

# STANDARD TWINNING PROJECT

## Strengthening the operational and institutional capacities of the Customs Administration

### Abbreviations

AP	Accession Partnership
BCCL	Beneficiary Country Project Leader
CA	Contracting Authority
CAFAO	Customs and Fiscal Assistance Office
CARM	Customs Administration of the Republic of former Yugoslav Republic of Macedonia
CFCD	Central Financing and Contracting Department within Ministry of Finance
CTC	Common Transit Convention
DEU	Delegation of the European Union
DG TAXUD	Directorate-General Taxation and Customs Union
DIS	Decentralized Implementation System
EC	European Commission
EU	European Union
IPA	Instrument for Pre-accession Assistance
IPR	Intellectual Property Rights
IT	Information Technology
ITE	Integrated Tariff Environment
MIPD	Annual Multi-annual Indicative Planning Document
MS	Member State
NERP	National Economic Reform Programme
NPAA	National Programme for the Adoption of the Acquis
PAO	Programme Authorising Officer
RTA	Resident Twinning Adviser
SAA	Stabilisation and Association Agreement
SC	Steering Committee
SOP	Standard Operative Procedures
UCC	Union Customs Code

## **1. Basic Information**

**1.1 Publication notice reference:** EuropeAid/ 138-659/IH/ACT/MK

### **1.2 Programme:**

Instrument for Pre-accession Assistance (IPA) - National Programme for 2013 under the IPA Transition Assistance and Institution Building Component (TAIB), (Indirect management mode), Financing Decision 2013/024-109.

**Twinning Number:** MK 13 IPA JH 01 17

**1.4 Title:** Strengthening the operational and institutional capacities of the Customs Administration

**1.5 Sector:** 2. Justice and Home Affairs (**Customs Administration**)

**1.6 Beneficiary country:** Beneficiary Country<sup>1</sup>

## **2. Objectives**

### **2.1 Overall Objective(s):**

The overall objective of the project is to additionally strengthen the administrative capacity of the CARM and its capacity to implement the Acquis and reforms to meet the EU requirements in the area of customs and bring the country closer to the EU Market and the Customs Union.

The development of effective and efficient controls (including post-clearance) and audits service of CARM allows to implement its tasks (clearance and control of goods, revenue collection, protection of the borders and the safety and security of the citizens) and to further facilitate trade by keeping a balance between trade facilitation and efficient customs control.

### **2.2 Project purpose:**

To strengthen the institutional and administrative capacity of the CARM and to meet the EU requirements in the enforcement of the Union Acquis in the area of customs to hinder illegal trading of goods, to facilitate trade and to introduce further improvements in the area of organization and management through the implementation of adopted strategies for further development of customs operations and procedures.

### **2.3 Contribution to National Development Plan/Cooperation agreement/Association Agreement/Action Plan**

#### **Link with AP**

The project will address the Accession Partnership as follows: increase administrative capacity to implement customs legislation and to fight cross-border crime and pursue

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<sup>1</sup> As per Financing Agreement signed between the Government of the Beneficiary Country and the European Commission concerning National Programme for Component 1 for 2013 under the Instrument for Pre-accession Assistance, signed 19 December 2014

implementation of the reforms of the law enforcement agencies. For all areas of the public administration there is an explicit mention of the necessity to undertake measures to strengthen the administration's capacity and to provide training to achieve the identified objectives.

#### **Link with SAA**

The project will reinforce the **Stabilisation and Association Agreement (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. Article 78 notes that the Parties agree to cooperate on fighting and preventing criminal and illegal activities, organised or otherwise including illegal economic activities. The second paragraph, concerning the technical and administrative assistance foresees: enhancing the efficiency of the institutions charged with fighting and preventing crime, staff training and the development of investigative facilities, as well as the formulation of measures to prevent crime.

The **National Programme for the Adoption of the Acquis (NPAA) for 2016**: Chapter 24 states the need for further strengthening of the capacities in more effective investigations. Under Chapter 29, planned medium term priority activities to be conducted, in addition to measures already taken by the Government, is adopting of a New Customs Law and a Regulation on implementation of the new Customs Law, in order to comply with the Customs Law of the European Union adopted on 1 June 2013 (Reg. EU952/2013-OJ L 269,10.10.2013), which entered into force on 1 June 2016. Their adoption will be also according the recommendation of the Customs Blueprints. This recommendation emphasises the need of harmonisation in the area of submitting pre-arrival and pre-departure information for the deliveries and introducing systems for risk analysis and further promotion of the concept of Authorised Economic Operator. Further harmonisation of the Customs legislation and procedures with the EU legislation will be made, as well as strengthening the administrative and operational capacities of the CARM to further facilitate cross-border trade by improving customs controls, simplification of administrative procedures, strengthening of the capacities based on risk and general improvement of conditions for cross-border trade. The customs laboratory for successful and continuous implementation of ISO 17025 standards, shall introduce adequate support and training to the experts that will be able to perform analyses through adjustment according to the relevant EU regulations and directives and required EU standards.

The **Annual Multi-annual Indicative Planning Document 2011-2013 (MIPD)** in the description of the sector Justice, Home Affairs and Fundamental Rights stipulates that "Continuation of the fight against corruption and organised crime is identified as a key strategic priority of the Government". Furthermore the global objective for the coming years is capacity building to confront organised crime and corruption, as well as better rule of law, which will contribute to improved business environment, increased growth and competitiveness. This shall reduce the length of procedures to cross borders both for trade and travellers, contributing to the implementation of the Integrated Border Management.

#### **Link with the Pre-accession Economic Programme NERP**

The **National Economic Reform Programme (NERP) 2016** in line with the EU Strategy for fast, sustainable and comprehensive economic development "Europe 2020", as well as the SEE - 2020 Strategy of the Council for Regional Cooperation, called "Jobs and Prosperity in a

European Perspective", closely follows the vision of the "Europe 2020" Strategy, outlines key objectives for trade integration in a way that covers the key dimensions in the "Integrated growth" pillar. It reads that activities, in the coming period, for sectorial structural reforms for promoting competitiveness and growth will be aimed at further improvement of human potential, business environment and trade integration, in order to increase the competitiveness and economic growth of the country. In the next medium-term period the implementation of activities will continue, aimed at improvement of business climate, enhancement of competitiveness of the economy and establishment of equal conditions for operations of the economic entities. Best experience of many European countries and recommendations of international institutions are to be incorporated in these measures and activities. The implementation of these measures will provide more competitive business climate and integration into the global economy through introduction of processes in the customs working that meet the international standards.

### **Link with national/sectorial investment plans**

The project directly links to the following key strategies and action plans in the sector:

- National Economic Reform Programme (NERP) 2016;
- Strategic Plan of the Customs Administration 2016-2018;
- Training and Professional Development Strategy of the Customs Administration 2016-2018;
- Strategy for the integrity and fight against corruption of the Customs Administration 2015-2018;
- Risk Management Strategy of the Customs Administration 2015-2017.

## **3. Description**

### **3.1 Background and justification:**

The CARM is undergoing a reform process in accordance with its Strategic Plan 2016-2018, the NPAA and is using the EC Customs Blueprints. The current Strategic Plan of the Customs Administration 2016-2018 defines the following priorities: investment in the Customs Administration's employees through the reinforcement of the human resources managing capacities and strengthening of the mechanisms for performance measurement and mechanisms for professional liability and integrity of the employees; simplification and facilitation of customs and excise procedures by introducing further measures to increase the competitiveness of the national economy contributing to competitiveness and support of the economic operators, including harmonization of the national procedures and documents with the international conventions, standards and practices, introduction of paperless environment, use of enhanced methods of selectivity; reinforcement of law enforcement capacities including reinforcement of the customs intelligence and risk management systems and strengthening of their capacity and improvement of the control of the trade companies and post-clearance customs control system and strengthening of their capacity; arrangement of the administrative support; permanently building institutional and administrative capacities, identification, revision, regulation and computerization of the working processes; and improvement of the logistic support through development of its systems to provide rational, purposeful and efficient use of its resources for logistic support of the activities related to its principal responsibilities, as well as harmonization of the national customs legislation with the Acquis.

Modalities to reach the objectives are: implementation of the best practices of the foreign customs administrations; improvement of the knowledge and skills of the customs officers,

for quality performance of the tasks and duties, through permanent training; accreditation of the Customs Laboratory in line with the ISO 17025 Quality Standard; to analyze and adapt the legal framework for simplification and facilitation of economic activities, further simplification and facilitation of transit, import, export procedures and procedures with economic impact, law enforcement control techniques, trade companies control, development of the information and communication technologies and transparency and cooperation with the business community.

The Training and Professional Development Strategy underlines that the development of human resources will strengthen the institutional development to achieve the strategic objectives.

Risk Management Strategy has defined the overall objective to manage risks applying a harmonized model in accordance with the best EU practices to provide permanent and effective level of controls based upon risk assessment in order to enhance the law compliance. The objective is to update the work in this area, especially to implement an approach to the common priority risks, locating the risks, their mitigation as well as strengthening of the relationship between the ranking of the risks and the trade facilitation measures.

The conclusions of the European Commission's 2015 Progress Report in the area of Customs Union are that, the country has a good level of preparation in the area of customs union and good progress was made on legislation and administrative and operational capacity. The country's July 2015 accession to the conventions on a common transit procedure and on the simplification of formalities in trade in goods will significantly facilitate trade. The 2015 customs tariff was adopted in line with the latest changes in the EU Combined Nomenclature. A new Law on Representation in Customs Procedure defines the status of authorised and licensed representatives and lays down criteria for issuing authorisations and licenses for customs representations. In May, a new Law on Customs Measures for Intellectual Property Rights (IPR) Protection was adopted which regulates actions to be taken by customs related to goods that are suspected of infringing IPR. Good progress was made on administrative and operational capacity. Professional integrity standards and internal control measures were implemented systematically. Risk management was further developed and a new risk analysis module in transit operations was introduced. The use of simplified procedures is well developed. Capacities for carrying out customs controls and combating cross-border crime were strengthened. Improved inter-agency cooperation and exchange of information continued to result in seizures of drugs and counterfeit goods. Cooperation with neighboring customs administrations continued, including through joint operations, and cooperation agreements with the Serbian, Hungarian and Chinese customs administrations were signed. The agreement on the country's participation in the EU's Customs 2020 programme was ratified. In relation to IT, the 'new computerised transit system' is fully operational since March 2014 and its maintenance was secured. The common communication network/common system interface was installed and successfully tested. The integrated tariff environment system was completed. Some of its functions are in use and consideration should be given to adding others that would benefit traders. A new system for processing customs declarations is expected to be completed soon.

At present the customs legislation is well aligned with the Acquis, however the latest EU customs legislation (the Union Customs Code and its related package), in force from the 1 May 2016, represents a new challenge in view to the harmonisation of national legislation and implementation of procedures envisaged in the UCC package at national level. The alignment of the customs procedures with the EU standards, especially in the part of the procedures with economic impact and the simplified procedures, is in accordance with the obligations undertaken with the Stabilization and Association Agreement. The use of simplified

procedures and the applied risk management has had a significant impact on the facilitation of the economic activities. This positive impact, however, requires further enhancement of the capacities in the area of control of the law compliance and effective customs authorities which need to ensure the correct, uniform application of customs rules and, where appropriate, of other provisions applicable to goods subject to customs supervision. In parallel with the rising economic and trade relationships, there is a trend of diversification in the scope of international trade accompanied with an increase in illegal movement of goods, vehicles and human beings. The methods and techniques of committing customs fraud and smuggling are becoming more and more sophisticated and complicated.

For the legitimate trade it is of crucial importance to develop and implement a trade facilitation mechanism to minimise the costs, data and documentation requirements, the time to complete customs and other border formalities and to increase the security of the supply chain. Reinforcement of customs border controls has been given a high priority to improve controls of illegal and prohibited goods in order to protect both national and EU citizens.

Appropriate techniques shall be further improved for systematic risk identification and implementation of all measures needed to limit exposure to risk, and to implement international and national strategies, in accordance with the relevant legislation, for the collection of data and information, analysing and assessing risks, prescribing action and monitoring outcomes in order to facilitate, improve and streamline control procedures. This will allow relevant controls to take place at the right time and the right place with all the necessary resources.

CARM needs to further align its operation to the latest EU Customs legislation (Acquis) and based on it develop effective and efficient post-clearance control and audit service which allows implementation clearance and control of goods and revenue collection and further facilitation of trade by keeping a balance with efficient customs control.

Customs controls will be more effective if supported by customs laboratory, in line with the overall customs business strategy, by establishing the nature, tariff classification, origin and value of goods, for the following purposes: customs duties and revenue collection, commercial policy, antidumping, security measures, environmental and citizens' protection, as well as agricultural goods controls.

Current Training and Professional Development Strategy underlines the importance of continuous training in conducting operations, permanent re-evaluation of the working methods, internal procedures and motivation in order to strengthen the organization as a whole. CARM training system provides realisation of the legal and strategic objectives, proper management of available human resources, and achievement of higher professionalism capable to provide high quality services. Further development of a sustainable and stable training system with clearly defined training objectives in relation to the needs of the target groups, improved training coordination system and development of the culture of life-long learning and professional development is needed. The last EU support in this area has taken place through EU funded CAFAO project that came to an end in 2007.

Project addresses the need to continue further implementation of the reforms in the area of Customs, taking due account of EU regulations and best practices, revised EC Customs Blueprints as well as priorities described in other relevant strategic documents. These priorities are set in terms of strengthening of the capacities of CARM, in order to bring them in line with the EU requirements.

The project addresses the areas of strengthening of the controls, as an important component of the overall activity to strengthen the CARM's capacity in the fight against fraud, corruption and drug trafficking. This will be done through two methods:

The first one will refer to the revision of the current national customs legislation in line with the Union Customs Code and its related package and in line with this customs post-clearance audit and risk management, as a support to customs operations to protect the security of the country borders and safety of the citizens, introduction of joint customs control operations whenever possible, and by assisting the further enhancement of the work of the customs laboratory reaching required EU standards.

The second one will focus on capacity building in management and organisation with the aim to increase the administrative capacity through full implementation of strategies adopted, further development and implementation of the customs procedures, including training, in line with the EU standards and best practices.

Support in the area of customs, through the present project will assist to reach the objectives of establishing an effective, up-to-date and sound customs system, compatible with the EU legislation, standards and requirements

For each component a number of results are envisaged which will be achieved via implementation of targeted activities which will interconnect directly with the envisaged results.

### **3.2 Linked activities (*other international and national initiatives*):**

The twinning project is connected with the following completed, on-going or recently completed projects and activities and will present their upgrading or it will require close cooperation with the on-going ones. There are no overlaps with the linked activities (projects).

#### **1. Title: Support to the implementation of the Customs Reform Strategy**

Project funded by: EU -IPA 2007 National Programme

Duration: 2009 - 2011

Value: 3,200,000 EUR

Description: The project had 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. It contributed to enable appropriate implementation of reforms in the area of legislative approximation, reinforcement of the border controls and improving the customs IT system taking due account of EU regulations, requirements and best practices.

#### **2. Title: Interoperability of the Customs Administration's IT system with the EU customs IT systems**

Project funded by: EU -IPA 2008 National Programme

Duration: 2011 – 2013

Value: 3,040,000 EUR

Description: The purpose of the project was the strengthening of the operational capacity of the CARM in accordance with the EU standards in core Customs business areas of the European Community Customs transit control to ensure full compatibility and interoperability of the MCA ICT system with the NCTS and to achieve full interconnectivity with the European Union/DG TAXUD systems, enabling data exchange by means of the Common Communication Network and Common System Interface (CCN/CSI) infrastructure. CARM has implemented the Customs Transit Control System in conformity with the Common Transit Convention (CTC), in order to control and manage the movement of goods by the

electronic exchange of transaction information between CTC countries, and operate the systems effectively and efficiently, being prerequisite for EU accession.

### **3. Title: Strengthening the capacity of the Customs Administration**

Project funded by: EU -IPA 2009 National Programme

Duration: 2012 – 2014

Value: 2,758,150 EUR

Description: The overall objective of the project is compliance of the country 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. The project has strengthened the operational capacity of CARM in accordance with the EU standards in the core Customs and Taxation business areas of the European Community Customs tariff and has ensured full compatibility and interoperability of the Customs IT systems with the related EU Customs IT interoperability systems. (The concerned Integrated Tariff Environment (ITE) systems are TARIC, European Binding Tariff Information (EBTI), Quota, Surveillance, the European Customs Inventory of Chemical Substances (ECICS). Providing up-to-date and clear information on customs tariffs, procedures and requirements to trade increases the transparency and reliability having a positive impact on the general business environment.

### **4. Title: Reinforcement of Administrative Capacity to meet the obligations of membership - Strengthening the enforcement of Intellectual Property Rights**

Project funded by: EU -IPA 2011 National Programme

Duration: 2015 – 2018

Value: 1.396.801EUR

Description: The purpose of the project is to strengthen the operational capacity of CARM to fight against infringements of Intellectual Property Rights, according to their legal competences.

### **5. Title: Strengthening the capacity of the Customs Administration for implementation of the customs and excise legislation**

Project funded by: EU -IPA 2010 National Programme

Duration: 2014 – 2016

Value: 1 890 000 EUR

Description: 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. Further support the EU integration process through capacity building of the coordination structures, consisting of two components:

**Component 1:** “Finalization of the preparation for the accession to the Convention on a common transit procedure (CTC) and to the Convention for simplification of formalities in trade in goods” - The purpose of this project was further approximation of the customs legislation and procedures to the acquis; strengthening the administrative and operational capacity of the customs Administration in order to ensure enforcement of the customs legislation and to finalize the preparations for accession to the Convention on common transit procedure (CTC) and to the Convention for simplification in trade in goods; to ensure efficient implementation of the customs legislation; to improve the CARM’s organization and management and its operational capacity; to facilitate trade; and to secure the international supply chain, supported by appropriate control mechanisms and IT systems.

**Component 2** -“Harmonization of the legislation and procedures with the *acquis* and EU best practice related to excise” - The purpose of this project is further approximation of the



legislation in the area of excises and procedures to the acquis, as well as strengthening the administrative and operational capacity of CARM in order to ensure efficient implementation and enforcement of the excise legislation, to improve CARM's organization, management and operational capacity, to facilitate trade and to secure the international supply chain, supported by the appropriate control mechanisms and IT systems.

The new laboratory equipment, procured under the technical assistance through the CARDS 2005. Programme was delivered to CARM in July 2008 and installed (together with the existing laboratory equipment) upon mutual agreement for cooperation in special premises of the Chemistry Institute at the Faculty of Natural Sciences and Mathematics in Skopje, where joint experts' team of scientific and research staff of the faculty and CARM perform the analyses. Activities for accreditation and standardization of the laboratory are under way.

Under EU IPA 2013 National Programme, as a separate project (contract), is envisaged to procure additional laboratory equipment for CARM. The Procurement of the equipment is ongoing through a separate supply procurement tender. The supply contract is expected to be signed in June 2017. The delivery and installation of the equipment is planned for November 2017.

In case the procurement of equipment is not successful and the equipment is not procured and installed, the methods can be performed at the existing equipment. The state of play will be considered during the drafting of the twinning contract and the activities will be adapted accordingly. It should be underlined that except the three proposed methods (Method for determination of sugar (fructose, glucose, sucrose, maltose, lactose) by High Performance Liquid Chromatography (HPLC), Method for determination of most relevant denaturants in ethyl alcohol by Gas Chromatography (GC) and Method for determination of alcohols in alcoholic beverages with gas chromatography) all other proposed analytical and validation methods can be performed on the existing equipment.

The Co-operation Project between the Netherlands and Customs Administration has provided training for the customs laboratory personnel on the application of documentary requirements regarding ISO 17025 standard, as well as short term training on application of certain procedures and techniques used in analytical methods.

In the period 2008-2010 foreign consultants, implementing a nationally funded project, were engaged in several domains: introduction/implementation of control systems and procedures based on risk analysis, on-the filed training and support and technical management of the Control and Investigation Sector in activities for detection of illicit trade, smuggling and economic crime, development of the interagency cooperation in the country and abroad, as well as development and efficient implementation of the Anti-Corruption Strategy.

In 2009 a process for accreditation of the methods of analysis and testing of the Customs laboratory has been started. In this direction, a consultancy firm has been engaged and the draft documentation of the quality management system (procedures, guidelines and records) has been prepared, in conformity with those requirements.

In the past years personnel involved in post-clearance controls and audit, risk management and laboratory have been involved in different forms of trainings. All available instruments such as TAIEX and bilateral projects on customs cooperation have been utilised.

### **3.3 Results:**

This project will be structured around four main components in order to deliver the mandatory results:

- Post-clearance Controls and Audit
- Risk Management
- Laboratory
- Training

The project shall provide advisory support to the Customs Administration as a main beneficiary, in the area of additionally strengthening of the administrative capacity of the CARM and its capacity to implement the latest Acquis and reforms to meet the EU requirements in the area of customs and bring the country closer to the EU Market and the Customs Union. The Twinning is aimed to support the revision of the current national customs legislation in line with the Union Customs Code and its related package and in line with this development of effective and efficient controls (including post-clearance and laboratory analyses) and audits service of CARM allows to implement its tasks (clearance and control of goods, revenue collection, protection of the borders and the safety and security of the citizens) and to further facilitate trade by keeping a balance between trade facilitation and efficient customs control. For all seminars and workshops delivered the training materials should be prepared in both English and *македонски* language.

The following mandatory results should be jointly achieved by the MS and BC Twinning Partners, at least, but not limited, and will directly support the achievement of the project's purpose:

### **Component 1: Post-clearance Controls and Audit**

#### **Results:**

- 1.1 Gap analysis of existing national legislative provisions compared to the latest EU customs legislation, particularly related to the area of Post Clearance controls and Risk Management conducted;
- 1.2 Proposal and Action Plan for drafting of national legislation delivered;
- 1.3 New legal acts and/or amendments to the existing national legislation (laws and implementing regulation -by-laws) on the basis of the EU legislation in force drafted. The drafted legislation should be prepared in both English and *македонски* language;
- 1.4 Proposal and Action Plan for designing and developing new procedures and standards in the operations of the CARM for the implementation of the newly developed legislation and drafting (preparation) new/updated guidelines, instructions, manuals and control procedures in line with the procedures and best working practices in the EU delivered;
- 1.5 New /updated procedures designed, developed and guidelines, instructions and manuals drafted in line with the procedures and working practices on the basis of actual EU legislation in force and EU best practice. The deliverables under this mandatory result should be prepared in both English and *македонски* language;
- 1.6 An organisational structure of auditors dealing with post-clearance controls (including internal auditors and internal control units) enhanced;
- 1.7 A post-clearance controls and audit management system using appropriate methods and establishes an operational quality assurance programme, enhanced and appropriate methods of audit controls developed;
- 1.8 Strengthened capacities of auditors dealing with post-clearance controls (including internal auditors and internal control units);
- 1.9 A training strategy to ensure that auditors dealing with post-clearance controls (including internal auditors and internal control units) delivered in line with the EU requirements and best practices;
- 1.10 A national customs post-audit controls planning policy with planned short and long-term controls developed, in line with priorities based on risk analysis and risk assessment.

### ***Measurable indicators***

- Gap analysis of existing national legislation against the EU customs legislation prepared with recommendations included;
- Action Plan for drafting of national legislation, delivered;
- Number of legal acts drafted;
- Proposal and Action Plan for designing and developing new procedures and standards delivered;
- Number of new /updated procedures designed, developed and guidelines, instructions and manuals drafted;
- Assessment report and recommendations for effective organisational structure prepared;
- Number of Guidelines for Auditors and Post-clearance and Audit Manual prepared;
- Approximately 10 Customs officers involved in post-clearance controls and audit (including internal auditors and internal control units) trained to conduct post-clearance controls and audit;
- Number of officers (a pool) to deliver training on post-clearance and audit established, trained and curriculum prepared;
- Efficient, quality-controlled audits using appropriate methods prepared and adopted;
- Number of trainings on appropriate methods of audit controls delivered and number of methods introduced;
- A training programme for the auditors dealing with post-clearance controls amended and incorporated into the Action training plan;
- A national post-clearance control and audit planning policy with planned short-term and long-term controls drafted and delivered, in accordance with priorities based on risk analysis and risk assessment.

## **Component 2: Risk Management**

### **Results:**

2.1 EU Harmonised model of risk management to target commercial traffic for customs control developed and the test of effectiveness of the risk analysis undertaken, in accordance with international standards, to ensure compliance with the legislation that customs are responsible for enforcing;

2.2 Appropriate measures established to determine the areas that are most exposed to risks and to support management decisions on how to allocate limited resources effectively;

2.3 Further developed cooperation at policy and operational levels between the different national and international agencies and establishment of relationships with other administrations and agencies to ensure that information is exchanged effectively, efficiently and securely;

2.4 More effective internal communication and cooperation between the intelligence functions within the national administration developed;

2.5 Components of the risk-management process reviewed, and the existing risk management tools reviewed and upgraded;

2.6 Appropriate training programs according to the latest standards and techniques in the area of risk management drafted.

### ***Measurable indicators***

- EU harmonised model of risk management to target commercial traffic for customs control developed and applied;
- Number of appropriate measures to determine the areas that are most exposed to risks and to support management decisions on how to allocate limited resources effectively applied;
- Components of the risk-management process and the existing risk management tools reviewed and number of recommendations drafted;

- Percentage of physical controls decreased and average time for customs controls shortened;
- Approximately 10 officers involved in customs controls trained to conduct an efficient and effective controls based on risk analyse and assessment;
- Appropriate training programmes according the latest standards and techniques in the area of risk management drafted and a Number (pool) of trained trainers established;
- Guidelines on working methods for risk management/risk analysis prepared and implemented.

### **Component 3: Laboratory**

#### **Results:**

- 3.1 Laboratory management policies, quality systems, procedures and working methods updated in line with the legislation and/or standard and/or best practices;
- 3.2 Quality management system strengthened according to ISO/IEC 17025 reference standard for customs laboratories;
- 3.3 New analytical methods in the area of excise and other goods introduced.
- 3.4 Process of methods validation of analytical methods and measurement of uncertainty introduced to the CARM laboratory employees and capacities strengthened;
- 3.5 Standard Operative Procedures (SOP) for measurement of uncertainty and validation of methods for excise and other goods prepared;
- 3.6 Procedures for correct sampling (particularly for narcotics, hazardous substances, chemicals, wastes etc.), labelling, packing and transporting of samples, and all relevant health and safety requirements in line with the EU best practice drafted and training programme developed and delivered.

#### ***Measurable indicators***

- Laboratory management policies, quality systems, procedures and working methods in line with the legislation and/or standard and/or best practices drafted
- Number of new analytical methods, measurement of uncertainty and methods validation introduced
- Written guidelines for sampling procedures, laboratory safety, security and hygiene procedures drafted, training programme developed;
- Approximately 4 persons trained to apply new analytical methods in the area of excise and other goods;
- Approximately 4 persons trained to develop and implement SOP for measurement of uncertainty and validation on analytical methods;
- Approximately 10 customs officers trained about correct sampling, labelling, packing and transporting of samples, and all relevant health and safety requirements;
- Laboratory staff trained on laboratory safety rules, security and hygiene procedures.

### **Component 4: Training**

#### **Results:**

- 4.1 The existing training strategy reviewed and long-term training strategy that integrates with the customs business strategy drafted;
- 4.2 Sustainable training structures and activities which operate systematically, and are based on training policies, systems and procedures to facilitate delivery of the training strategy strengthened;
- 4.3 Objectives of the training function reviewed and clear objectives to high quality and higher level of knowledge and skills defined;
- 4.4 Training programmes and needs reviewed, if needed revised and further developed;

- 4.5 Target groups for the programmes and modules identified;
- 4.6 Role and responsibility of all participants within the training cycle defined;
- 4.7 Training delivered to a pool of trained trainers from the CARM;
- 4.8 Follow up mechanism on the quality of the training prepared and delivered.

#### ***Measurable indicators***

- Long-term training strategy that integrates with the customs business strategy drafted;
- Training programmes and needs reviewed, if needed revised, drafted and developed;
- Target groups for the programmes and modules identified;
- Role and responsibility of all participant within the training cycle defined;
- A number of (pool) of trained trainers from CARM selected and trained;
- Follow up mechanism on the quality of the training developed and delivered.

### **3.4 Activities:**

The Twinning project shall be implemented as a joint project in which each partner takes on its responsibilities. The selected MS shall transfer the requested hands-on public sector expertise to the Beneficiary Country, support into reinforcement of administrative capacities to meet the obligations of the EU membership by introducing and sharing EU wide best practices in connection with EU legislation and specific needs of the Beneficiary Country in the field of customs.

**The proposal made by the MS should include the activities they propose to achieve the results listed in the fiche. Without listing necessarily all the possible activities, the proposal should be detailed enough to respond adequately to the Twinning project fiche.**

The set of proposed activities will be further developed with the Twinning partners when drafting the Twinning work plan, keeping in mind that the final list of activities will be decided with the Twinning partners. The components are closely interlinked and need to be sequenced accordingly.

The Twinning assistance will be provided in the form of know-how transfer, and will be delivered through:

- *Advice and coaching sessions:* Coaching and advice activities will be the predominant type of activity. They will help for drafting of proposals for: new customs legislation and procedures, new organisational structure, and appropriate methods to ensures efficient, quality-controlled post-clearance controls and audits, EU model of risk management and processes, effective exchange of information, laboratory management policies quality system and procedures, long- term training strategy and strengthening the training structures.legal acts and/or amendments to the existing national legislation (laws and implementing secondary legislation) which regulate the areas subject of this project on the basis of relevant EU legislation in force, further development of procedures, implementing provisions and control mechanisms and strengthening the administrative capacity.

- *Tailor made training programme:* This project will include the development and implementation of a tailor-made training programmes. The programmes will take into account the lessons learnt from the previous trainings and will be based on a training needs assessment of the target groups. The training programme will focus on all aspects of improving the capacities of the BC in the areas outlined above. The Beneficiary prefers on-the-job training, where applicable. They should be prepared in both English and the *македонски* language;

- *Seminars, workshops and conferences:* The Twinning project will involve the organisation of several seminars, workshops conferences etc. for transfer of knowledge in the selected areas that are critical according to the analysis reports prepared and elaborated in the

results and in accordance with the developed training programme as a result of the using and sharing the expertise of MS experts and the experience of the BC administration.

- Analysis of Legal acts, Guidelines, Manuals, procedures and check-lists: The Twinning partner will review and propose new legal acts, Guidelines and Instructions and/or amendments to existing national legislation which regulates the area of customs (including e-Customs) in line with the acquis and EU best practice, as well as propose more effective procedures. This task will be done in close cooperation and consultation with Beneficiaries. During the twinning project the project partners will draft new legal acts, Guidelines and Instructions and/or amendments to existing national legislation and technical guidance. The content of the documents will vary depending on the specific need of the beneficiary at the time the project will start and the available project resources. Experts from the BC and the MS will cooperate in the preparation of the new legal acts, Guidelines and Instructions and technical guidance, share their experiences and collaborate to find the most appropriate approaches and solutions. Work will take into account the relevant EU legislation and related documents as well as the experiences of EU member states in the area. The Twinning partner will propose a system for analysing the existing procedures working methods and standards in the components part of this project, in line with EU best practice.

- Development: The Twinning partner will propose and provide assistance and guidance to the CARM in the development of strategic documents, training programmes, procedures in the development of an enhanced customs management and control system and institutional set up, as well as assist in improving institutional and administrative capacities and competences to successfully enforce legislation and prevent potential customs fraud. The Twinning partner will provide assistance and guidance in the process of designing, drafting, implementing and testing the new management and control system. This will be done in the course of establishing and introducing new procedures, providing support to establishing sound training support and providing training to customs officers relevant to the scope of the project. This task will be done in close cooperation and consultation with the beneficiary.

- Study visits: Study visits will be organised for representatives of the beneficiary institution to a Member State for exchange of good practices and experience in connection with the implementation of the post-clearance controls and Audit, Risk Management, business of the customs laboratory and training activities.

### **3.5 Means/ Input from the MS Partner Administration:**

The project will be implemented in the form of a twinning contract between the Beneficiary country and an EU Member State. Details of implementation shall be agreed during the preparation of the work plan. The implementation of the project requires one Project Leader with responsibility for the overall coordination of project activities, one Resident Twinning Adviser responsible for management and implementation of project activities foreseen, and pool short-term experts within the limits of the budget. It is essential that the team have sufficiently broad expertise to cover all the areas included in the project description.

The interested Member State institution shall include in its proposal the CVs of the designated Project Leader and Resident Twinning Adviser. The details of implementation of the Twinning project will be agreed upon/during the preparation of the work plan.

#### **3.5.1 Profile and tasks of the Project Leader**

##### **Member State Project Leader (MS PL)**

### Qualifications and skills:

- High-ranking official of a Member State administration or equivalent staff;
- At least University degree<sup>2</sup> preferably in management, law, public administration, economics, engineering or equivalent professional experience of 10 years in public administration;
- At least 3 years of professional experience in the field of customs post-clearance and/or audit control procedures and/or Risk Management in customs;
- Fluent written and spoken English.

### Tasks:

- Conceive, supervise and coordinate the overall preparation of the project;
- Coordinate and monitor the overall implementation of the project including coordination and direction of the MS TW partner;
- Co-ordinate MS experts' work and availability;
- Communicate with the beneficiary, CFCD and EUD;
- Ensure the backstopping functions and financial management;
- Guarantee the successful implementation of the Project's Work Plan;
- Co-chair the regular Project Steering Committee meeting with the Beneficiary Country Project Leader;
- Prepare operative side letters;
- Prepare and draft interim, quarterly and final report.

## **Beneficiary Country Project Leader (BC PL)**

The BC Project Leader will act as the counterpart of the MS PL and will ensure close cooperation in the overall steering, co-ordination and management of the project from the beneficiary side. He will support the Twinning project team in organizational and technical matters and will also coordinate the Project Steering Committee (PSC) on behalf of the BC. The role of the BC PL and the MS PL are complementary.

### **3.5.2 Profile and tasks of the RTA**

One Resident Twinning Advisor (RTA) will be appointed and he/she will be located in the premises of the Customs Administration in the Beneficiary Country.

The secondment of the RTA will last for 21 months, during which he/she will be responsible for the direct implementation of the project under the overall supervision of the MS Project Leader.

### Qualifications and skills:

- Be a national of a Member State of the European Union;
- Be a civil servant or equivalent staff seconded to work within departments/units of Customs Administration in a Member State;
- At least University Degree<sup>3</sup> preferably in the field of management, law, public administration, economics, or equivalent professional experience of 10 years in public administration;

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<sup>2</sup> For reference on equivalent qualification see: EPSO website-Annex 1 ([http://europa.eu.int/epso/on-line-applications/pdf/guide-1242-171104\\_en.doc](http://europa.eu.int/epso/on-line-applications/pdf/guide-1242-171104_en.doc))

- At least 3 years of experience in the field of EU customs post-clearance and/or audit control procedures and/or Risk Management in customs;
- Fluency in written and spoken English.

Tasks:

As to the general responsibility of the day-to-day implementation of the Twinning project in the Beneficiary Country, the Resident Twinning Adviser (RTA) tasks will include:

- Provide technical advice and assistance to the administration or other public sector bodies in the BC in the context of a predetermined work-plan;
- Coordination of all project activities and experts inputs in the BC;
- Ensuring day-to-day implementation of the Twinning project in the BC;
- Ensuring smooth correlation between the activities, deadlines and the envisaged results in the Work Plan;
- Taking corrective actions inside the terms of the signed contract, if necessary;
- Preparation of the materials and documentation for regular monitoring and reporting;
- Preparation of side letters;
- Together with the Project Leader, to nominate, mobilize and supervise the Short-Term experts.

**RTA Counterpart**

RTA Counterpart will be assigned by the CARM. The RTA counterpart will act as a counterpart of the MS RTA and will ensure close cooperation on the day-to-day implementation of the Twinning project tasks from the beneficiary side. The role of the MS RTA and BC RTA Counterpart are complementary.

**3.5.3 Profiles and tasks of the Short Term Experts (STE)**

Other specialist staff will be made available by the Twinning Partner to support the implementation of activities. Specific and technical matters not directly covered by the Resident Twinning Adviser can be taken over by short-term experts within the limits of the budget. The detailed expert input shall be established when drawing up the Twinning Work Plan.

Qualifications and skills of the short-term experts (Components 1, 2 and 4):

- At least University-level<sup>4</sup> degree or equivalent professional experience of 10 years in public administration;
- Be Civil servants or equivalent staff seconded to work within departments/units related to customs, customs legislation, post-clearance and customs audit control procedures, Risk Management in customs, and professional training in a Member State;
- At least 3 years of professional experience in customs service of an EU Member State in implementing core business in the field of customs post-clearance and/or customs audit control procedures and/or drafting regulation in the field of customs and/or Risk Management in customs and/or professional training including drafting relevant strategies and procedures targeted by the Twining Contract;
- Professional experience in developing training programmes and implementation of

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<sup>3</sup> For reference on equivalent qualification see: EPSO website-Annex 1 ([http://europa.eu.int/epso/on-line-applications/pdf/guide-1242-171104\\_en.doc](http://europa.eu.int/epso/on-line-applications/pdf/guide-1242-171104_en.doc))

<sup>4</sup> For reference on equivalent qualification see: EPSO website ([http://europa.eu/epso/doc/diplomes-fortheweb\\_en.pdf](http://europa.eu/epso/doc/diplomes-fortheweb_en.pdf))



training sessions directed towards staff members and/or operators in the scope of the project will be considered an asset;

- Fluency in English;

Tasks of the Short-Term Experts (Components 1, 2 and 4):

Short-Term Experts will:

- Prepare and implement specific tasks based mainly on practical cases and experience in compliance with their mission description and in accordance with project activities in the predefined Twinning Work Plan;
- Provide practical expertise/advices to relevant staff for execution of different tasks related to the project;
- Assist in key tasks, in the field of drafting legislation, training, preparing guidelines for strategic use and management of training and providing training;
- Contribute to the project reporting, to drafting the notes and other documents and reports on their missions;
- Address cross-cutting issues;
- Provide technical advice, support and assist the CARM in the context of a drafting new legislation under Component 1;
- Prepare Analyses of the existing guidelines, instructions and manuals regarding procedures and working practices;
- Overview the designing, drafting and implementing of the new enhanced and control management system and procedures and for drafting guidelines, instructions and manuals regarding effective procedures, working processes and control mechanisms. Ensuring day-to-day linkages with the beneficiaries;

Short-Term experts' expertise will relate (but not inclusive) (Components 1, 2 and 4):

- Post clearance audit end enforcement of customs legislation (controls);
- Risk analyses and risk management of the customs domain at strategic and operational level for customs clearance, investigations, post-clearance controls, postal traffic fast delivery shipments;
- Risk analysis and risk management of customs procedures: Transit, import, export, simplified procedures, procedures with economic impact; passenger traffic including airport;
- methods and best practices of conducting financial investigations related to customs fraud, smuggling, tax evasion, falsification of documents and money laundering;
- Organisation, delivery of trainings and management of trainers (stakeholders of the training process);
- preparation of training programmes and modules, methodologies and internal procedures in training, drafting of training strategy;
- delivery of general train-the-trainers module;
- EU customs legislation and practices in general, particularly in the field of detection; prevention and combating customs fraud and evasion;
- to best practices in application of E-controls in the field of customs;
- Organisation and delivery of trainings relevant to the components 1,2 and 4;
- Preparation of methodologies and internal procedures relevant to the components 1,2 and 4;
- Conducting of post-clearance controls, audits and investigations regarding detection of crime in the area of customs enforcement as related to Component 1 (methodology, tools (ways) and techniques of detection and conduct post-clearance controls, audits and investigations).

### Qualifications and skills of the short-term experts for Component 3- Laboratory:

- At least University degree in chemistry/chemical engineering or relevant field or equivalent professional experience of 10 years in public administration;
- Be Civil servants or equivalent staff seconded to work within customs laboratory or other State laboratory performing activities related to customs purposes in a Member State;
- At least 3 years of professional experience in customs laboratory or other State laboratory performing functionalities related to customs purposes and/or conducting method validation for excise and other goods and/or Quality Management System in testing Laboratories according to ISO/IEC 17025 and/or accreditation of chemical laboratories;
- Fluency in English.

### Tasks of the Short-Term Experts for Component 3- Laboratory:

#### Short-Term experts will (but not inclusive):

- Assist drafting the documentation regarding the Quality Management System in Customs laboratories, working methods and general laboratory safety;
- Deliver basic training of customs officers on correct sampling, labelling, packing and transporting of samples and all relevant health and safety requirements
- Assist preparing Standard Operating Procedures (SOP) for validation of methods;
- Assist introduction of those new analytical methods and measurement of uncertainty in the area of excise and other goods and their Validation in the customs laboratory:
  - Kjeldahl method for determination of Nitrogen;
  - Method for determination of Fatty Acid Methyl Esters (FAME) content in middle distillates by Fourier transform infrared spectrometry (FTIR);
  - Community Reference Method for the determination of Solvent Yellow 124 in gas oil by High Performance Liquid Chromatography (HPLC);
  - Method for determination of sulfur content in diesel fuel by Wavelength-Dispersive X-ray Fluorescence spectroscopy;
  - Method for determination of percent polyethylene in polyethylene/polypropylene blends by Fourier transform infrared spectrometry (FTIR);
  - Method for determination of sugar (fructose, glucose, sucrose, maltose, lactose) by High Performance Liquid Chromatography (HPLC);
  - Method for determination of most relevant denaturants in ethyl alcohol by Gas Chromatography (GC);
  - Method for determination of alcohols in alcoholic beverages with gas chromatography<sup>5</sup>;
- Identification of needs for further purchase/upgrade of equipment including Laboratory Information Management System (LIMS) for the laboratory.

#### **3.5.4.1 Profile and tasks of the RTA assistants**

The RTA will be provided with a full-time RTA assistant acting as an assistant for technical and organizational support. The assistant will be contracted according to Twinning rules and paid from the Twinning budget. The assistant will be selected through an open call. The role of RTA Assistant is to support the RTA in the project management. In addition, the assistant

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<sup>5</sup> Last three methods are related to an ongoing procurement procedure. During the process of drafting of the twinning contract and planning of the schedule of the activities will be determined whether validation of those methods will include either theoretical and practical part, or theoretical part only.

will be responsible for organisation of meetings, seminars etc. and their logistics, as well as interpretation and translation.

#### **3.5.4.2 Full-time translator / interpreter:**

A full-time translator / interpreter will be selected through an open call and will be contracted according to the Twinning rules and paid from the Twinning budget. The full-time translator / interpreter will be involved in all necessary project activities (training sessions, translation of project documents/reports and materials, organizational activities, etc.). The role of the translator / interpreter will be to provide translation and editing as well as interpretation services to the Twinning project in general.

### **4. Institutional Framework**

The Contracting Authority for this Twinning project is Central Financing and Contracting Department (CFCD) within the Ministry of Finance.

#### **4.1 Beneficiary Institution(s)**

##### **Main Beneficiary institution:**

The Customs Administration is a part of the Ministry of Finance and competent for taking actions in cases of existence of justified grounds that certain goods infringe the IPR. 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 employs around 1135 employees. The relevant legislation in the area of Customs includes the Customs Code, the Law on the Customs Administration, the Implementing Regulation of the Customs Code and a number of other laws and implementing legal acts.

The Customs Administration carries out its powers throughout the entire territory of the country. It carries out the activities that are under its competence in accordance with the Law on Customs Administration, the Customs Law, the Customs Tariff Law, the Law on Customs Measures for Protection of Intellectual Property Rights, the Law on Excises, the Law on Tax Procedures 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 monitor and control movements of excise goods;
- 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;
- Management and maintenance of the premises at the road Border Crossing Points.

This project will primarily focus on capacity building of the Customs Administration as the main beneficiary.

The Sector for Customs System is responsible for analyses of the customs legislation, building up the customs system and policy. This Sector is drafting legislation, guidelines and instructions for the application and enforcement of those procedures within the competences of CARM. The Department for Customs and Tax Procedures, within this Sector, is responsible for the building of a stable, comprehensive and modern customs system and uniform application of customs regulations. It is dealing with the drafting of the amendments to the legislation and the establishment and implementation of customs and customs related procedures. This Department is in charge of preparation of permits regarding the use of economic impact and simplified procedures. It gives assistance to the other organizational units regarding the application of regulations and conduct of customs procedures. It cooperates with other agencies and organizations on issues of application of regulations in the customs procedures, proposing and participating in drafting the regulations adopted by other authorities and applied by CARM. It also cooperates with the economic operators and general public regarding their clear and timely information on the procedures, when needed to initiates amendments to the legislation and keeps the economic operators informed of the development in this area. The approximation of the national legislation with the *acquis*, procedures compatible with the EU best practices, as well as training on this area is part of description of the responsibilities. The department for border and transit formalities, among other responsibilities is: monitoring and analyzing the application of the laws and other regulation regarding the transit procedure, prepares and participates in the preparation of drafts and proposes of laws and other general acts that other organizational units of the Customs Administration apply in regard to the customs transit procedures.

Sector for controls and investigations with its organizational units for: Intelligence Department, Risk Analyses Department, Operational Matters Department, Investigation Department and Trade Companies Control Department is responsible to conduct control, investigation and intelligence measures for the purpose of prevention, detection and investigation of customs offences and crimes, as well as filing changers against offences and crime.

The Risk Analyses Department is responsible to continuously improve the risk management, in order to improve effectiveness and efficiency of the custom service as a whole through systematic identification and application of all measures to limit the risks.

Trade Companies Control Department performs additional control of companies through verifying the existence, reliability and accuracy of the documents, review of business books and other records, inspection of goods, taking samples and carrying out official procedures and other similar activities to ensuring that customs rules and other regulations applicable to goods subject to customs procedures for release for free circulation, transit, export, inward processing, processing under customs control, temporary importation, outward processing, customs warehousing, simplified procedures, preferential tariff treatment for certain goods because of their nature or end-use, as well as control of the authorized customs agents

Customs Laboratory Department conducts laboratory analysis of goods, examination of samples taken from the goods, keeping records and preparing written analysis report of these examinations and cooperates with other agencies in charge of chemical-physical analyses of samples of goods. It gives guidance and technical assistance to other departments in the Customs Administration and Customs Houses in matters within its scope of operations; cooperates with foreign customs administrations and other competent international bodies to exchange information and documents within the scope of its operations as well as following the documents and legislation of the EU and participates in the work of international bodies for the laboratory. This department participates in drafting the national legislation and participates in training of customs employees.

The Training Department, part of the Sector for Human Resource Management is responsible for developing, updating and implementing a strategic plan for training, establishing (long-term or within a certain period) needs for upgrading skills of employees, organization of systems and procedures for the development and training of employees; This Department implements, monitors and conducts performance assessment of completed trainings, and the work of trainers and training participants.

Customs Offices are responsible to conduct supervision and control of passengers and vehicles, customs clearance, control of goods whose import or export is regulated, control the implementation of customs regulations to calculate and collect or repay the import duties, excise duties, taxes and other public levies on importation, exportation or transit of goods, and trade and movement of goods, as well as to conduct forcible collection of the above in accordance with law. They apply the customs tariff, free trade agreements and other regulations, foreign currency-control in international travel and border operations, prevention and detection of customs offenses, criminal offenses and economic relating to customs supervision of goods, temporary import and / or export clearance of goods, temporarily importation or exportation.

#### **4.2. Co-ordination mechanisms between institutions**

A project Steering Committee (SC) will be established at the beginning of the project comprising senior representatives of the Beneficiary Institution, the Delegation of the European Union, the Secretariat for European affairs and the Central Financing and Contracting Department within the Ministry of Finance, and will be co-chaired by the MS PL and BC PL.

The SC will monitor, supervise and co-ordinate the overall progress and implementation of the project. The SC will provide guidance for the different components of the project, will define priorities, approve and monitor budgets and approve the results.

#### 4.3. Reporting requirements as per Art 6.4 of the Twinning Manual

Reports will follow the templates of Annex C4 of the Common Twinning Manual. In addition to these formal reporting stages, the twinning partners are obliged to inform in writing the Contracting Authority of the action of any critical aspects or conditions of project implementation, or any amendments/modifications necessary within the budget.

All reports must be produced in the English in electronic and hard copy. These reports shall be signed by both Project Leaders. Each report must be presented in electronic format one week prior to the Steering Committee meetings and in two hard copies to the following addresses:

Central Financing and Contracting Department  
Ministry of Finance  
Dame Gruev 12, 1000 Skopje

The final versions should incorporate any comments and discussions during the Steering Committee meetings.

## 5. Budget

The project will be implemented through a Twinning Contract estimated at a maximum of EUR 1.600.000 out of which IPA contribution will amount to EUR 1.520.000 while national contribution will amount to EUR 80.000.

Twinning Contract	Total (EUR)	IPA Community contribution		National Public contribution	
		EUR	%	EUR	%
	1.600.000	1.520.000	95	80.000	5

The co-financing requirement foreseen under IPA will be considered fulfilled according to the provision of the relevant Financing Agreement.

In addition to the IPA and National co-financing as part of the Twinning Contract amount, as a rule, all twinning contracts must provide additional co-financing on the side of the Beneficiary Institution (Customs Administration), for the purpose of covering costs not covered under the project budget as per Twinning manual, point 5.13, as follows:

- Direct and indirect cost of the Beneficiary administration, civil servants and national private experts working for the project;
- Travel by the beneficiary officials from their capitals to a MS or between MS;
- Organization of seminars/ workshops/ trainings (incl. hall rental, printing seminar materials and other logistical support);
- Facilities for the Member State experts: adequately equipped office space; telephone; e-mail services; fax; photocopiers; computer; internet access; secretarial support; access to information.

The following expenses are also to be covered with the project funds:

- Visibility Costs and

- Audit certificate cost.

The project will be located in the premises of the Customs Administration which will also ensure providing the Member State experts with the documents necessary for project implementation.

## **6. Implementation Arrangements**

### **6.1 Implementing Agency responsible for tendering, contracting and accounting**

The Central Financing and Contracting Department (CFCD) of the Ministry of Finance will be 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 Authorising Officer (PAO) of the project:

Ms. Radica Koceva (PAO)  
Central Financing and Contracting Department  
Ministry of Finance

### **6.2 Main counterpart in the BC**

The following persons will be counterparts of the key personnel of the MS Partner Administration:

BC Project Leader  
Ljupco Cingovski,  
Customs Administration  
Address: Lazar Licenoski 13, 1000 Skopje

RTA counterpart  
Natalija Krusarovska  
Customs Administration  
Address: Lazar Licenoski 13, 1000 Skopje

Senior Programme Officer  
Mr. Ilija Janoski,  
Customs Administration  
Address: Lazar Licenoski 13, 1000 Skopje

### **6.3 Contracts**

The project shall be implemented through one Twinning contract.

## **7. Implementation Schedule**

### **7.1 Launching of the call for proposals**

The estimated date for launching of the call for proposals is: January 2017

### **7.2 Start of project activities**

The estimated date for start of project activities is: September 2017

### **7.3 Project completion**

The project implementation period (duration of the work plan) is 21 months after the commencement date of the Project.

### **7.4 Duration of the execution period**

The overall execution period of the Twinning project is 24 months with an implementation period of 21 months. (The execution period of the contract shall enter into force upon the date of notification by the Contracting Authority of the contract signed by all parties, whereas it shall end 3 months after the implementation period of the Action).

## **8. Sustainability**

The work-plan should consider the sustainability of the project and particularly how the mandatory results of the twinning project will be maintained as a permanent asset to the project beneficiaries even after the end of the Twinning project implementation. The twinning work plan will need to detail and put in place effective mechanism within the beneficiary institution to ensure optimum dissemination and consolidation of the results of the project. The sustainability issues will be further elaborated in the course of the project as a joint responsibility of the MS partner and BC institution. Besides, in the final report twinning partners will include specific recommendations for safeguarding the achievement of mandatory results in the beneficiary administration.

## **9. Crosscutting issues**

The cross-cutting issues will be addressed throughout the project. The mainstreaming of the cross cutting issues is regarded on two different levels:

- Ensuring that the internal policies, structure or operating procedures of the beneficiary institution will conform to and promote the relevant principles outlined per section below;
- Ensuring that the products, outputs produced within the project by the beneficiaries (primary and secondary legislation, analysis, plans and programmes) will conform to and promote the relevant principles outlined per section below.

### **9.1 Equal Opportunity**

The project will provide equal opportunities for participation for officials from CARM and the other institutions involved in the project. No discrimination will be made on the basis of gender and the trainings will be organised in a way which makes them accessible for both men and women. The number of men and women participating in training events will be monitored during the project and this information will be used to identify any potential discrimination. The principles of gender equality will be adapted to all project activities.

### **9.2 Environment**

Any ecological friendly initiative which can be taken will have to be implemented.

### **9.3 Equal Opportunity and non-discrimination**

The training activities will have in mind the Government Gender Strategy, while reference will be made to the EC Programme of Action for the mainstreaming of gender equality in



community development cooperation (2001-2006). Equal participation in this project of women and men will be enforced at the start of the project.

#### **9.4 Minority and vulnerable groups**

Where the main reference is the Ohrid Framework Agreement, in an EU context, 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 and evaluation.

#### **9.5 Good governance, with particular attention to fight against corruption**

Taking into account the overall objective and the project purpose, this project will contribute to a more effective fight against corruption, especially at regional and local level.

#### **9.6 Communication and publicity**

All requirements to ensure the visibility of EU financing will be fulfilled in accordance with Regulation (EC). N. 718/2007<sup>6</sup>.

### **10. Conditionality and sequencing**

#### **10.1 Conditionality**

- Endorsement by all key stakeholders of the project work plan;
- Organisation, selection, appointment and training of personnel from the organizational units involved in implementation of the project activities and steering committees;
- Provision of suitable training facilities;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Availability of funds for co-financing;

#### **10.2 Sequencing**

Key milestones will be:

- 1) Approval of the Twinning project fiche;
- 2) Circulation of the Twinning Project Fiche to Member State National Contact Points;
- 3) Completion of the selection of the twinning partner;
- 4) Signature of the Twinning contract, including the Twinning Work Plan;
- 5) Commencement of the implementation of the twinning (inter alia, the arrival in the country of the Resident Twinning Adviser);
- 6) End of the implementation period;
- 7) Submission of the final report.

### **ANNEXES TO PROJECT FICHE**

1. Logical framework matrix in standard format
2. Organigram

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<sup>6</sup> See Article 62 and 63 of Regulation(EC) N. 718/2007

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number: Strengthening the operational and institutional capacities of the Customs Administration		
		Contracting period expires two years from the date of the conclusion of the Financial 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
		<b>Total budget:</b> EUR 1,600,000		<b>IPA budget:</b> EUR 1,520,000
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		
To additionally strengthen administrative capacity of the CARM and its capacity to implement the <i>Acquis</i> and reforms to meet the EU requirements in the area of customs and bring the country closer to the EU Market and the Customs Union	Strengthen administrative capacities to implement EU <i>Acquis</i> and reforms to meet EU requirements and bring country closer to the EU Market and Customs Union	<ul style="list-style-type: none"> <li>- Documentation;</li> <li>- Government progress reports;</li> <li>- EU Assessment and progress reports</li> </ul>		
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>	<b>Assumptions</b>	
To strengthen the institutional and administrative capacity of the CARM and to meet the EU requirements in the enforcement of the <i>Acquis</i> in the area of customs to hinder illegal trading of goods, to facilitate trade and to introduce further improvements in the area of organization and management implementing adopted strategies for further development of customs operations and procedures.	Improved capacities of the CARM in accordance with <i>Acquis</i> , EC Blueprints and best EU practices in the area of hindering illegal trading of goods, facilitating of trade, implementation of the adopted strategies for further development of customs operations and procedures.	<ul style="list-style-type: none"> <li>- Documentation;</li> <li>- Government progress reports;</li> <li>- EU Assessment and progress reports</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment of national authorities;</li> <li>- Willingness and capacity of Customs to introduce changes;</li> <li>- Availability of appropriate staff for project activities and training;</li> <li>- Availability of appropriate expertise.</li> </ul>	

Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<p><b>Component 1 – Post-Clearance Controls and Audit</b></p> <p>1.1 Gap analysis of existing national legislative provisions compared to the latest EU customs legislation particularly related to the area of Post Clearance controls and Risk Management conducted;</p> <p>1.2 Proposal and Action Plan for drafting of national legislation delivered;</p> <p>1.3 New legal acts and/or amendments to the existing national legislation (laws and implementing regulation -by-laws) on the basis of the EU legislation in force drafted. The drafted legislation should be prepared in both English and <i>македонски</i> language.</p> <p>1.4 Proposal and Action Plan for designing and developing new procedures and standards in the operations of the CARM for the implementation of the newly developed legislation and drafting (preparation) new/updated guidelines, instructions, manuals and control procedures in line with the procedures and best working practices in the EU delivered;</p> <p>1.5 New /updated procedures designed, developed and guidelines, instructions and manuals drafted in line with the procedures and working practices on the basis of actual EU legislation in force and EU best practice. The deliverables under this mandatory result should be prepared in both English and <i>македонски</i> language</p> <p>1.6 An organisational structure of auditors dealing with post-clearance controls (including internal auditors and internal control units) enhanced;</p> <p>1.7 A post-clearance controls and audit management system using appropriate methods and establishes an operational quality assurance programme, enhanced and appropriate methods of audit controls developed;</p> <p>A post-clearance controls and audit management system which ensures efficient, quality-controlled audits using</p>	<ul style="list-style-type: none"> <li>- Gap analysis of existing national legislation against the EU customs legislation prepared with recommendations included;</li> <li>- Action Plan for drafting of national legislation, delivered;</li> <li>- Number of legal acts drafted;</li> <li>- Proposal and Action Plan for designing and developing new procedures and standards delivered;</li> <li>- Number of new /updated procedures designed, developed and guidelines, instructions and manuals drafted;</li> <li>- Assessment report and recommendations for effective organisational structure prepared;</li> <li>- Number of Guidelines for Auditors and Post-clearance and Audit Manual prepared</li> <li>- Approximately 10 Customs officers involved in post-clearance controls and audit (including internal auditors and internal control units) trained to conduct post-clearance controls and audit;</li> </ul>	<ul style="list-style-type: none"> <li>- Regular progress reports;</li> <li>- EC Country reports;</li> <li>- Project documents and reports.</li> <li>- Reports on the realization of the Action plans Plans produced and drafted</li> <li>- Adopted manuals, guidelines, instructions and manuals</li> <li>- New procedures introduced</li> </ul>	<ul style="list-style-type: none"> <li>- Full compliance of the parties involved</li> <li>- Successful implementation of other EU financed customs projects.</li> </ul>

<p>1.8 Strengthened capacities of auditors dealing with post-clearance controls (including internal auditors and internal control units);</p> <p>1.9 A training strategy to ensure that auditors dealing with post-clearance controls (including internal auditors and internal control units) delivered in line with the EU requirements and best practices;</p> <p>1.10 A national customs post-audit controls planning policy with planned short and long-term controls developed, in line with priorities based on risk analysis and risk assessment;</p>	<ul style="list-style-type: none"> <li>- Number of officers (a pool) to deliver training on post-clearance and audit established, trained and curriculum prepared</li> <li>- Efficient, quality-controlled audits using appropriate methods prepared and adopted;</li> <li>- Number of trainings on appropriate methods of audit controls delivered and number of methods introduced;</li> <li>- A training programme for the auditors dealing with post-clearance controls amended and incorporated into the Action training plan;</li> <li>- A national post-clearance control and audit planning policy with planned short-term and long-term controls drafted and delivered, in accordance with priorities based on risk analysis and risk assessment.</li> </ul>		
<p><b>Results</b></p>	<p><b>Objectively verifiable indicators (OVI)</b></p>	<p><b>Sources of Verification</b></p>	<p><b>Assumptions</b></p>
<p><b>Component 2 - Risk Management</b></p> <p>2.1 EU Harmonised model of risk management to target commercial traffic for customs control developed and the test of effectiveness of the risk analysis undertaken, in accordance with international standards, to ensure compliance with the legislation that customs are responsible for enforcing;</p> <p>2.2 Appropriate measures established to determine the areas that are most exposed to risks and to support management decisions on how to allocate limited resources effectively;</p>	<ul style="list-style-type: none"> <li>- EU harmonised model of risk management to target commercial traffic for customs control developed and applied;</li> <li>- Number of appropriate measures to determine the areas that are most exposed to risks and to support management decisions on how to</li> </ul>		

<p>2.3 Further developed cooperation at policy and operational levels between the different national and international agencies and establishment of relationships with other administrations and agencies to ensure that information is exchanged effectively, efficiently and securely;</p> <p>2.4 More effective internal communication and cooperation between the intelligence functions within the national administration developed;</p> <p>2.5 Components of the risk-management process reviewed and the existing risk management tools reviewed and upgraded;</p> <p>2.6 Appropriate training programs according to the latest standards and techniques in the area of risk management drafted.</p>	<p>allocate limited resources effectively applied;</p> <ul style="list-style-type: none"> <li>- Components of the risk-management process and the existing risk management tools reviewed and number of recommendations drafted;</li> <li>- Percentage of physical controls decreased and average time for customs controls shortened;</li> <li>- Approximately 10 officers involved in customs controls trained to conduct an efficient and effective controls based on risk analyse and assessment;</li> <li>- Appropriate training programmes according the latest standards and techniques in the area of risk management drafted and a Number (pool) of trained trainers established.</li> <li>- Guidelines on working methods for risk management/risk analysis prepared and implemented.</li> </ul>		
<p><b>Results</b></p>	<p><b>Objectively verifiable indicators (OVI)</b></p>	<p><b>Sources of Verification</b></p>	<p><b>Assumptions</b></p>
<p><b>Component 3 - Laboratory</b></p> <p>3.1 Laboratory management policies, quality systems, procedures and working methods updated in line with the legislation and/or standard and/or best practices;</p> <p>3.2 Quality management system strengthened according to ISO/IEC 17025 reference standard for customs laboratories;</p> <p>3.3 New analytical methods in the area of excise and other goods introduced.</p> <p>3.4 Process of methods validation of analytical methods and measurement of uncertainty introduced to the CARM</p>	<ul style="list-style-type: none"> <li>- Laboratory management policies, quality systems, procedures and working methods in line with the legislation and/or standard and/or best practices drafted</li> <li>- Number of new analytical methods and methods validation introduced</li> <li>- Written guidelines for sampling procedures, laboratory safety,</li> </ul>		<ul style="list-style-type: none"> <li>- Successful implementation of the EU IPA 2013 financed project for supply of Customs Laboratory Equipment.</li> </ul>

<p>laboratory employees and capacities strengthened;  3.5 Standard Operative Procedures (SOP) for measurement of uncertainty and validation of methods for excise and other goods prepared;  3.6 Procedures for correct sampling (particularly for narcotics, hazardous substances, chemicals, wastes etc.), labelling, packing and transporting of samples, and all relevant health and safety requirements in line with the EU best practice drafted and training programme developed and delivered.</p>	<p>security and hygiene procedures drafted, training programme developed;</p> <ul style="list-style-type: none"> <li>- Approximately 4 persons trained to apply new analytical methods in the area of excise and other goods;</li> <li>- Approximately 4 persons trained to develop and implement SOP for measurement of uncertainty and validation on analytical methods;</li> <li>- Approximately 10 customs officers trained about correct sampling, labelling, packing and transporting of samples, and all relevant health and safety requirements;</li> <li>- Laboratory staff trained on laboratory safety rules, security and hygiene procedures.</li> </ul>		
<p><b>Results</b></p>	<p><b>Objectively verifiable indicators (OVI)</b></p>	<p><b>Sources of Verification</b></p>	<p><b>Assumptions</b></p>
<p><b>Component 4 - Training</b></p> <p>4.1 The existing training strategy reviewed and long-term training strategy that integrates with the customs business strategy drafted;  4.2 Sustainable training structures and activities which operate systematically, and are based on training policies, systems and procedures to facilitate delivery of the training strategy strengthened;  4.3 Objectives of the training function reviewed and clear objectives to high quality and higher level of knowledge and skills defined;  4.4 Training programmes and needs reviewed, if needed revised and further developed;  4.5 Target groups for the programmes and modules identified;</p>	<ul style="list-style-type: none"> <li>- Long-term training strategy that integrates with the customs business strategy drafted;</li> <li>- Training programmes and needs reviewed, if needed revised, drafted and developed;</li> <li>- Target groups for the programmes and modules identified;</li> <li>- Role and responsibility of all participant within the training cycle defined;</li> <li>- A number of (pool) of trained trainers from CARM selected and trained;</li> <li>- Follow up mechanism on the quality</li> </ul>		

<p>4.6 Role and responsibility of all participant within the training cycle defined;</p> <p>4.7 Training delivered to a pool of trained trainers from the CARM;</p> <p>4.8 Follow up mechanism on the quality of the training prepared and delivered</p>	<p>of the training developed and delivered</p>		
<p><b>Activities to achieve results</b></p>	<p><b>Means / contracts</b></p>	<p><b>Costs</b></p>	<p><b>Assumptions</b></p>
<p>The twinning will be provided in the form of know-how transfer, and will be delivered through:</p> <ul style="list-style-type: none"> <li>- Advice and coaching sessions;</li> <li>- Tailor made training programme;</li> <li>- Seminars, workshops and conferences:</li> <li>- Analysis of Legal acts, Guidelines, Manuals, procedures and check-lists;</li> <li>- Development;</li> <li>- Study visits</li> </ul>	<ul style="list-style-type: none"> <li>- One Twinning contract</li> <li>- One Member State Project Leader;</li> <li>- One Member State Resident Twinning Adviser;</li> <li>- A pool of short-term experts.</li> </ul>	<p>Total budget: EUR 1,600,000</p> <p>IPA budget: EUR 1,520,000</p>	<p>Input from EU MS partner</p> <p>Continuing commitment of staff and management</p>

