ANNEX C1¹

STANDARD TWINNING PROJECT FICHE

1. Basic Information

1.1 Publication notice reference: EuropeAid/ 136-871/DH/ACT/

1.2 Programme: IPA 2012

1.3 Twinning Number: AL 12 IB FI 02

1.4 Title: *Modernization of the Albanian Customs Administration*

1.4 Sector: Public Administration Reform – Customs/Finance

1.5 Beneficiary country: Albania

2. Objectives

2.1 Overall Objective(s):

Contribute to more secure trade in the framework of the Copenhagen criteria, through support on modernization of Albanian Customs Administration, based on EU standards.

2.2 Project purpose:

Align Customs Transit legislation and procedures with the *EU acquis*, also in view of the interoperability of IT systems with the EU – NCTS system. And to assist the Albanian Customs Administration in strengthening its administrative capacity in line with the EU Customs blueprints, in the field of Customs transit, and to strengthen technical and operational capacities in enforcement and intelligence.

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

The Indicative Strategy Paper for Albania 2014 – 2020 related to the sector of Public Administration Reform, states: "Albania will receive EU support on: IT interconnectivity and interoperability of tax and customs administrations with EU systems are improved."

EU support should bolster the capacity of the Ministry of Finance, the Ministry of the Economy and other relevant bodies. Enhance the cooperation between relevant bodies and government institutions responsible for economic and fiscal policies as well as improve the reporting of these institutions.

The Indicative Strategy Paper for Albania 2014 – 2020 supports the strengthening of the values of good governance. Some of the Strategic Priorities and Policies related to this sector

¹ For Twinning light the Project fiche should be detailed as it will form an annex to the Twinning light contract together with the selected Member State proposal.

are: "Tax and Customs administrations are working in line with the EU rules and have an efficient system in place to fight corruption." The policies related to this strategic objective aim to modernize both administrations, to increase operative effectiveness and efficiency, etc.

In accordance with the National Plan for European Integration (NPEI), the policy objective in the Customs field is to increase the standards of customs structures, to put them at the community service, in fighting against smuggling, corruption, monopolies, and clientele practices and in creating of a favourite and competing climate for business.

The European Partnership requires further alignment of customs legislation and procedures with EU practices; in particular, ensure approximation of rules and procedures for transit, customs warehouses, customs valuation, physical controls and risk analysis to EU standards.

The EU Analytical Report of 9th November 2010, Part 3. Ability to Assume the Obligations of Membership, at Chapter 29 Customs Union, concludes that the Customs legislation in Albania is partly aligned with the *EU acquis*. Further efforts are needed in a number of areas, along with overall alignment with the EU's customs legislation. The administrative and operational capacity of the customs administration will need to be reinforced to improve implementation of the existing legislation and to address future challenges. Albanian Customs have already a new Customs Code in full compliance with *EU acquis*.

Regarding customs the Progress Report 2014 states "....IT interoperability with the EU requires further action..."

The Albanian Customs Administration has its own draft Business Strategy. Currently, ACA is working on the drafting of the Operational Action Plan of Customs Administration for 2014 and beyond, a plan which is based on the Business Strategy of Customs Administration.

The IT Strategy 2013-2017 is approved by the General Director in May 2013 and aligning to National Strategy for Information Society. The aim is to strengthen the cooperation with business partners, as well as *inter alia* the implementation of business models in various forms.

3. Description

3.1 Background and justification:

The General Customs Directorate is the institution responsible for the customs management in the Republic of Albania. It is subordinate to Law No. 102/2014, "The Customs Code of the Republic of Albania" and the sublegal acts pursuant to it (as amended).

Most of the provisions included in *Law No. 102/2014*, *the* "New Albanian Customs Code" entered into force on 1 January 2015. It aims to harmonize Albanian Customs Legislation with EU Regulation no. 952/2013, dated 09 October 2013 "Union Customs Code".

The new Customs Code, replaces that contained in Law no.8449, dated 27.01.1999, which was based on EC Regulation no. 2913/92, dated 12 October 1992 "Community Customs Code".

The new Customs Code is also based on some other EU provisions, and Commission proposals and recommendations such as:

- Council Regulation (EC) no. 1186/2009, dated 16 November 2009, setting up a Community system of reliefs from customs duty.;
- Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries;
- European Commission Proposal for a Directive of the European Parliament and violations of customs rules and sanctions;
- European Commission Communication 169/2008, a "Strategy for the evolution of the Customs Union".

The implementation of this "New Albanian Customs Code" will simplify legislation and administration procedures for the customs authorities and economic operators and facilitate and secure trade. It will also provide the legislative framework to adopt secondary and tertiary legislation to allow accession to the Common Transit Convention (CTC). There will be also economic effects because the computerisation and simplification of procedures should allow companies established in Albania to face more effectively the customs-related challenges of economic globalisation and increasing trade volume.

The Common Transit Convention and its IT infrastructure, the New Computerized Transit systems (NCTS):

The EU is a party to the Common Transit Convention (CTC). Like several other EU accession candidates did in the past, Albania wants to join the Common Transit Convention before acceding to the EU. Joining the CTC will require the adoption of national legislation and changes to a number of administrative procedures but also an IT system fully compatible with NCTS (the new computerized transit system) used by all CTC members.

Taking into account that Albania has obtained the observer status to the CTC in 2012, it might be expected that Albania would be acceding the CTC as a full member in 2016, at the earliest. The successful implementation of the "New Albanian Customs Code" and the accession of the Republic of Albania to the Common Transit Convention (CTC) would be milestones on the Albanian way towards European integration.

Presently, the ACA operates ASYCUDA World (AW), managing all types of Customs procedures, including management Transit movements, together with the TIR. The exchange of information concerning these regimes is not able - at the present stage - not having full

interoperability and interface with EU systems, without a prior development of new IT software modules.

Guarantee Management is covered through a Guarantee management system application, integrated into ASYCUDA World, but not yet aligned with New Computerised Transit System (NCTS) functionality.

Risk analysis is done through a separate module (Risk Analysis system) in AW, but the actual number of active risk profiles seems rather high (and increasing since 2011 to around 200).

The New Computerized Transit System (NCTS) is essential to ensure the control of transit movements throughout the Community / the CTC territory. This project will consist of a twinning contract to assist the Albanian Customs Administration in capacities building and the management of the implementation. Development of the necessary IT systems will be through a separate service contract, which is expected to be contracted during the last quarter of the present twinning contract.

3.2 Linked activities (other international and national initiatives):

The proposed Project under IPA 2012 is necessary to:

- 1. Support Albanian Customs Administration to implement the conclusions and recommendations provided in the DG TAXUD Report of the Mission to Albania Customs "Report of the 2014 IT and TAXUD mission to the Albanian Customs Administration", 8-12 September 2014.
- 2. Ensure continuity of the work commenced with the twining Project under IPA 2008 annual programme: "Support to the alignment of Customs Procedures with EU Standards". The successful implementation of the "New Albanian Customs Code" prepared under above mentioned project, followed by the accession of the Republic of Albania to the Common Transit Convention (CTC) will be milestones on the Albanian way towards European integration.
- 3. Comply with the high priority recommendations and subjects to be focused during 2012-2017, given by the Multi-beneficiary IPA 2009 Project: "Regional Blueprints Exercise on Customs and Taxation", from which Administrations of Western Balkans and Turkey, including Albania benefits. The IPA 2009 Regional Blueprints Report gives a picture of how the transfer of knowledge and best practices of ACA should be provided by TA programs. This proposed IPA 2012 Project is mainly focused on Programs related to IT technology, Infrastructure and Equipment, Border and Inland Control.
- 4. Follow-up the recommendations of DG TAXUD and IT workshop of 12-13 September 2011 mainly in the fields of ITC, NCTS, ITMS.
- 5. Comply with the Draft Business Change Management Plan, Customs Strategy and IT strategy, currently under development. This Project deals with the objectives drafted in the strategic Documents related to IT development, anti- contraband.

3.3 Results:

- **Result 1:** Customs legislation and procedures related to the interoperability of IT systems with the EU NCTS system implemented.
- 1.1 Gaps and Needs analysis performed on the Customs Directorate including recommendations for further activities;
- 1.2 Assistance to the Customs Directorate in setting up the necessary administrative capacity in the area of Common/Community Transit;
- 1.3 All necessary legal provisions (primary, secondary, tertiary) drafted and approved;
- 1.4 Basic legal structure of formal ownership, management and maintenance of the NCTS system agreed by the Albanian Government;
- 1.5 The development of an NCTS-compatible automated transit system prepared and implemented;
- 1.6 Trader awareness meetings on implementation.

Measurable indicators:

- 1.1 Finalized Gaps and Needs analysis including recommendations;
- 1.2 Organizational changes, set up of the NCTS IT and business team, establishment of a National Service Desk including relevant job descriptions;
- 1.3 Necessary legal drafts (laws, bylaws, guidelines, reports, manuals on relevant procedures) finalized and ready to be submitted to Government for approval;
- 1.4 Project initiation document, including project plan, prepared and presented;
- 1.5 Terms of reference for the NCTS development of the project finalized and ready to be submitted for tendering procedure;
- 1.6 Business Process Models, functional and technical specifications for transit module and trader module prepared;
- 1.7 Development of a national transit application system controlled and tested;
- 1.8 Trader awareness meetings.

Result 2: Enforcement and intelligence on Customs Transit

- 2.1 Enforcement of law provisions and Common Transit Convention implemented.
- 2.2 Organisation and use of intelligence on Customs Transit developed.

Measurable indicators:

2.1 The Albanian Customs Anti-contraband Directorate will have supporting and increased powers and improved customs controls (through specialist training on enforcement on the Customs Transit), at the end of the Project.

2.2 The Albanian Customs Anti-contraband Directorate will have supporting and increased powers and improved customs controls (through specialist training on intelligence on the Customs Transit), at the end of the Project.

Both of the above: based on the gaps and needs analysis the baselines are established enabling an assessment of actual activities.

3.4 Activities:

The proposal made by the MS should mention the activities they propose to achieve the mandatory 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.

3.5 Means/ Input from the MS Partner Administration:

3.5.1 Profile and tasks of the Project Leader

This project requires a Project Leader who will be responsible for defining, planning, tracking, managing, and the overall coordination of the project activities. The project leader is responsible for identifying key resources and providing the direction required for meeting the project objectives. She/he is also responsible for ensuring appropriate management, for both twinning counterparties involvement throughout the life of the project duration. She/he is expected to closely work with the resident twinning advisor and the short-term experts as well as with the counterpart of the beneficiary institution.

Profile:

- High ranking civil servant to a MS customs administration;
- Long-term civil official from an Member State Customs administration;
- Educated and experienced in the field of management and organization;
- At least 3 years working experience in a leading management position;
- At least 5 years working experience in activities linked to the scope of this project (customs administration modernisation);
- The project leader must have a technical background sufficient to understand the
 technologies, especially on interoperability and interconnectivity of ACA with EU
 Systems requirements, and other IT solutions, to be able to anticipate and identify
 critical technical obstacles, and to make accurate technology decisions on NCTS,
 IMTS, and EMTS for excise goods.
- The project leader must be able to manage project schedule and task details and utilise project management tools such as reports, tracking charts, checklists, and project scheduling software and to delegate appropriately.
- Excellent English skills (oral and written);
- Excellent computer skills.

Tasks:

- Leading, managing, monitoring and guidance of the whole project;
- Define the project management process to be applied.

- Involve and help on selection of Resident Twinning Advisor (RTA), long-term experts and short-term experts.
- Analyse the requirements for all EU-IIS strategy components (ICS/AIS, ECS/AES, EORI/EOS & Customs Decisions, and future projects developed by EU as per actually applicable MASP).
- Ensure that all team members understand their roles and accept their responsibilities.
- Assists the RTA with the project management;
- Assists the Albanian Customs Administration accessing the Common Transit Convention and SAD on the remaining steps to follow.
- Provision of legal and technical advice and analysis;
- Overviews the development of all key project outputs and the corresponding procedural/operational manuals, plus the provision of related skills development activities:
- Track and report on progress to plan and contract.

3.5.2 Profile and tasks of the RTA

One Resident Twinning Adviser (RTA) over a period of 24 months as well as medium/short term experts will implement the above-mentioned activities. The RTA has the responsibility to guide the work of the team and collaborate closely with the beneficiary counterpart. The medium/short term experts will work in close cooperation with the RTA and the Customs administration staff in order to meet the specific objectives as set out above.

The RTA will cooperate primarily with the staff of the Customs administration.

Profile of the RTA:

- Sound knowledge of the *EU acquis* in the field of customs transit and tariff procedures and systems (NCTS, ITMS)
- Minimum 3 years of professional experience both at policy and implementation level of the EU acquis in the area covered by this Twinning project fiche;
- Sound management, leadership and coordination skills
- Good training, public speaking, presentation and communication skills;
- Excellent oral and written English communication skills;
- Excellent computer proficiency (Word, Excel, PowerPoint);
- University degree.

Additional assets are:

- Previous experience as project coordinator/project manager
- Some relevant working experience in Member States who have recently acceded to the EU.

TASKS:

- Coordination with regard to the design and subsequent implementation of the training and qualification programme for the staff of the concerned departments at the Customs administration;
- Coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs;

- Preparation of projects progress reports;
- Permanent contact with the beneficiary RTA Counterpart;
- Liaison with EC Task Manager;
- Liaison with other relevant projects.

3.5.3 Profile and tasks of the short-term experts

There should be a pool of short/medium term experts. Their "mix" should be identified by the Project Leader/RTA in the course of designing of the operative side letters (OSL). The short term experts will work in close cooperation with the Team-Leader/RTA and the Beneficiary in order to meet the specific objectives as set out above. Terms of reference for short-term adviser(s) will be elaborated by Project Leader/RTA and the beneficiary counterpart at the work plan preparation stage.

The short and medium-term experts are expected to have:

- University degree;
- Professional knowledge on *EU acquis* related to customs transit and tariff procedures and system and customs intelligence;
- Being currently civil servants in the homologue institution/service related with the required activity within the project;
- At least 3 years of experience in customs administration of an EU Member State in the relevant area of the required activity within the project;
- Solid training skills and experience in organizing training courses;
- Very good command of English (oral and written);
- Excellent computer skills (Word, Excel. PowerPoint).

4. Institutional Framework

The direct beneficiary of this Twinning will be Directorate General of Customs of Albania under the Ministry of Finance. Organizational Chart of Directorate General of Customs (Annexed).

Directorates within Directorate General of Customs which are involved and benefiting from the Project are Procedure, Payment Control & Customs Guarantees Directorate, Legal Directorate, IT Directorate and management of Human Resources Directorate.

The officers of the Directorates of Directorate General of Customs, responsible for implementing their project activities, will conduct the necessary work for carrying out the project through its different processes.

The impact of the project will be through involving traders, or economic operators in the reform process (especially on transit). It will provide them the necessary information, and explain the improved trade facilitation and services. There is a compliance risk that they will have to update their own IT systems with NCTS.

5. Budget

Title: Modernization of the Albanian	IPA Community	National	TOTAL
Customs Administration	Contribution	Co-financing	
Twinning Contract	1.800.000,00 €	50.000,00 €	1.850.000,000 €

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

6. Implementation Arrangements

6.1 Implementing Agency responsible for tendering, contracting and accounting:

Delegation of the European Union to Albania ABA business building, Rr Papa GjonPali II Tirana, Albania Tel. +355 4 222 83 20 www.delalb.ec.europa.eu

Person in charge:
Romeo Mitri
Programme Manager
Public Finance, Customs and Taxation
Delegation of the European Union to Albania
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6.2 Main counterpart in the BC

Albanian General Directorate of Customs Rruga e Durrësit, nr.127/10, Laprakë, Tiranë, Albania Tel:+355 4 224 3915

 $e\hbox{-}mail: elisa. spiropali@dogana. gov. al$

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Project Leader is:

Mrs. Mirela Meko, Deputy Director General Head of Technical Department Directorate General of Customs Rruga e Durrësit, nr.127/10, Laprakë, Tiranë, Albania

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RTA Counterpart:

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Mob: +355 (0) 664051000

E-mail: e_pema@dogana.gov.al.

6.3 Contracts

It is envisaged that the project will be implemented through one twinning contract, with an indicative amount of \in 1.850.000,00.

7. Implementation Schedule (indicative)

- 7.1 Launching of the call for proposals February 2015
- 7.2 Start of project activities October 2015
- 7.3 Project completion October 2017
- 7.4 Duration of the execution period 24 Months

8. Sustainability

The introduction of the New Computerised Transit System (NCTS), as per EU legislation, is mandatory for accession purposes. Introduction of a new legislation and procedures aiming the CTC accession are clearly sustainable for a long term.

The advantages of joining the Common Transit Convention are: one single transit operation covers all land transport through the territory of all contracting parties; one guarantee for the whole route (from departure to destination); faster procedures on the borders, lower costs: one declaration for all contracting countries, no forwarding agents needed, etc. NCTS ensures that: transit declarations data arrive in the appropriate customs office before the goods themselves; automates the comparison between the declaration at departure and the declaration at arrival; automatically triggers an alarm when goods do not arrive as planned, etc. It increases the efficiency and effectiveness of transit procedures and also improves the situation (insofar as fraud is concerned).

9. Crosscutting issues (equal opportunity, environment, etc...)

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability and age. The contractor shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

The project does not directly involve activities with a minority's impact.

Traders will also be involved by project (especially on transit). It will provide them with trade facilitation and services and therefore they should have a positive attitude. Only risk is that they will have to update their IT systems.

10. Conditionality and sequencing

- Customs Administration allocates the sufficient institutional and human resources to cooperate with project experts;
- Setting-up a Steering Committee involving all the stakeholders of the project;

Government assign sufficient human resources to enable them to accelerate the process of aligning customs legislation with EU standards.

ANNEXES TO PROJECT FICHE

- 1. Logical framework matrix in standard format (compulsory)
- 2. List of relevant Laws and Regulations (optional)
- 3. Organizational Chart of Directorate General of Customs, Ministry of Finance

LOG FRAME PLANNING MATRIX FOR Sector Fiche		of the Twining Contract		Aligning Customs legislation and transit procedures with EU acquis, also in view of the interoperability of IT systems. Execution period expires Execution period expires within a maximum of one year from the end date of contracting	
National sector or sub sector objective			IPA budget: EUR 1.80 Sources of verification		What is the percentage proportion or expected quantitative or qualitative contribution of the sector support funded by IPA to this OVI?
To contribute to implementation in Albanian Customs Administration the New Computerised Transit System, fully in line with EU – NCTS, and full membership in Common Transit Convention, and prepare its ICT on		essment done by A committee	Twinning reports		
Sector support objective within the MIPD sector 1. To strengthen the efficiency, accountability and public trust in the Albanian Customs Administration in line with EU acquis and best practices in the area of Common Transit Convention.	(OVI) Result 1.1 I	Legal and sublegal acts ad adopted as per new	1.1 Annual report of 1.2 Twinning re 1.3 Monitoring of 1.4 Annual Report of Ministry of Fina 1.5 Information media and round	f ACA ports reports ort unce set for	Continued commitment of Government of Albania to the, efficiency and accountability of the Albanian Customs Administration

Results of the sector support	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
Result 1: Customs legislation and procedures related to the interoperability of IT systems with the EU – NCTS system, implemented. 1.6 Gaps and Needs analysis performed on the Customs Directorate including recommendations for further activities; 1.7 Assistance to the Customs Directorate in setting up the necessary administrative capacity in the area of Common/Community Transit; 1.8 All necessary legal provisions (primary, secondary, tertiary) drafted or confirmed; 1.9 Basic legal structure of formal ownership, management and maintenance of the NCTS system agreed by the	recommendations; - Organizational changes, set up of the NCTS IT and business team, establishment of a National Service Desk including relevant job descriptions;	_	- Continuous review and alignment of implementation methods and understanding throughout organization of requirements for the acquis, will take place; - Periodic review of workin methods, procedures, capacity and follow-up will be performed; -Adequate IT staff is available within Albanian Custor Administration or can be recruited from outside; - Limited staff turnover - Proper maintenance and protection of equipment budgeted and arranged for Sufficient operational infrastructure available (fuel, internet, spare parts etc)

1.10	Albanian Government; The development of a NCTS-compatible automated transit system prepared and implemented; Trader awareness meetings on implementation.	 Development of a national transit application system controlled and tested; 	
	2: Capacity building on ement and intelligence, d.		

2. List of relevant Laws and Regulations

- 1. Law No.102/2014, dated 31.7.2014 "New Albanian Customs Code" that entered into effect on 1 January 2015 (most of its provisions), according to the new EU Commission Regulation no. 952/2013, dated 09 October 2013 "Union Customs Code".
- 2. Decision No.919, dated 29.12.2014 of Council of Ministers "On Implementing Provisions of the New Albanian Customs Code".
- 3. Law No.9461, date 21.12.2005 "For the combined nomenclature of goods and integrated customs tariff",
- 4. Decision No.1067, dated 14.12.2013 of Council of Ministers "For the approval and official publication of CN of goods, 2014". The DCM for the CN of goods is changed and updated every year, because Albanian CN is updated in accordance with CN of the EU. (Currently, it is in force CN 2014).
- 5. The TIR Convention, 1975,
 The ATA Convention adopted by law no. 10077 dated 16.02.2009 "For the accession of the Republic of Albania to the Convention on Temporary Admission, made in Istanbul on 26 June 1990,
- 6. The Kyoto Convention adopted by law no. 37 of 2012 "On the accession of the Republic of Albania to the International Convention on the simplification and harmonization of customs procedures, done in Kyoto May 18, 1973, as amended.
- 7. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies, etc.) (optional)

The Albanian Customs Administration has its own Business Strategy approved and operational during 2013. The Business strategy has not been changed.

Currently, ACA is working on the drafting of the Operational Action Plan of Customs Administration, a plan which is based on the Business Strategy of Customs Administration.

The IT Strategy 2013-2017 is approved by the General Director in May 2013 after taking in consideration some comments from the National Agency for Information Society. It is predicted the strengthening of cooperation with business part, as well as the implementation of business models in various forms.

3. Organizational Chart of Directorate General of Customs and Ministry of Finance.



