

1. Basic information

1.1 CRIS Number: 2010/022-264

1.2 Title: Strengthening the capacity of the Customs Administration for implementation of the customs and excise legislation

1.3 ELARG Statistical code: 03.28

1.4 Location: Skopje

Implementing arrangements:

1.5 Implementing Agency:

The Central Financing and Contracting Department (CFCD) is the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorizing Officer (PAO) of the project.

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1.6 Beneficiary (including details of SPO):

Beneficiary is the Customs Administration

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Financing:

1.7 Overall cost (VAT excluded)¹: EUR 1 894 736.84

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.

1.8 EU contribution:

EUR 1 800 000

1.9 Final date for contracting:

Two years from the date of the conclusion of the Financing Agreement.

1.10 Final date for execution of contracts:

Two years from the final date for contracting.

1.11 Final date for disbursements:

One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective of this project is further alignment of the legislation with the Acquis in the area of excise and customs, as well as additional strengthening the administrative and operational capacity of the Customs Administration of the Country in the process of fulfilling the EU standards in these areas.

2.2 Project purpose

The purpose of this project is further approximation of the Customs legislation and procedures to the Acquis, as well as strengthening the administrative and operational capacity of the Customs Administration in order to ensure enforcement of the Customs and excise legislation and to finalise the preparations for accession to the Convention on Common Transit Procedures and to the Convention for simplification in trade in goods, as well to ensure the efficient implementation of the excise legislation, to improve the MCA's organisation and management and its operational capacity, to facilitate trade and to secure the international supply chain, supported by the appropriate control mechanisms and IT systems.

2.3 Link with AP/NPAA/EP/SAA

The project will address the following priorities from the **Accession Partnership** (2007-2008):

- Increase administrative capacity to implement customs legislation and to fight cross-border crime;
- Further approximate legislation and procedures to the acquis, in particular in the areas of transit and allocation of tariff quotas.

The project addresses the priorities as states in both the **National Programme for the Adoption of the Acquis and the European Partnership 2005:**

- Ensure proper implementation of the commitments undertaken in the Stabilisation and Association Agreement, in particular in the areas of electronic communications and customs;
- Increase administrative capacity to implement customs legislation and to fight against cross-border crime;
- Further approximation of legislation and procedures with the acquis, in particular in the area of transit, simplified procedures and tariff quotas;
- Fully align customs legislation and procedures with EU legislation and standards and fully implement these procedures on the whole territory.

The programme will reinforce the **SAA** Article 88, which refers to achieving the approximation of the customs system of the Country to that of the Community and to the simplification of inspections and formalities in respect of the carriage of goods and support for introduction of modern customs information systems.

2.4 Link with MIPD

The Multi-annual Indicative Planning Document (MIPD) 2009-2011 recommends that further harmonisation of the customs legislation and procedures with the *acquis*, as well as enhancement of the Customs administration is necessary for its proper functioning.

2.5 Link with the National Development Plan

N/A

2.6 Link with national/ sectoral investment plans

The project directly links to the following key Strategies and Action Plans in the sector:

- Pre-Accession Economic Programme (2007-2009), 2006;
- Strategic Plan of the Customs Administration 2008-2010;
- Training and Professional Development Strategy;
- Anti-corruption Strategy;
- Code of Conduct for customs officers.

3. Description of project

3.1 Background and justification:

Sector background

The Customs Administration (CARM) is part of the Ministry of Finance and responsible for the collection of customs duties and excises and VAT on imports, as well as for prevention of illegal imports and exports. The CARM is structured in three hierarchical levels: the Headquarters located in Skopje, five Regional Customs Houses, and 37 Customs Offices. Each Regional Customs House is responsible for one or more of the 19 Border Crossing and 18 inland Customs Offices. The CARM has over 1100 employees. The relevant legislation in the area of Customs includes the Customs Code, the main legal act which is in force since January 2006 and was amended in 2008 (introducing the concept of AEO), the Law on the Customs Administration, the Implementing Regulation of the Customs Code and a number of other laws and implementing legal acts. The legislation is well aligned with the *acquis*, however further alignment is necessary, in particular in the areas of transit, authorised economic operators and tariff quotas.

Reform and Recommendations

The CARM is undergoing a reform process in accordance with its Strategic Plan 2008-2010, the NPAA and is using the EC Customs Blueprints. The objective of the reforms is to reach increased organisational and operational efficiency of the customs service, to enhance the integrity in the CARM, to achieve implementation of harmonised customs legislation, to introduce transparent and efficient customs procedures, such as the “Single Window concept”, to enhance the use of Information Technology and Electronic Working and to provide for greater client oriented approach and better cooperation with the business community. The Customs Administration has undertaken the management of the excises on the entire territory of the Country from 01.01.2010. Therefore, the amendments of four laws related to the excises were adopted by the end of August 2009. The following laws were

ammended: Law on excise, Law on Customs Administration, Law on Public Revenue Office and Law on tax procedure. Also, the necessary amendments of the by-laws were adopted. These amendments were in course of enabling the Customs Administration to undertake the management of the excises on the entire territory of the Country.. Further harmonisation with the Acquis especially with the Directive 2008/118/EC and Regulation No 2009/684/EC, as well as with the Decision n° 1152/2003/EC of the European Parliament and of the Council, dated 16 June 2003 laid the legal basis for the development of EMCS (Excise Movement and Control System) is considered crucial. In this regard, further administrative and operational capacity building for proper implementation of the legislation, introduction of new procedures and mechanisms for surveillance and control of the movement of the excise goods is area that should be further developed.

Implementation

The Country has requested to accede to the EC-EFTA conventions on Common Transit and on the Simplification of Formalities in Trade in goods and has started preparations in this respect. Recently, a status of observer to the EC-EFTA Joint Committee has been granted.

Also, the Country ratified the Protocol amending the Kyoto International Convention on the simplification and harmonisation of customs procedures, established under the auspices of the Customs Co-operation Council.

The recent Strategic Plan 2008-2011 underlines the use of IT and further expansion of e-services, as one of the five strategic goals. The CARM has elaborated an IT Strategy and Development Plan, based on the CARM's Strategic Plan. The strategy defines all entities, parties involved and participants in the Customs operation, defines the functions between them, as well as the tools used for its purposes. The ICT Strategy is reviewed and updated to reflect the requirements for establishing interconnectivity and interoperability with the computerised systems of the EU.

In that manner, the Progress Report for 2009, chapter 29, states: "Some progress has been made on customs legislation. The 2009 customs tariff takes into account the obligation from the arising from the Stabilisation and Association Agreement and the changes in the EU Combined Nomenclature. The protocol amending the Kyoto International Convention on the Simplification and Harmonisation of Customs Procedures was ratified.

Legislation implementing the Customs Code, regulating authorised economic operators, was adopted. A number of customs-related fees, including the fees for customs escort of goods and for temporary customs warehousing, were abolished. However, some fees that are not in line with the acquis remain in force. Some of the provisions of the Law on Technological-Industrial Development Zones are still not fully aligned with the acquis. Preparations in this area are advanced.

Significant progress has been made on administrative and operational capacity. The strategy for training and professional advancement has been implemented. Employees benefited from a large number of training activities, including training on ethics. Operational capacity was further enhanced, in particular for investigation and intelligence. Risk analysis and risk-based control systems and procedures were introduced. The 'one-stop shop' system linking 16 State agencies came into operation. It allows companies to submit electronically a single request in order to obtain all the documents required for import, export and transit. The customs administration still has to develop a comprehensive IT strategy to ensure future

Interconnectivity/interoperability with the Community IT customs systems.

Efforts to combat corruption and cross-border crime and trade in counterfeit goods led to an increased number of misdemeanour and criminal cases. The number of disciplinary proceedings and criminal charges initiated against customs officers also increased, although the sanctions, in particular dismissals, were generally not upheld at the appeal stage. The customs administration signed new memoranda of cooperation with trade and transport associations and with State agencies involved in the fight against crime and corruption. Preparations in this area are well on track”.

Procurement and Implementation of New CDPS (Customs Declaration Processing System) - Although with slight delays by the contractor in terms of the agreed time schedule for delivery of the phases, the development of the new CDPS is ongoing. Most of the hardware and system software has been procured and installed. Digital certificates for the customs officials have also been procured. The new CDPS, among the other modules, will provide the: transit module and sub-systems; export and import module as well as implementation of control systems. As part of this system a module for Excise Management will be delivered. The new CDPS should be put in function by June 2010.

As part of the ongoing reform the Customs Administration is undertaking all measures and activities related to interconnectivity and interoperability with the computerised systems of the EU. Financed under the IPA 2007, the ICT Strategy is reviewed and updated to reflect the requirements for establishing interconnectivity and interoperability with the computerised systems of the EU, and is under final consideration. The Interconnectivity and Interoperability Implementation Strategy to the EU IT Systems has been drafted and is under final review. Under the same project the Terms of Reference for development of software for connection with the NCTS and Common Communication Network and Common System Interface CCN/CSI have been prepared. The funds for this software have been provided from the IPA 2008 programme.

The main objective of IPA 2009 project is to strengthen the capacities to introduce the compliance with the EU requirements concerning the Community Integrated Tariff Environment (CITE) in order to bring the country closer to the EU market and the Customs Union. Terms of Reference have been drafted and will be completed by end of April 2010.

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

The project complies with EU norms and standards. The project will provide concrete assistance and knowledge transfer to the Customs managers in the area of excise and in the newly introduced EU customs regulations.

The strategic priority and the activities of the Customs Administration, within the period of 2008-2010, regarding the administrative capacities building for application of the customs legislation and preparation of the country for the EU membership, shall be reinforced. In this direction, activities for adoption of the *acquis communautaire* shall be undertaken, as well as activities in terms of approximation of the national legislation with the EU legislation and capacity building for efficient external border control.

The immediate impact of the proposed project is to strengthen the capacity of the Customs Administration in the area of introducing the new role of the customs service.

Implementation of the newly introduced legislation and procedures, as well as strengthening of the administrative capacity of the Customs Administration, will provide for protection of the society and citizens, as well as facilitation of global trade by ensuring uninterrupted movement of goods through the borders and by conducting effective controls of the international trade supply chain.

Customs Administration is the sole capable agency to provide greater security of the global supply chain and to contribute to social and economic development by collecting revenues and facilitating trade. The Customs Administration shall co-operate with other competent institutions, especially with those equally responsible for detection and criminal prosecution of illegal activities. The objectives of the Customs Administration are fair treatment and provision of high quality services.

The improvement of the customs system will most certainly have a positive impact on the general business environment, hopefully stimulate investments (both foreign and domestic) and create a more transparent and reliable business environment. The project will support the strengthening of the competitiveness of the economy.

Cross-border agency cooperation is very complex and relies on a robust legal framework shared by neighbouring countries which guarantees the efficient protection adjusted to threats against illegal trade and other forms of border crime in balanced with the trade facilitation and smooth traffic of goods.

There is a clear recognition that harmonised Customs procedures and their implementation exert a great impact on world trade and the international movement of goods across borders. Great extent of harmonisation of the customs legislation and procedures facilitates exchange of goods across the borders, giving certainty and creates a stable environment for the trade community on the legal requirements applied in the country. This could also give an advantage to the traders to conduct their business operations abroad in the countries that have aligned their customs legislation. On the other hand this shall contribute to enhanced movement of consignments across the borders in secure and uniform manner, as well as possible application of trade and transport simplifications.

3.3 Results and measurable indicators:

The project will consist of two components:

Component 1: Harmonise legislation and procedures with the Acquis and EU best practice related to excise

The results in relation with Component 1 are:

- Harmonised legislation and procedures with the Acquis and EU best practice, supported by the appropriate control mechanisms and IT systems;
- Introduced new transposed directive on excises;
- Developed and introduced procedures implementing provisions and control mechanisms;
- Strengthened the administrative and operational capacities to implement the excise legislation.

The measurable indicators in relation with Component 1 are:

- Transposed council directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC;
- Introduced and implemented the EMCS - Excise Movement Control System;
- Harmonised legislation in the area of customs, especially with the designation of the Customs Administration as an excise authority;
- Improved project management structure, procedures and working methods.

Component 2: Finalise the preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods

The results in relation with Component 2 are:

- Finalised preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods;
- Reinforced MCA's organisation and management and its operational capacity, to facilitate trade and to secure the international supply chain;
- Strengthened the administrative capacities of MCA implement the Common Transit Convention;
- Developed and implemented provisions aligned with the EU standards;
- Compliance with the EC revised Customs Blueprints.

The measurable indicators in relation with Component 1 are:

- Accession to the Convention on Common Transit Procedures and to the Convention for simplification in trade in goods;
- Full implementation of the NCTS;
- New legislation enacted by 2013 in line with the acquis (according to the NPAA);
- Guidelines and instructions for custom and trade developed by 2013;
- Delivered Gap Analysis Assessment.

3.4 Activities:

Component 1: Harmonisation of the legislation and procedures with the Acquis and EU best practice related to excise

- Establishing the legal foundations of customs activities based on the new legislation and prepare new operational procedures;
- Further alignment of legislation with the *acquis*, in particular with regard to introduce and implement the excise;
- Strengthening the administrative and operational capacities of the customs officials through trainings and on job learning, assess the training needs and develop training for Customs Administration staff in the area of Acquis harmonisation;
- Further development of the procedures, implementing provisions and control mechanisms;

Component 2: Finalisation of the preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods

- Strengthening the administrative and operational capacities of the customs officials through trainings and on the job learning for the accession to the conventions;
- Further alignment of legislation with the *acquis, in particular with regard to* introduce and implement the customs legislation, particularly in the area of transit;
- Harmonisation of the implementing provisions for customs legislation in line with the NPAA and the recommendation from the gap analysis;
- Further development of the procedures, implementing provisions and control mechanisms;
- Analysis, reviews and any recommendations will be made to align with the EU standards and in accordance with the Revised EC Customs Blueprints relevant to this area (activities).

3.5 Conditionality and sequencing:

Contributions expected from the Beneficiary include:

1. Timely allocation of working space and facilities by the beneficiary for technical assistance before the launch of the tender process;
2. Participation by the beneficiary in the tender process as per EU Twinning regulations;
3. Appointing counterpart personnel by beneficiary prior to launch of the project fiche;
4. Provision of necessary authorisations for co-operation and sharing of information with all key stakeholders, co beneficiaries and related deployed advisory resources;
5. Appointing relevant staff by the beneficiaries to participate in training activities;
6. Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project;
7. Necessary legislation in force;
8. Allocation of the necessary national co –financing budget for the relevant project;
9. The updated Customs Administration Excise strategy is in place prior to the start of contracting.

If the conditions are not met, suspension or cancellation of the project will be considered.

Management and contracting arrangements are as follows:

This project will be implemented through two twinning contracts. The knowledge and experience that will be exchanged with an EU Member States will allow the Customs Administration to get first hand understanding of the alignment process in the area of excise and customs, as well as additional know how and on the job training, advice for further strengthening the administrative and operational capacity of the Customs Administration in the process of fulfilling the EU standards in these areas.

The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. Two different project steering committees will be established to oversee the implementation process of the project activities, while it is expected that the MS twinning partner(s) will bring in expertise linked with the project purpose – *inter alia* - on the issues arising from the project and the so-called bilateral screening of the Customs chapter. The twinning arrangement will also allow for administrative capacity building, training, integrity, legal development and addressing the cross-cutting issues.

The project leaders (PL) will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting to the Contracting Authority.

The Customs Administration will be directly responsible for co-ordination and management of the project from the beneficiary side and will support the Twinning project team, in organisational and technical matters.

Contact persons and contact details:

Beneficiary Country (BC) Project Leader

To be defined prior to launching the Twinning Fiche.

Resident Twinning Advisor (RTA) counterpart

RTA will be defined following a selection procedure organised by the Contracting Authority from the MS countries responding to the launched fiche.

The expected contracting arrangements are:

- One Twinning contract for Excises that has an expected duration of 24 months and a budget of approximately EUR 947 368 (IPA funds will be EUR 900.000 and the national co-financing EUR 47 368);
- One Twinning contract for the Convention that has an expected duration of 24 months and a budget of approximately EUR 947 368 (IPA funds will be EUR 900 000 and the national co-financing EUR 47 368).

The detailed profiles and required expertise will be determined in the process of drafting the Twinning Fiche.

3.6 Linked activities

Current Projects:

Project "Support to the implementation of the Customs Reform Strategy" under IPA 2007 has the overall objective of further alignment of the Acquis in the customs area, and to strengthen administrative capacity of the CARM and its capacity to meet the EU requirements in the area. The purpose is to contribute to a professional Customs Administration enabled to appropriately implement reforms, taking due account of EU regulations and best practices. It comprises of three components:

- *The harmonisation of Customs legislation* with EU legislation and best practice, as the prime component of the overall objective in order “*to establish a sound and modern legal foundation for the Customs business*”;
- *The reinforcement of the border controls* as an important component of the overall activity of “*strengthening MCA’s capacity in the fight against fraud, corruption and drug trafficking*” through the revision of customs border operations, with specific focus towards the “EU external” borders, and the implementation of modern enforcement techniques;
- *Improving the Customs IT system* with the aim to increase the operational efficiency, decrease corruption and achieve full compliance, in particular interconnectivity, with the EU’s standards.

The Single Window and Integrated Border Management Project – Electronic Licenses application, submitting of T1-Transit Document - under preparation; Hardware, Network, Security devices - provided under the national budget; Software for management of transit

documents, Quotas, BTI, BOI, etc. planned) – financed by USAID and by a national investment.

Customs Railway Solution – The Trade and Transport Facilitation (TTFSE) project II, financed by the World Bank, (Loan Agreement signed September 2007), has as objective the improvement of border crossing facilities and procedures, and the facilitation of trade by addressing targeted border-zone infrastructure bottlenecks. The project aims to improve the efficiency and quality of rail freight services along Trans-European Transport corridor X. Specific activities envisaged are: (i) upgrading to motorway standards of the corridor X section border crossing Tabanovce to Kumanovo; (ii) modernisation of the passenger border crossing at the Blace border crossing with Kosovo; (iii) modernisation of the road toll collection system along the main transport corridors; (iv) creating a rail communication system on Corridor X and designing an EDI based solution for freight and freight train management information sharing between customs and railways.

Procurement and Implementation of New CDPS (Customs Declaration Processing System) - The Customs Administration and the Italian Customs Agency, (leader of the IT@MAC Consortium – implementer of the Project) signed a Contract for Procurement of a Customs Declaration Processing System (CDPS). This Contract and the implementation of the new customs software is part of the modernisation of the customs operations, as well as achievement of the efforts and commitments for faster flow of goods, introduction of high IT standards and interconnectivity with the European Commission and the EU Member States. This customs software, developed by the latest EU standards, will provide the grounds for further adoption, implementation and enforcement of the EU customs legislation, as well as introduction of higher standards in the automatic processing of customs documents.

Next Activities Planned – National Domain:

Implementation of Fully EU Compatible CDPS Solution (it has to be web-based, centralised software; the CARM ICT Sector is planning to implement ITIL standards for service delivery and support).

Next Activities EU Systems:

- Interoperability Implementation Strategy (IIS) and Action Plan will be drafted under IPA 2007 Technical Assistance;
- Highest priority will be given to NCTS and ITE since the country has applied for joining the Common Transit Convention; observer status is already obtained;
- The CARM applied for EU support to further develop the User and Technical Requirements of the new CDPS. A Framework Contract was signed in January 2008 and a team of several experts with experience in EU Customs IT systems has reviewed the business processes, proposed its simplification, and completed the User and Technical Requirements of the future CDPS. The project was completed in August, 2008. Following completion, on the basis of the User and Technical Requirements of the future CDPS, in September 2008 CARM has launched an international tender for its procurement. The CDPS will be developed and implemented in the period Q1 2009 - Q2 2010, using national financing.

Under IPA 2008, as foreseen, upon completion of the project, the Customs Administration will have implemented the Customs Transit Control System in conformity with the Common Transit Convention, in order to assist in the control and management of the movement of

goods by the electronic exchange of transaction information between CTC countries, and put in place the necessary organisational and procedural changes in order to operate the systems effectively and efficiently. This is a prerequisite for EU accession.

The project will strengthen the operational capacity of the CARM in accordance with EU standards in core Customs business areas of the European Community Customs transit control to ensure full compatibility and interoperability of the CARM ICT system with the NCTS and to achieve full interconnectivity with the European Union/DG TAXUD systems, enabling data exchange.

The expected results are:

- CARM is endowed with the necessary capacity;
- To use and manage the NCTS and CCN/CSI application, including database administration;
- To perform the Help Desk support and systems maintenance;
- To provide advice to the trade community;
- The required modules and functionalities of the current system are adapted/developed in line with NCTS requirements and tested;
- Use of a coherent method of access by the applications operated between the Commission and the Government.

3.7 Lessons learned

In general one main issue was the perceived lack of administrative capacity due to the frequent changes in managerial positions'. The level and quality of project management was also a source of criticism. This should be addressed in the IPA 2007 and IPA 2008 support. One of the major benefits will not only be improved management of the 2009 and 2010 Projects, but also in the transfer of skills from the experts of the new IPA Programmes deployed to the Customs management staff.

It seems, as well that it has been difficult to link activities to results, which may be linked to poor quality project management and particularly a lack of quality control procedures. Again, this problem should be overcome by the introduction of TEMPO methodology and support to the Quality Assurance and Quality Control, as foreseen in the IPA 2007 and IPA 2008 projects.

The previous IPA Programming exercise in Customs placed particular emphasis on actions supporting the computerisation of the EU standards and practices in relation to DG TAXUD systems. With reference to the process of further CARM's computerisation, system design should be further improved in order to fully achieve a more integrated CDPS. In addition prior agreed methodology standards should be strictly followed in this project as well as business modeling and testing methodologies. All of this naturally pre-supposes that a comprehensive IT strategy will be developed and maintained in line with the ambitions of this project.

4. Indicative Budget (amounts in EUR)

			TOTAL EXP.RE		SOURCES OF FUNDING								
					TOTAL PUBLIC EXP.RE		IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION			PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Twinning Contract for excises	x		947 368.42	947 368.42	900 000	95	47 368.42	5					
Twinning Contract for Convention	x		947 368.42	947 368.42	900 000	95	47 368.42	5					
TOTAL IB			1 894 736.84	1 894 736.84	1 800 000	95	94 736.84	5					
TOTAL INV													
TOTAL PROJECT			1 894 736.84	1 894 736.84	1 800 000	95	94 736.84	5					

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

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

(2) Expressed in % of the **Public** Expenditure (column (b))

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

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Twinning Contract for excises	Q4 2011	Q3 2012	Q3 2014
Twinning Contract for Convention	Q4 2011	Q3 2012	Q3 2014

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA.

6. Cross cutting issues

The cross-cutting issues will be addressed throughout the project. Up to 10% of the budget of the service contract for tender support supervision and training may be allocated to assist the different beneficiaries to comply with European standards and best practices, implement relevant existing Government strategies and develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed.

Throughout the project cycle, in particular when developing project ToR, state actors specifically addressing (one of) the cross cutting issues shall be consulted.

The mainstreaming of the cross cutting issues is regarded on two different levels: (a) Ensuring that the internal policies, structure or operating procedures of the beneficiary agency will conform to and promote the relevant principles outlined per section below and (b) ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles outlined per section below.

6.1 Equal Opportunity and non- discrimination

N/A

6.2 Environmental considerations

Where relevant the project will aim to take on board best practice vis-à-vis environmental activities and considerations.

6.3 Support to minorities and vulnerable groups

Where the main reference in the country in relation to minority groups is the Ohrid Framework Agreement, in an EU context, reference is made to the “Race directive” of 2000 (2000/43/EC of 29 June), which has an important impact on employment (incl. vocational training, working conditions, social protection etc.) and is also a crucial aspect of the acquis. The Customs Administration will be assisted to implement an internal minority and vulnerable group assessment’ to identify areas where it could improve its internal performance vis-à-vis minorities or other vulnerable groups. The training activities will include a specific component to train beneficiary staff in the different aspects of mainstreaming minority and vulnerable groups in programme and project development as well as monitoring the implementation.

6.4 Civil Society development and dialogue

N/A

6.5 Good governance, with particular attention to fight against corruption

The beneficiaries will, along with the above mentioned activities; endeavor to integrate equally best practice activities in the fight against corruption within the various project activities. Naturally, a well functioning customs service plays a key role in good governance and also in the on-going fight against corruption.

ANNEX I - Log frame in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche: Strengthening the capacity of the Customs Administration for implementation of the customs and excise legislation		Programme name and number: National Programme for the former Yugoslav Republic of Macedonia under the IPA Transition Assistance and Institution Building Component for 2010 CRIS number :	
		Contracting period expires two years from the date of the conclusion of the Financing Agreement	Execution period expires two years from the final date for contracting
		Disbursement period expires one year from the final date for execution of contracts.	
		Total budget : EUR 1 894 736.84	
		IPA budget: EUR 1 800 000	
Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective of this project is further alignment of the legislation with the Acquis in the area of excise and customs, as well as additional strengthening the administrative and operational capacity of the Customs Administration of the Country in the process of fulfilling the EU standards in these areas.	Fully harmonised national excise and customs legislation with EU standards.	<ul style="list-style-type: none"> - EC regular report; - Annual report of the Steering Committee; - Project reports (quarterly, annual); - European Commission annual reports; - Monthly monitoring progress report from SPO to CFCD. 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of this project is further approximation of the Customs legislation and procedures to the Acquis, as well as strengthening the administrative and operational capacity of the Customs Administration in order to ensure enforcement of the Customs and excise legislation and to finalise the preparations for accession to the Convention on Common Transit Procedures and to the Convention for simplification in trade in goods, as well to ensure the efficient implementation of the excise legislation, to improve the MCA's organisation and management and its operational capacity, to facilitate trade and to secure the international supply chain, supported by the appropriate control mechanisms and IT systems		<ul style="list-style-type: none"> - Regular Customs Administrative and Operational Capacity Reports; - Number of complains from Economic operators; - Customs statistics; - Trade reports. 	<ul style="list-style-type: none"> - Government maintains consistent policy and commitment to the EU accession; - Willingness and capacity of Customs high-level management to introduce changes and innovation into practical management; - Successful implementation of other EU financed customs projects.
Results	Objectively verifiable indicators	Sources of Verification	Assumptions

<p><u>The results in relation with Component 1- Harmonise legislation and procedures with the Acquis and EU best practice related to excise are:</u></p> <ul style="list-style-type: none"> • Harmonised legislation and procedures with the Acquis and EU best practice, supported by the appropriate control mechanisms and IT systems; • Introduced new transposed directive on excises; • Developed and introduced procedures implementing provisions and control mechanisms; • Strengthened the administrative and operational capacities to implement the excise legislation. 	<p><u>The measurable indicators in relation with Component 1 are:</u></p> <ul style="list-style-type: none"> - Transposed council directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC; - Introduced and implemented the EMCS - Ecsise Movement Control System; - Harmonised legislation in the area of customs, especially with the designation of the Customs Administration as an excise authority; - Improved project management structure, procedures and working methods. 	<ul style="list-style-type: none"> - Regular progress reports. 	<ul style="list-style-type: none"> - Full commitment of the parties involved.
<p><u>The results in relation with Component 2 - Finalise the preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods are:</u></p> <ul style="list-style-type: none"> • Finalised preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods; • Reinforced MCA's organisation and management and its operational capacity, to facilitate trade and to secure the international supply chain; • Strengthened the administrative capacities of 	<p><u>The measurable indicators in relation with Component 1 are:</u></p> <ul style="list-style-type: none"> - Accession to the Convention on Common Transit Procedures and to the Convention for simplification in trade in goods; - Full implementation of the NCTS; - New legislation enacted by 2013 in line with the acquis (according to the NPAA); - Guidelines and instructions for custom and trade developed by 2013; - Delivered Gap Analysis 		

<p>and implement the customs legislation, particularly in the area of transit;</p> <ul style="list-style-type: none"> - Harmonisation of the implementing provisions for customs legislation in line with the NPAA and the recommendation from the gap analysis; - Further development of the procedures, implementing provisions and control mechanisms; - Analysis, reviews and any recommendations will be made to align with the EU standards and in accordance with the Revised EC Customs Blueprints relevant to this area (activites). 			
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Pre conditions

- Timely allocation of working space and facilities by the beneficiary for technical assistance before the launch of the tender process;
- Participation by the beneficiary in the tender process as per EU Twinning regulations;
- Appointing counterpart personnel by beneficiary prior to launch of the project fiche;
- Provision of necessary authorisations for co-operation and sharing of information with all key stakeholders, co beneficiaries and related deployed advisory resources;
- Appointing relevant staff by the beneficiaries to participate in training activities;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiary as per work plan of the project;
- Necessary legislation in force;
- Allocation of the necessary national co –financing budget for the relevant project;
- The updated Customs Administration Excise strategy is in place prior to the start of contracting.

If the conditions are not met, suspension or cancellation of the project will be considered.

ANNEX II -Amounts (in EUR) contracted and Disbursed per Quarter over the full duration of Programme

Contracted	2012				2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Twinning for excises			947 368.42													
Twinning for the Convention			947 368.42													
Cumulated			1 894 736.84													
Disbursed	2012				2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Twinning for excises			473 684.21				378 947.37				94 736.84					
Twinning for the Convention			473 684.21				378 947.37				94 736.84					
Cumulated			947 368.42				1 705 263.16				1 894 736.84					

Annex III - Description of Institutional Framework

The Customs Administration is a state administration authority within the Ministry of Finance with a status of a legal person. The Customs Administration carries out its powers throughout the entire territory of the country. The Customs Administration carries out the activities that are under its competence in accordance with the Law on Customs Administration, the Customs Law, the Customs Tariff Law and other laws governing the importation, exportation and transit of goods, as well as for the performance of all other activities that are vested under its competence with other laws.

The basic powers of the Customs Administration are:

- To conduct customs supervision;
- To conduct customs control;
- Customs clearance of goods;
- To conduct customs control, investigation and intelligence measures for the purpose of prevention, detection and investigation of customs offences and crimes;
- To initiate a procedure for customs and other offences, as well as for crimes determined by law and to collect mandatory fines;
- To calculate and collect or repay the import and export duties, taxes and other public levies on importation, exportation or transit of goods, as well as to conduct forcible collection of the above in accordance with law;
- To conduct the customs-administrative procedure in first degree;
- To conduct the control of the entering and exiting of cash in domestic and foreign currencies, cheques and monetary gold;
- To conduct the control of the importation, exportation and transit of goods for which special measures are prescribed in the interest of security and public morality, protection of people's health and lives, animals and plants, protection of the living environment, protection of items of temporary protection or cultural heritage or natural rarities, protection of copyright and other related rights and industrial property rights, as well as other measures of commercial policy prescribed by law;
- To organise the customs information system and provide data on imports and exports for statistical purposes;
- To organise and conduct control of the professional liability of the employees;
- To draft legislation in the area of Customs competence;
- To organise and carry out training, testing of the knowledge and professional skills of Customs officers, as well as human resource management;
- To give expert assistance for the application of the customs regulations for the purpose of which it organises seminars and public platforms with the right for compensation;
- To conduct storage and safe-keeping of goods, as well as procedure of sale of confiscated, abandoned or discovered goods;
- To carry out monitoring of customs goods with compensation of costs;
- To conduct chemical-technological examination of goods with compensation of costs;
- To cooperate with other state authorities;
- To cooperate with foreign customs administrations and international organisations;
- To exercise other powers prescribed by the Law on Customs Administration and other laws.

The total number of employees in the Customs Administration is 1133.

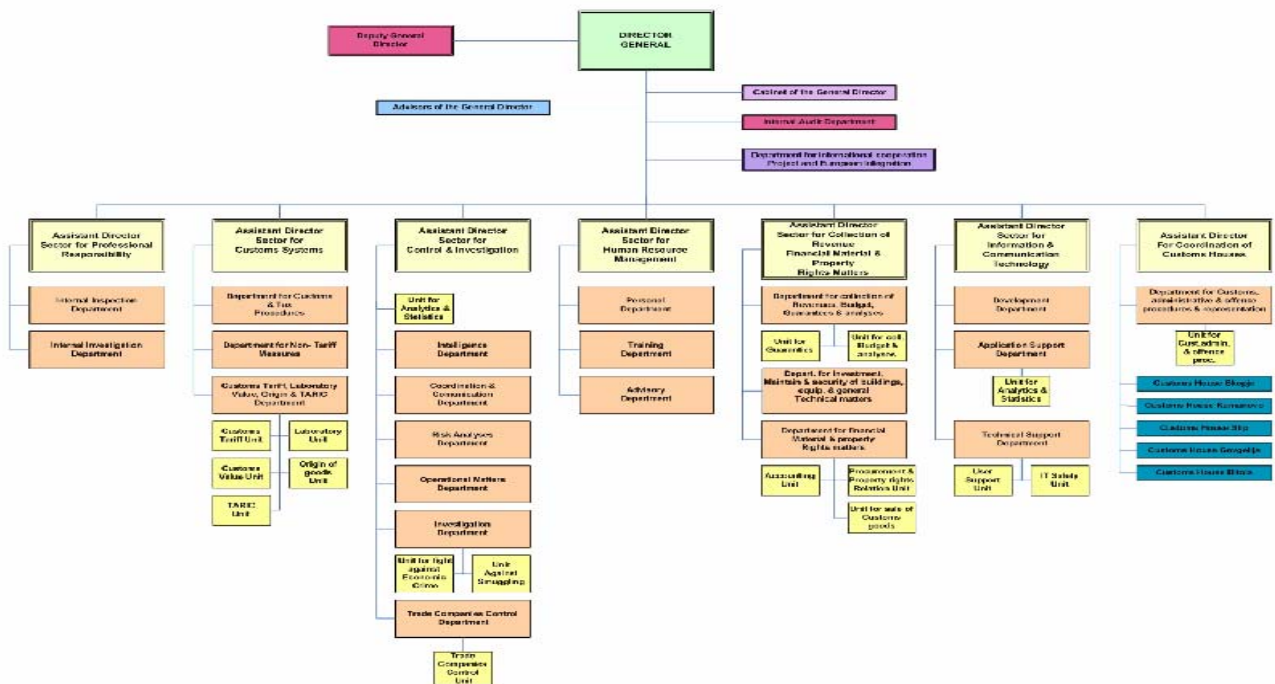
According to the Budget of the Country for 2008, the total amount designated to the Customs Administration is 820.854.000 denars.

Legal basis

- Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1) with its amendments;
- Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1) with its amendments;
- Community Customs Code (Council Regulation (EEC) No 2913/92) with its amendments;
- Community Customs Code's implementing provisions (Commission Regulation (EEC) No 2454/93) with its amendments;
- Directive 2008/118/EC;
- Regulation No 2009/684/EC;
- Decision n° 1152/2003/EC of the European Parliament and of the Council, dated 16 June 2003 laid the legal basis for the development of EMCS (Excise Movement and Control System).

Organisation structures

Please find below the organigrams of the Customs Administration.



ANNEX IV - Reference to Laws, Regulations and Strategic Documents:

Reference to Laws, Regulations and Strategic Documents:

- Constitution, 1991;
- Customs Code, 2005, 2008;
- Implementing Regulation for the Customs Code, 2005, 2006;
- Customs Administration Law, 2004;
- Law on Value Added Tax, 1999, 2006;
- Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention), concluded in Geneva on 14.11.1975 – adopted on 10.11.1993 in succession;
- Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods (A.T.A. Convention) Brussels, 06.12.1961 – members since 03.04.1996;
- Law on Rights, Obligations and Responsibilities of the State Administration Bodies, 2002;
- Rules of Procedure for Operation of the Government, 2006;
- Law on Government, 2003;
- Law on Organisation and Operation of the State Administrative Bodies, 2002;
- Law on Prevention of Corruption, 2004;
- Law on Free Access to Public Information, 2006;
- Law on State Administrative Bodies Organisation and Performance, 2002;
- Regulation on the Form, Contents and the Manner of Completing the Customs Declaration and Other Documents within the Customs Procedure, 2005.

Reference to AP/NPAA /EP/SAA/Progress report

Reference to AP

The Accession Partnership (2007-2008): The program will address the following AP priorities:

- Increase administrative capacity to implement customs legislation and to fight cross-border crime;
- Further approximate legislation and procedures to the acquis, in particular in the areas of transit and allocation of tariff quotas.

Reference to NPAA 2009

The Plan has following assessment and priorities with regard to reforms in the customs:

The Country in 2005 established a customs system similar to the customs system of the European Union. With the adoption of the Customs Law and the Decree on implementation of the Customs Law, which started applying as of 1 January 2006, a high level of compliance of our legislation with the legislation of the European Union was achieved. With the purpose of harmonisation with the most recent amendments to the European Union Customs Code (32005R0648), especially in the part of introducing the concept of authorised economic operator, amendments to the Customs Law and the Decree on implementation of the Customs Law have been adopted. In addition to this, the amendments contain provisions specifying and simplifying the manner and the criteria of adoption, amendments and abolishment of approvals by the Customs Administration and a definition is introduced of a person with higher (financial) risk.

During 2009, the activities of the Customs Administration will be concentrated on further harmonisation of the legislation and strengthening of the administrative capacity for implementation of the customs legislation and fight against cross-border crime.

The novelties envisaged by the Customs Law will ensure building a customs system that would provide timely and efficient collection of customs and other duties and prevention of the entry of illegal goods, which would contribute to facilitation of international trade and sustainable economic development. Creating conditions for efficient implementation of regulations, building appropriate control mechanisms and simultaneous development of simplified procedures and facilitations in the implementation of customs procedures is possible only if there is a clear and standardised definition of the rights and obligations of all participants in the customs procedure, which was achieved with this Law.

To the end of creating better conditions for the economy of the country to compete on the global markets, it is of significant importance to establish a new customs ICT system, to enable electronic exchange of information and to ensure connection to trade by using modern technology. According to the 2008-2010 strategic plan, activities will be intensified related to strengthening of the administrative capacity for implementation of the customs legislation and preparation of the country for EU membership. To that end, activities will be undertaken for adoption of the *acquis communautaire*, harmonisation of the national legislation with the EU legislation and building capacities for efficient control at external borders.

The 2009 Action Plan of the Customs Administration envisages activities regarding the implementation of software for processing customs declarations and establishment of a new ICT system (above all, preparation of the national domain). The preparation of the necessary documentation with a description of the required user and technical setup of the Customs Declarations Processing System (CDPS) was realised through an engagement of consultants through the European Commission. New Customs Declaration Processing System (CDPS), compatible for connectivity with the EU systems, is under implementation.

With regard to the interconnections with the EU systems, it is envisaged to prepare NCTS and ITMS projects, as well as to prepare ICT strategic documents and above all, IIS strategy (Interoperability Implementation Strategy). Trainings are envisaged with regard to the TEMPO methodology, realisation of organisational changes within the sector (Help Desk and project management).

The Customs Administration implemented urgent activities with respect to the selection, procurement and implementation of software for processing customs declarations and setting up a new ICT system. Logically, it sets priorities and norms focused, above all, towards the EU systems and standards. This means:

- National setup - high-quality software solutions that support the bases of the nation-wide customs operations by fully accepting the EU legislation and the EU standards in the ICT operations, as well as a compatible e-government solution;
- Setup according to the EU systems) - such setup of national configuration and system should be fully and directly focused on the EU systems.

With respect to the National Setup, it is envisaged to engage consultants for preparation of the necessary documentation, describing the necessary user and technical setup of the system for processing customs declarations.

Regarding the interconnections with the EU systems, under IPA 2007, the ICT component was prepared by preparing NCTS and ITMS projects, as well as drafting ICT strategic documents and, above all, IIS Strategy (implementation of interoperability). Training is also envisaged regarding TEMPO methodology, as well as realisation of adequate organisational changes within the sector (Help Desk and project management).

The Customs Administration will continue the activities aimed at improving the risk management system and will work on introducing working criteria and standards and efficient exchange of data. In the future, the process of selecting risk profiles is expected to be automated by introducing a system for centralised electronic administration of all operational activities in the Customs Administration for the purposes of risk analysis, statistics and intelligence.

The Customs Administration will continue the activities for promoting cooperation and exchange of data with domestic and foreign institutions for fight against illicit trade and organised crime. Activities will continue to establish electronic exchange of data with domestic institutions and the neighbouring customs services and a legal framework will be established by signing memoranda/protocols.

Contemporary methods for clearance of goods, by introducing simplifications and transfer to paperless operations, require additional efforts and activities by the customs service for efficient collection of duties and implementation of trade policy measures.

To that end, it is envisaged to introduce integrated customs and statistical nomenclature of the European Union (TARIC), strengthen the surveillance mechanisms by introducing video monitoring at the border crossings, introduce a system for collection of excises throughout the Country, improve the risk management systems, modernise the border crossings to the end of better implementation of integrated border management and enhance the cooperation with other state institutions and inspection services.

From ICT point of view, full interconnection with the EU systems (CCN/CSI and NCTS) and continuation of the procedures for interconnection with other EU systems are envisaged on the medium term. Thereby, the Customs Administration, via continuous adjustment of the ICT Strategy, will commit to acceptance of the priorities with regard to the new European systems (AES, AIS), as well as provision of legal and technical preconditions regarding the security of the ICT system, support to paperless solutions, implementation of the electronic data exchange, set up of a risk management system, defined, above all, in Regulation 32005R0648.

One of the strategic priorities of the Customs Administration in the period 2008-2010 is the introduction of integrated tariff of the EU (TARIC), which, through an encoding system, identifies all tariff and non-tariff measures to be applied on certain products. In the course of 2009, activities continue pertaining to introduction of the integrated tariff of the EU – TARIC. During this period, introduction of a computer software for receipt, update and overview of the TARIC database is planned, which will contain all information on all measures that need to be undertaken by the customs service at the time of importation of certain goods from certain countries.

The Customs Administration will establish electronic system for early notification on the arrival of goods in the customs territory, as well as efficient system for electronic communication between the border terminals and between the border and internal terminals.

The National Plan for Adoption of Acquis with regard to customs reforms intends to further pursue legal development and harmonisation with the Acquis, strengthen capacity building of the Customs Administration, as well as strengthening of the customs IT infrastructure, including establishment of full interconnection with the EU systems (CCN/CSI and NCTS) and continuation of the procedures for interconnection with other EU systems. The implementation of computerised systems dealing with the tariff exchange of information between the EC and the Member States, being mandatory for the accession day, needs to be developed and the interconnection established in advance. This is one of the priorities stated in the National Plan concerning the interconnectivity with the EU IT systems, including the ITE systems. Permanent adjustment of the Customs Administration's IT system will reflect, among others, as a priority, introduction of IT systems such as: TARIC, European Binding Tariff Information (EBTI), Quota, Surveillance, the European Customs Inventory of Chemical Substances (ECICS). All CITE systems are mandatory for accession.

The reorganisation of the customs service will enable: adoption of comparable legislation regarding the organisation and competencies of the customs authorities; provision of high degree of cooperation among the customs, tax and other state services; establishment of efficient customs control, especially in the part of smuggling and collection of public duties; highly-qualified and motivated employees with high degree of responsibility and regulated status, salaries, training and promotion opportunities, support of an information system comparable with the structure of the Community Information System.

Reference to EP

The project will address the following priorities from the Accession Partnership (2007-2008):

- Increase administrative capacity to implement customs legislation and to fight cross-border crime;
- Further approximate legislation and procedures to the acquis, in particular in the areas of transit and allocation of tariff quotas.

Reference to SAA

The project will reinforce the SAA Article 88, which stipulates “achieve the approximation of the customs system of the Country to that of the Community”, “the simplification of inspections and formalities in respect of the carriage of goods and support for introduction of modern customs information systems”, as well as the ‘possibility of interconnection between the transit system of the Community and the Country’.

Reference to Progress report 2009

The Progress Report for 2009, chapter 29 states: “Some progress has been made on customs legislation. The 2009 customs tariff takes into account the obligation from the arising from the Stabilisation and Association Agreement and the changes in the EU Combined Nomenclature. The protocol amending the Kyoto International Convention on the Simplification and Harmonisation of Customs Procedures was ratified.

Legislation implementing the Customs Code, regulating authorised economic operators, was adopted. A number of customs-related fees, including the fees for customs escort of goods and for temporary customs warehousing, were abolished. However, some fees that are not in

line with the acquis remain in force. Some of the provisions of the Law on Technological-Industrial Development Zones are still not fully aligned with the acquis. Preparations in this area are advanced.

Significant progress has been made on administrative and operational capacity. The strategy for training and professional advancement has been implemented. Employees benefited from a large number of training activities, including training on ethics. Operational capacity was further enhanced, in particular for investigation and intelligence. Risk analysis and risk-based control systems and procedures were introduced. The 'one-stop shop' system linking 16 State agencies came into operation. It allows companies to submit electronically a single request in order to obtain all the documents required for import, export and transit. The customs administration still has to develop a comprehensive IT strategy to ensure future Interconnectivity/interoperability with the Community IT customs systems. Efforts to combat corruption and cross-border crime and trade in counterfeit goods led to an increased number of misdemeanour and criminal cases. The number of disciplinary proceedings and criminal charges initiated against customs officers also increased, although the sanctions, in particular dismissals, were generally not upheld at the appeal stage. The customs administration signed new memoranda of cooperation with trade and transport associations and with State agencies involved in the fight against crime and corruption. Preparations in this area are well on track”.

Reference to MIPD

The MIPD states that: “Alignment of the national customs legislation with the Acquis and reinforcement of border controls”; “With regard to the customs union, it is necessary to further align the customs legislation and procedures with the acquis and to strengthen the customs administration in order to ensure its proper functioning”; “The transposition of the Community acquis will have been largely completed in the area of the Internal Market, transport and energy, taxation and Customs Union and be well advanced in other major areas of EU legislation”. The Multi-annual Indicative Planning Document (MIPD) 2009-2011 recommends that further harmonisation of the customs legislation and procedures with the acquis, as well as enhancement of the Customs administration is necessary for its proper functioning.

Reference to NDP

N/A

Reference to national/ sectoral investment plans

The project directly links to the following key Strategies and Action Plans in the sector:

- Code of Conduct for customs officers;
- Pre-Accession Economic Programme (2007-2009), 2006;
- Strategic Plan of the Customs Administration 2008-2011;
- Training and Professional Development Strategy;
- Anti-corruption Strategy.

The CARM is undergoing a reform process in accordance with its Strategic Plan 2008-2010, the National Plan for Adoption of the Acquis and is using the EC Customs Blueprints. The objective of the reforms is to reach increased organisational and operational efficiency of the customs service; to enhance the integrity in the CARM; to achieve implementation of harmonised customs legislation; to introduce transparent and efficient customs procedures, such as the “Single Window concept”; to enhance the use of Information Technology and

Electronic Working; to provide for greater client oriented approach and better cooperation with the business community.

The country has requested to accede to the EC_EFTA conventions on Common Transit and on the Simplification of Formalities in Trade in goods (SAD) and has started preparations in this respect. Recently, a status of observer to the EC_EFTA Joint Committee has been granted.

The CARM has elaborated an IT Strategy and Development Plan, based on the CARM's Strategic Plan. The Strategy defines all entities, parties involved and participants in the Customs operation, defines the functions between them, as well as the tools used for its purposes. However, the ICT Strategy needs to be reviewed and updated to reflect the requirements for establishing interconnectivity with the computerised systems of the EU.

Reference to the **Progress Report** (2008): The latest progress report makes the following evaluation: "Good progress has been made on **customs legislation**. Amendments to the Customs Code introduced risk criteria for the control of customs declarations and the status of authorised economic operator (AEO)... The 2008 customs tariff was adopted, taking into account the obligations stemming from the SAA and the changes in the EU Combined Nomenclature. Tariff quotas are now allotted on a "first come, first served" principle, which is in line with the *acquis*. The legislation in the area of transit has yet to be aligned... Significant progress has been made in the area of **administrative and operational capacity**... As a result of the strategy for professional advancement, employees benefited from a large number of training activities, including induction training for new employees... The four mobile scanners purchased in 2007 were put into service... In preparation for setting up a "single-window" system at border crossings, an IT system for issuing authorisations and transit records has been developed. However, a comprehensive IT strategy and a strategy for interconnectivity with the Community IT systems have yet to be developed... The customs administration continued implementing its strategy on integrity and combating corruption... Significant results were achieved in combating cross-border crime and trade in counterfeit goods... The country was granted observer status on the EFTA committees for the Convention on common transit and on simplification of formalities in trade in goods. Cooperation was enhanced with a number of State institutions and also with trading and freight forwarding companies, by signing memoranda of understanding on integrated border management. The revenue collected by the customs administration continued to increase significantly. As a conclusion the report underlines that substantial progress has been made in area of Customs Union, both as regards legislative alignment and administrative capacity. Revenue collection has increased substantially and good results have been achieved in combating cross-border crime, including infringements of intellectual property rights. The customs legislation is well aligned with the *acquis*, but still has to be further harmonised. Administrative and operational capacity has improved significantly and the fight against corruption has led to tangible results."

ANNEX V - Details per EU funded contract

Management and contracting arrangements are as follows:

This project will be implemented through two twinning contracts. The knowledge and experience that will be exchanged with an EU Member States will allow the Customs Administration to get first hand understanding of the alignment process in the area of excise and customs, as well as additional know how and on the job training, advice for further strengthening the administrative and operational capacity of the Customs Administration in the process of fulfilling the EU standards in these areas.

The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. Two different project steering committees will be established to oversee the implementation process of the project activities, while it is expected that the MS twinning partner(s) will bring in expertise linked with the project purpose – *inter alia* - on the issues arising from the project and the so-called bilateral screening of the Customs chapter. The twinning arrangement will also allow for administrative capacity building, training, integrity, legal development and addressing the cross-cutting issues.

The project leaders (PL) will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting to the Contracting Authority.

The Customs Administration will be directly responsible for co-ordination and management of the project from the beneficiary side and will support the Twinning project team, in organisational and technical matters.

Contact persons and contact details:

Beneficiary Country (BC) Project Leader

To be defined prior to launching the Twinning Fiche.

Resident Twinning Advisor (RTA) counterpart

RTA will be defined following a selection procedure organised by the Contracting Authority from the MS countries responding to the launched fiche.

The expected contracting arrangements are:

- One Twining contract for Excises that has an expected duration of 24 months and a budget of approximately EUR 947 368 (IPA funds will be EUR 900.000 and the national co-financing EUR 47 368);
- One Twining contract for the Convention that has an expected duration of 24 months and a budget of approximately EUR 947 368 (IPA funds will be EUR 900 000 and the national co-financing EUR 47 368).

The detailed profiles and required expertise will be determined in the process of drafting the Twinning Fiche.