUT INDICATOR 1</b> Hardware and licences in place (with tests reports)	Necessary equipment and licences will be provided as a base for NTA	Equipment and licences not in place	Equipment and licences not in place	Specified necessary equipment and licences as a base for NTA (end 2017)	Necessary equipment and licences are provided and installed as a base for NTA (end 2018)	EC Progress Report DG TAXUD reports on acceptance and conformance tests MCA performance report Action team report National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit).

<p><b>ACTION OUTPUT INDICATOR 2</b></p> <p>Statistics on NCTS movements; enquiry messages exchanged; registered traders; comprehensive guarantees and recovery performed</p>	<p>Different statistics on this process will be delivered and will show the level of operability of NTA until it will be fully operational</p>	<p>Statistics available not available</p>	<p>Statistics available not available</p>	<p>NTA starts delivering statistics (end 2017)</p>	<p>The National Transit Application (NTA) is fully operational in line with NCTS requirements, and the MCA is capable of working and managing the NTA application and to provide advice to the trade community (end 2019)</p>	<p>EC Progress Report            DG TAXUD reports on acceptance and conformance tests            MCA performance report            Action team report            National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit)</p>
<p><b>ACTION OUTPUT INDICATOR 3</b></p> <p>Number of MCA staff and economic operators trained</p>	<p>Training provided for MCA staff which will be involved in NCTS operations and for economic operators as well</p>	<p>0</p>	<p>0</p>	<p>MCA staff trained which will be involved in NCTS operations and for economic operators as well (2017)</p>	<p>MCA staff and economic operators are ready for applying the new transit rules (end 2019)</p>	<p>EC Progress Report            DG TAXUD reports on acceptance and conformance tests            MCA performance report            Action team report            National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit)</p>
<p><b>ACTION OUTPUT INDICATOR 4</b></p> <p>Response time for questions received by the MCA's National Service Desk responded within 1 working day, during the Pilot Phase</p>	<p>All the questions received by the MCA's National Service Desk responded within 1 working day, during the Pilot Phase</p>	<p>National Service Desk not operational</p>	<p>National Service Desk not operational</p>	<p>All the questions received by the MCA's National Service Desk responded within 1 working day, during the Pilot Phase on national level (end 2017)</p>	<p>All the questions received by the MCA's National Service Desk responded within 1 working day, during the Pilot Phase on national level and international level (end 2019)</p>	<p>EC Progress Report            DG TAXUD reports on acceptance and conformance tests            MCA performance report            Action team report            National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit)</p>
<p><b>ACTION OUTPUT INDICATOR 5</b></p> <p>NCTS conformance testing completed</p>	<p>To approve fully operational NTA, defined test scenarios must be completed including messages exchanged over CCN/CSI between NTA and TTA-DG TAXUD's testing application</p>	<p>NCTS conformance testing not performed</p>	<p>NCTS conformance testing not performed</p>	<p>NCTS conformance testing not completed</p>	<p>Messages exchanged over CCN/CSI between NTA and Transit Test Application (TTA) - DG TAXUD's testing application (end 2019)</p>	<p>EC Progress Report            DG TAXUD reports on acceptance and conformance tests            MCA performance report            Action team report            National reports by MCA on the entry in operations (National Transit, Common Transit and Community Transit)</p>

## **5. CROSS-CUTTING ISSUES**

### **ENVIRONMENT AND CLIMATE CHANGE**

The activities envisaged under the present Action are not affecting the environment. During the design and implementation phase, the Action production of printed material will be kept to the strictest minimum and therefore have positive influence on environment. The nature of the action is such that it significantly contributes to the preservation of environment by introducing paperless processing of customs clearance documentation through NCTS.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND OTHER NON-STATE STAKEHOLDERS)**

The various coordination mechanisms for external assistance, particularly the sector-based coordination group, have ensured that all the central-level stakeholders have been consulted on this Action. Likewise, all the primary stakeholders have been consulted in the formulation of the intervention and will participate in the implementation both as direct beneficiaries and as members of the Steering Committee. The views of civil society will be sought during the implementation of the Action.

### **EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING**

There is extensive equal opportunities legislation in Montenegro. The proposed Action will ensure that the internal policies, structure or operating procedures of the beneficiary institutions conform with and promote equal opportunities. In supporting legislative harmonisation and further institutional and administrative capacity building, gender needs will be taken into consideration and provisions that enhance equal opportunities will be introduced. All Action activities will respect the principles of equal treatment and opportunities for women, especially trainings and awareness events.

### **MINORITIES AND VULNERABLE GROUPS**

Special attention to minorities and vulnerable groups will be integral part of any activity of the Action. Being the multi-ethnic society, Montenegro is committed to preserve the culture, history, language and religion of its national minorities and of the majority. Thus the beneficiary institutions will implement mechanisms to ensure that in the legislative process, the internal policies, structure or operating procedures the principle of equitable representation of ethnic minorities and the protection of their rights is taken into consideration.

## **6. SUSTAINABILITY**

National Transit System, compatible with NCTS, has to be implemented for national transit procedure (based on CTC rules) at least one year prior to accession to the Conventions. As of the day of the accession this system will be ready to perform all required NCTS functions. NCTS is a corner stone for the system within the electronic customs family (e-customs initiative). Once the NCTS Action has been implemented, it automatically forms a very good base for other electronic customs Actions and it improves the quality of customs not only in transit procedures, but also in trader services. The Action will contribute to Customs Administration (MCA) development of computerised transit system which supports effective customs control, facilitates legitimate trade and movement of goods, uses modern technology and thus meets the requirements of both customs administrations and economic operators.

The Action will provide concrete assistance and knowledge transfer to the MCA in the area of IT project management methodologies and quality management assurance. This will ensure a longer term capacity of Customs to sustain complex IT projects in the customs area and manage them effectively.

The improvement of the customs system will most certainly have a positive impact on the general business environment, stimulate foreign and domestic investments and create a more transparent and predictable business environment. By reducing waiting time at borders, the project will result in saving time and resources, further increasing the region's competitiveness. The entire trade community including transport operators, importers, exporters, freight forwarders and Montenegrin citizens will be

beneficiaries of the Action as they benefit from modernized customs, improved procedures, improved information technology, lower expenses, more reliable business environment, time savings and reduction of corruption.

NCTS application will be integrated into MCA IT system and will be subject of further upgrades, especially taking into account that the European Commission is constantly amending functional and technical specifications for NCTS. NCTS application will ensure interconnection with other application such as Export Control System (ECS), Import Control System (ICS), Economic Operators System (EOS) which Montenegro will ensure through further IPA Actions also co-financed by Montenegro in the future. Ministry of Finance plans further changes in customs legislation in part related to the implementation of the transit procedure in 2016.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action.

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

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

The use of *Communication and Visibility Manual for EU External Actions* is compulsory. The contractor shall use the appropriate stationery in letterheads or fax headers sheets and report presentation format, but should add the phrase “*This Action/programme is funded by the European Union*” as well as the EU flag when relevant. Elements of the communication strategy may include: press release, press conferences, leaflets and/or brochures, newsletters, web pages, vehicle panels, promotional items, reports, audio-visual productions. Any supplies or equipment delivered under an EU-funded Action must be clearly identified and must visibly carry the EU logo and the mention “*Provided by the support of the EU*” in the operational language of the EU programme and in the local language.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA Monitoring Committee and the Sectoral Monitoring Committees.