

IPA National Programme for Albania
Support to the alignment of Customs Procedures with EU Standards

1. Basic information

- 1.1 CRIS Number:** 2008/020-116
1.2 Title: Support to the alignment of Customs Procedures with EU Standards
1.3 ELARG Statistical code: 01.62
1.4 Location: Tirana, ALBANIA

Implementing arrangements:

- 1.5 Contracting Authority (EC):** European Commission
- 1.6 Implementing Agency:** The Delegation of the European Commission to Albania
- 1.7 Beneficiary:** Directorate General of Customs, Border Police, Veterinary and sanitary service, Business Community, General Public.
Project Manager: Mr. Përparim Dervishi, Director General
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Financing:

- 1.8 Overall cost (VAT excluded)¹:** 3.5 million Euros
- 1.9 EU contribution:** 100%

1.10 Final date for contracting:

Three years following the date of the conclusion of the Financing Agreement.

1.11 Final date for execution of contracts:

Two years following the end date of contracting.

1.12 Final date for disbursements:

One year following the end date for the execution of contracts._

2. Overall Objective and Project Purpose

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

2.1 Overall Objective:

Assist the Government of Albania in aligning the Albanian customs procedures with the EU acquis and standards.

2.2 Project purpose:

The purpose of this project is to modernize the control and monitoring of customs systems based on the EU standards and practice through: implementation of best managerial, operational models recommended from EU blueprints and WCO safe standards, enhancement of human resource capacities, use of specialised equipment providing secure movement of goods and passengers, facilitation of trade through introduction of simplified procedures

2.3 Link with AP/NPAA / EP/ SAA

The project will assist to achieve the priorities included in the proposal of the European Commission dated 06.11.2007 for a Council Decision on the principles, priorities and conditions contained in the European Partnership (EP) with Albania repealing Decision 2006/54/EC. The European Partnership outlines as the short-term priority the further approximation of customs legislation and procedures with EU practices, and full implementation of the computerised system for customs declaration and customs data processing in all customs offices. As medium term priority, the General Customs Directorate should ensure continued approximation of Albanian customs legislation to the EU acquis and further increase administrative capacity to implement customs legislation and to fight corruption, cross-border crime and fiscal evasion.

The Stabilisation and Association Agreement (SAA) between the Government of Albania and the European Community has been signed in July 2006. Article 97 of the agreement aims to strengthen the cooperation in this area with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and to achieving the approximation of the customs system of Albania to that of the Community.

The Customs Administration is currently part of the National Plan of the Implementation of the Stabilization and Association Agreement (NPISAA), approved by the Decision of the Council of Ministers No. 577, dated on 05.09.2007. In the NPISAA are foreseen mid-term and long-term actions that aim at strengthening the administrative capacities for the implementation of customs legislation and the fight against corruption and fiscal evasion, as well as improvement of transparency and exchange of information with the Member States of EU to facilitate the implementation of measures to prevent evasion. The full list of short and medium priorities, and legislative reforms foreseen in the NPISAA, is enclosed in ANNEX IV.

2.4 Link with MIPD

This project is proposed under the area of European Standards, according to the 2.2.3.3 section of the IPA/ MIPD for the period 2007–2009 titled “Programmes to be implemented”, where support to the customs and taxation reforms and capacity building to the Albanian customs and tax administrations is foreseen.

2.5 Link with National Development Plan

The abovementioned EU strategic documents have been included as a substantial part of the Albanian Government's National Strategy of Development and Integration.

2.6 Link with national/ sectoral investment plans

Under the framework of the Government's Integrated Planning System (IPS), whose core aim is to match medium and annual budgeting to the policy framework, a Public Finance strategy has been drafted by the Ministry of Finance covering the period 2007-2013. In the framework of this strategy, the Directorate General of Customs should "improve and develop means for developing data exchange and increasing cooperation between the Albanian Customs and the business sector, other institutions of the Republic of Albania, other law enforcement institutions; and with the Customs authorities of other countries, EU institutions and international organizations in the fields of implementation of customs legislation, prevention of violations, control and investigation."

3. Description of project

3.1 Background and justification:

An effective *customs* system is vital to implement the SAA. Customs revenues have risen following substantial customs reforms. Progress has been made on computerization, customs rules and management of origin. Cooperation between police and customs has been strengthened. Improved infrastructure and further *acquis* alignment is now needed.

The European Commission's Regular report of November 2007 stated that further progress is needed in approximating to EU practices, in particular in the areas of simplified procedures, binding tariff information and transit procedures. An IT-based system of risk analysis, which is applied in the main customs houses, can cover 70% of customs declarations on national level. However, the use of this module needs to be extended, as the current rate (25%) of physical inspection is still high compared to European standards. No progress has been recorded on the effective protection of intellectual property rights and the control of dual-use of goods at customs.

Progress in some of the relevant areas in customs is elaborated below:

Approximation of customs legislation

The Customs Administration is currently part of the National Plan of the Implementation of the Stabilization and Association Agreement, approved by the Decision of the Council of Ministers No. 577, dated on 05.09.2007. The National Plan of the approximation of legislation, which is also part of this process, has determined the legal and sub-legal initiatives, the short and medium term ones.

In the framework of the short terms priorities for the year 2007, the draft decision on the amendments to the DCM No. 205, dated 13.04.1999, "On the implementing provisions of the Customs Code" is under completion. Through this initiative is enabled:

- The almost full approximation of the EC Regulation No. 1383/2003 and EC No. 1891/2004. The amendments to the provisions of the DCM 205 regarding the measurements of the Customs Authorities in protecting the Intellectual Property Rights (IRP).

- The approximation of the EC Regulation No. 648/2005, introducing for the first time in the Albanian legislation the concept of “binding origin information”.
- It is to be emphasized that regarding the binding tariff information, there is a completed legal framework and in accordance to the EU legislation (entirely harmonized).
- The amendments to the provisions of the DCM 205 regarding the list of the working or proceeding actions, which is currently uncompleted. It is pretended to be enabled the approximation to the EC Regulation No. 1602/2000, what means that this list will be harmonized with the determined rules in the Interim Agreement.

In the framework of the medium term priorities (2008), a considerable number of steps are foreseen to be taken, regarding the legislative improvements and approximation of the customs legislation to the aquis communautaire in respect to the parts, currently not approximated. In application to the recommendations of the EU, specifically in the recent progress report is foreseen among others the following:

- 1.The almost full harmonization of the provisions regarding the simplified procedures, approximation of the EC Regulation No. 2913/92;
- 2.Approximation of the EC Regulation No. 2700/2000, regarding the inward or outward regimes;
- 3.Approximation of the EC Regulation No. 955/1999, regarding the transit procedures.

The legislative changes are foreseen to be done through the amendments to the provisions of the Customs Code, Law No. 8449, dated 27.01.1999. All the legislative amendments have been grouped in order to be completed and sent for approval by the end of the year 2008.

Risk Analysis

Considering the recommendations of the Progress Report of EU in the field of risk analysis, maximal efforts to speed up this module to the utmost extend are currently made by the Albanian customs authorities.

Hence, the application of the module of risk analysis will start beginning of December 2008 at the Mother Teresa Airport.

Also from 25% of the declarations passed via risk module on May 2007, there is a decrease of the figures towards this and now it is about 20%. From our side will be aimed during next year to go to a reduction of up to 15%, hereby we will approximate with standardized and applied EU levels.

Customs Procedures

- The TIR Convention has just started its function. The fulfilment of standards in relation to registration and exchange of carnet TIR data, thus the improvement of transit procedures, timing and business cost decline.
- The customs declaration is realized nearly 100% through ASYCUDA ++
- The facilitation of Active Processing Regime Procedures is focused on the reduction of timing for the authorization issue, the reduction of the percentage of physical inspections as a result of risk analysis use, and the avoidance of double procedures through the authorization of border offices as entry and closing offices.

It has been detected an increase of the activity of enterprises working with this regime in quantity (during 2006 from 394 authorization issued, during this year we are expecting to have 420, or 15% more), as well as in value (the value of the imported goods under this regime from 372 million Euro during 2006, is expected to be 430 million Euro during 2007)

Customs infrastructure

Based on the Law No. 9358, dated 24.03.2005 “For the ratification of “Financial Agreement between the Council of the Ministries of Republic of Albania and the Commission of European Community for the annual program of actions CARDS 2004 for Albania””, the Directorate General of Customs in cooperation with the Delegation of European Commission in Albania has begun the implementation of a project for improving the infrastructure of the 12 Border Crossing Points. These BCP-s are Murriqan, Shkodër and Qafe Bote, Konispol, Saranda, as first category ones, and the BCP-s of Tushemisht – Pogradec; Gorrice – Korçe; Bllate – Peshkopi; Qafe Morine – Tropojë; Qafe Prush-Has, Kukës; Shishtavec-Kukës; Borje-Kukës; Vermosh-Malësi e Madhe; Sopik-Gjirokastër dhe Rips-Sarande, as the second and third category ones.

For all these Border Crossing Points the full technical and implementation projects have been prepared and the ECD has opened the tender procedures for their construction.

Combined nomenclatures 2007 application

The technical work regarding the translation and codes’ correlation has finished. The application of CN 2007 was not possible because of some technical difficulties. The aim (taking advantage of the small volume of changes of CN 2007-CN 2008) is to apply directly for CN 2008, at the end of the first trimester of 2008.

We emphasize that our concern raised on the December 2006 meeting (regarding the delivery time in DGC of EU’s CN new versions) remains actual. The official version of EU’s CN 2008 hasn’t been delivered yet.

Intellectual Property Rights

Customs Administration is part of the working group for the compilation of the law for the industrial property, which is now being sent for approval in principal.

A memorandum of understanding is gong to be signed with the Mark and Patent Directorate. Recently has been signed an agreement of cooperation with the Albanian Office of the Author Rights.

IBM Strategy

The strategy of Integrated Border Management is based on the IBM directives of the EC and is focused in four main agencies operating at the border: Border and Migration Police, Customs, Phytosanitary service and Veterinary service. Three main pillars that sustain this strategy are: cooperation within the services, between the services and inter-border cooperation. Each of these pillars covers the following questions: legal basis, management of the organization, procedures, information exchange and IT, infrastructure, logistics, and communication.

As concerns the implementation of this strategy:

- Following the Prime Minister Order of No. 137, dated 23.08.2007, the working group for the monitoring and implementation of the plans and actions foreseen in the strategy already approved by the Council of the Ministers has been established.

- Some measures have been taken with the purpose to implement the strategy. In this context, a regulation is compiled that reconciles the actions between the Border and Migration Police on one side, and the Customs on the other. The implementation of other planned actions starts during 2008.

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

The project will significantly contribute towards a more efficient functioning of customs system in Albania, thus ensuring:

- an improved safety and security of market and society (consumers' protection, environment protection);
- an improved safety of the national border from each form of customs counterfeiting and smuggling;
- the establishment of favourable conditions for business development by applying simplified procedures and effective customs supervision;
- development of domestic and international cooperation between the agencies operating in the border;
- an effective collection of taxes;
- easier and clearer access for the public to customs information and procedures.

3.3 Results and measurable indicators:

Component I: Technical Assistance (Five long term experts for 2 years) through a Twinning with a Member State

Implementation of customs procedures in line with EU standards and best practice; trade facilitation and improved customs control through enhancement of cooperation between the governmental agencies

Results:

Conditions for business development are improved

Provisions of the EU customs legislation providing simplifications applicable to business entities are implemented

Safety and security of market and society (consumers' protection, environmental protection and national border protection) are improved

Business community and general public are better informed on customs rules, rights and activities

Measurable indicators:

Number of authorizations and volume of goods under simplified procedure authorization

Report of international independent organisms on safety and security of market and society

Reduction of time and cost of customs clearance procedures

Component II: Logistic support / Supplies

Improvement of infrastructure, logistics and information & monitoring systems

Results:

Collection of taxes that are administered by the Customs is made more effective;

Report & monitoring systems are improved and enable real time exchange of information

Measurable indicators: Statistical comparison between the rate of consumption and customs declaration for goods of high influence in the customs revenues

3.4 Activities:

Component I: Technical Assistance with Member State (Twinning of 24 months)

Implementation of customs procedures in line with EU standards and best practice; trade facilitation and improved customs control through enhancement of cooperation between the governmental agencies

1. Preparation to access the to Common Transit Convention (CTC) Convention on Common Transit Procedure, New Computerized Transit System – NCTS i.e. review of national transit legislation, alignment of national transit procedures and related administrative setup.
2. Practical implementation of control procedures, aligned with EU standards, in the areas of counterfeiting and cash control
3. Implementation of the National Strategy on Integrated Border Management
4. Undertake measures related to beginning of the functioning of the “single-window” operations
5. Training for Sea Anti-smuggling Unit (In connection to the logistic support for Sea Anti-smuggling Unit)

Component II: Logistic support

Improvement of infrastructure, logistics and information & monitoring systems

1. Implementation of E-customs
2. Technical support on control of dual use substances
3. Implementation of Digital Video Monitoring System of Mobile Teams and Customs Zone
4. Logistic Support for Sea Anti-smuggling Unit

3.5 Conditionality and sequencing:

- Political environment in the region is stable and cooperative
- Cooperation with other state agencies operating in the field
- Good relations with the business
- Performance management systems in the Customs hampering staff motivation and career development are in place

3.6 Linked activities:

The assistance from the EU to Albanian Customs has come through the missions of CAM-A, EU CAFAO and TACTA project. This assistance has covered lately the following areas:

- Customs Laboratory
- Data Analysis and Data Mining
- Temporary Importation/Outward Processing/Processing under Customs Control/Transit (TIR and ATA)/Simplified Procedures
- Combined Nomenclature (CN) Classification Training
- Post Clearance
- Internal Audit
- Human Resource Management
- Legal Assistance
- Integrated Border Management (IBM)

Some of the latest achievements under this assistance are the followings:

- An important agreement has been achieved between the Albanian Customs Service and ANALTIR (Albanian Private Transportation Company) to assure the coverage of guarantees for all TIR carnets in transit through the Albanian territory;
- Tenders to rebuild Murriqan (currently a second category BCP) and most of the second and third category Border Crossing Points have been launched.

Assistance from the EU includes under CARDS 2004, the construction of a new Joint Border Crossing Point (Joint BCP) with Montenegro, in Murriqan, and a number of 2nd and 3rd category BCPs, as well as under the CARDS Neighbourhood Program, the construction of a new Border Crossing Point in Qafë Botë.

Another assistance is provided from the Italian Government, through the Italian Customs Agency, in the framework of the “Mezzogiorno Balkan Area Project”. The main objective of this project is the improvement of customs procedures in the national borders through the Corridor VIII.

The Chinese Government has provided recently a mobile X-ray scanner for container/ vehicle customs inspection, which is mainly going to be based in the Port of Durrës.

Finally, it is with the assistance of UNCTAD that the IT project of ASYCUDA, including its updating has been made possible in the customs during these years.

What is left to be done by this assistance:

TARIC

There has been no progress in the adoption of the TARIC system of classification due to the fact that Customs’ priority of the moment has been the CN classification training and resolution of problems associated with ‘End-Use’ legislation.

ASYCUDA has only 88 characters for the description of the goods mentioned in the Combined Nomenclature. Abbreviations and omissions have been suggested.

Progress continues to be made in the identification of indicators that could potentially be used as performance measurement standards. There are concerns, however, as to the possibility of applying such indicators independently and outside an established performance measurement system, which is linked with motivational and career development aspects that would ‘convince’ management to apply the indicators accurately.

Human Resource Management

Progress continues to be made in the identification of indicators that could potentially be used as performance measurement standards. There are concerns, however, as to the possibility of applying such indicators independently and outside an established performance measurement system, which is linked with motivational and career development aspects that would ‘convince’ management to apply the indicators accurately.

Risk Assessment

The risk assessment module has been extended. Anyhow, currently 72% of import cargo is now risk assessed.

3.7 Lesson learned.

Sufficient human and financial resources have to be allocated to guarantee sustainability.

High personnel turnover hampers sustainability.

Effective implementation/use of the recommendations/expertise and equipment provided by external assistance is mandatory. Sufficient training should be planned for the use of equipment and sufficient funds planned for the maintenance.

4. Indicative Budget (3.5 €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION						
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%()	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Component 1 – Technical Assistance			2.000.000			NA						
Contract 1.1 Technical Assistance with Member State -Twinning of 24 months	X	-		2.000.000		NA						-
Component 2: Logistic support (Supply)			1.500.000.			NA						
contract 2.1 (Supply Contract) Equipment for Sea Anti-smuggling Unit and Customs Zone	-	X		500.000		NA						-
contract 2.2 (Supply contract) Implementation of Digital Video Monitoring System of Mobile Teams		X		1.000.000		NA						
TOTAL IB			2.000.000	2.000.000								
TOTAL INV			1.500.000	1.500.000								
TOTAL PROJECT			3.500.000	3.500.000								

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

Amounts net of VAT

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

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

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Technical Assistance with Member State (Twinning of 24 months)	4 th quarter 2009	1 st quarter 2010	4 th quarter 2011
Supplies	3 rd quarter 2009	4 th quarter 2009	2 nd quarter 2010

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

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

During the implementation of the project, the principle of equal opportunities within the General Directorate of Customs will be guaranteed.

6.2 Environment: NA

6.3 Minorities: NA

List of ANNEXES

- 1- Logical framework matrix in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
- 4- Details per EU funded contract (*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

- 5- Details per EU funded contract

ANNEX 1: Logical framework matrix in standard format

Project Logframe	Project name and number	Alignment of Customs Procedures with EU Standards
Contribution to the alignment of Albanian customs Procedures with EU Standards	Contracting period expires	Disbursement period expires
	Total Budget 3.5 million Euros	IPA / pre-accession budget 3.5 million Euros

Overall objective	Objectively verifiable indicators	Sources of Verification	Assumptions
To assist the Government of Albania in aligning the Albanian customs procedures with the EU acquis and standards.	Aligned procedures	<ul style="list-style-type: none"> • Gap analysis 	---
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Modernization of control and monitoring customs systems based on the EU standards and practice	<ul style="list-style-type: none"> • Customs declarations fully aligned with EU form SAD • Functional and monitorable risk analysis module • Exchange of pre-arrival information • Integrated computerized system 	<ul style="list-style-type: none"> • Project reports • Mirror statistics with EU countries • Periodical reporting system in place • Reports on data transfer • Compliance with EU data exchange format 	<ul style="list-style-type: none"> • Risk analysis system everywhere applicable • Computerized system ASYCUDA World is completed within 2008 • Special agreement with on data with counterparts in place

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Conditions for business development are improved • Provisions of the EU customs legislation providing simplifications applicable to business entities are implemented • Safety and security of market and society (consumers' protection, environmental protection and national border protection) are improved • Business community and general public are better informed on customs rules, rights and activities • Collection of taxes that are administered by the Customs is made more effective; • Report & monitoring systems are improved and enable real time exchange of information 	<ul style="list-style-type: none"> • Report of international independent organisms on safety and security of market and society • Statistical comparison between the rate of consumption and customs declaration for goods of high influence in the customs revenues • Number of authorizations and volume of goods under simplified procedure authorization 	<ul style="list-style-type: none"> • Attitudes of different stakeholders based on reports • Publications of Albanian Institute of Statistics • Data report from customs houses • Questionnaires to the business community and general public 	<ul style="list-style-type: none"> • Political environment in the region is stable and cooperative • Cooperation with other state agencies operating in the field • Good relations with the business
Activities	Means		Assumptions
<ul style="list-style-type: none"> • Preparation to access the Convention on Common Transit Procedure, New Computerized Transit System – NCTS • Approximation of Legislation • Practical implementation of control procedures, aligned with EU standards, in the areas of counterfeiting and cash control 	<ul style="list-style-type: none"> • Following the official procedures to accession and implementation • Increasing organizational capacity of the section working with IPR and cash control • Collaboration with the IPR holders 		<ul style="list-style-type: none"> • All the necessary legislative steps for adherence in NCTS are completed within June 2009 • Computerized system ASYCUDA World is completed within 2008 • MoU are signed with

<ul style="list-style-type: none"> • Implementation of the National Strategy on Integrated Border Management • Undertake measures related to beginning of the functioning of the “single-window” operations • Implementation of Digital Video Monitoring System of Mobile Teams and Customs Zone • Logistic Support and training for Sea Anti-smuggling Unit 	<ul style="list-style-type: none"> • Cooperation with different national and international agencies operating in the border • Amendments in legislation related to the “single-window” approach • Following the official procedures to accession and implementation in/of Carnet ATA Convention on the temporary importation of goods • Increasing organizational capacity of the section working with dual-use substances • Design, purchase, installment of hardware and software package, of Digital Video Monitoring System, as well as training of users • Capacity building in the Customs Laboratory following the international standards as foreseen by the legislation • Purchase of one equipped boats for maritime border control and training of equipage 		<p>partners and other stakeholders in the field of the IPR</p> <ul style="list-style-type: none"> • Cooperation between the state agencies and international partners operating in the field of IBM • A national associations ATA is set up and procedural steps are followed and completed by the Ministry of Transport and Ministry of Foreign Affairs • Implementing provisions of the law for dual use substances are completed • All the formal procedures for the accreditation process are undertaken and completed within 2008 • Procurement procedure for boats for maritime border control are completed in time
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ANNEX II

Amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q04 2009	Q01 2010	Q02 2010	Q03 2010	Q04 2010	Q01 2011	Q02 2011	Q03 2011	Q04 2011	Q01 2012		
Contract 1.1		2.000.000										
Contract 2.1.	500.000											
Contract 2.2	1.000.000											
Cumulated	1.500.000	3.500.000										
Disbursed												
Contract 1.1		1.400.000					600.000					
Contract 2.1	350.000			150.000								
Contract 2.2	700.000							300.000				
Cumulated	1.050.000	2.450.000		2.600.000			3.200.000	3.500.000				

ANNEX 3

Description of Institutional Framework

The project is addressed to the following institutions: General Directorate of Customs within the Ministry of Finance.

ANNEX 4

Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

Reference to MSA

This project is in line with the objectives set out by the Stabilization and Association Agreement, in particular Article 97 – customs.

Article 97

Customs

The Parties shall establish cooperation in this area with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and to achieving the approximation of the customs system of Albania to that of the Community, thereby helping to pave the way for the liberalisation measures planned under this Agreement and for the gradual approximation of the Albanian customs legislation to the acquis.

Cooperation shall take due account of priority areas related to the Community acquis in the field of customs.

Protocol 6 establishes the rules on mutual administrative assistance between the Parties in the customs field.

Reference to European Partnership

The European Partnership outlines the short and medium term priorities for Albania in the process of European integration. With regard to this target area – customs – the project is in line with the following priorities as outlined in the Partnership document.

Short-term priorities:

- *“Further align 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. Ensure that national tariff is timely updated on the basis of the most recent Combined Nomenclature”;*
- *“Fully implement the computerised system for customs declaration and customs data processing in all customs offices”.*

Mid-term priority:

- *“Ensure continued approximation of Albanian customs and taxation legislation to the EU acquis and further increase administrative capacity to implement customs and tax legislation and to fight corruption, cross-border crime and fiscal evasion”.*

Reference to National Action Plan for the implementation of the SAA

The Customs Administration is currently part of the National Plan of the Implementation of the Stabilization and Association Agreement, approved by the Decision of the Council of Ministers No. 577, dated on 05.09.2007. The National Plan of the approximation of legislation, which is also part of this process, has determined the legal and sub-legal initiatives, the short and medium term ones.

In the framework of the *short terms priorities* for the year 2007, the draft decision on the amendments to the DCM No. 205, dated 13.04.1999, "On the implementing provisions of the Customs Code" is under completion.

Through this initiative is enabled:

- The almost full approximation of the EC Regulation No. 1383/2003 and EC No. 1891/2004. The amendments to the provisions of the DCM 205 regarding the measurements of the Customs Authorities in protecting the Intellectual Property Rights (IRP).
- The approximation of the EC Regulation No. 648/2005, introducing for the first time in the Albanian legislation the concept of "binding origin information".
- It is to be emphasized that regarding the binding tariff information, there is a completed legal framework and in accordance to the EU legislation (entirely harmonized).
- The amendments to the provisions of the DCM 205 regarding the list of the working or proceeding actions, which is currently uncompleted. It is pretended to be enabled the approximation to the EC Regulation No. 1602/2000, what means that this list will be harmonized with the determined rules in the Interim Agreement.

In the framework of the *medium term priorities* (2008), a considerable number of steps are foreseen to be taken, regarding the legislative improvements and approximation of the customs legislation to the *aquis communautaire* in respect to the parts, currently not approximated. In application to the recommendations of the EU, specifically in the recent progress report are foreseen among others:

4. The almost full harmonization of the provisions regarding the simplified procedures, approximation of the EC Regulation No. 2913/92;
5. Approximation of the EC Regulation No. 2700/2000, regarding the inward or outward regimes;
6. Approximation of the EC Regulation No. 955/1999, regarding the transit procedures.

The legislative changes are foreseen to be done through the amendments to the provisions of the Customs Code, Law No. 8449, dated 27.01.1999. All the legislative amendments have been grouped in order to be completed and sent for approval by the end of the year 2008.

Reference to MIPD

This project is proposed under the area of European Standards, according to the 2.2.3.3. section of the IPA/MIPD for the period 2007 – 2009 titled "Programmes to be implemented", where support to the customs and taxation reforms and capacity building to the Albanian customs and tax administrations is foreseen.

Reference to National Development Plan

The above-mentioned EU documents have been carefully addressed in the Albanian Government's National Strategy of Development and Integration.

Reference to national / sectional investment plans

Under the framework of the Government's Integrated Planning System (IPS), whose central aim is to match medium and annual budgeting to the policy framework, has been

drafted a Public Finance strategy by the Ministry of Finance covering the period 2007-2013. The strategic aims of the strategy restate the priorities of the EP and the NPISAA.

In the framework of this strategy the “*The Directorate General of Customs has a mission of: (i) ensuring safety and security of market and society (consumers’ protection, environment protection and national border protection) by applying efficient customs supervision and by developing domestic and international cooperation; (ii) ensuring collection of taxes that are administered by the Customs; (iii) establishing favourable conditions for business development by implementing modern working methods and creating electronic customs environment*”.

- Paragraph II.3.4 of this strategy.
- Paragraph III.4.1 of this strategy.
- Paragraph III.4.5 of this strategy.

ANNEX 5

Details per EU funded contract (*) where applicable:

- For *TA contracts*:

Technical assistance is required in the process of further harmonisation of Albanian custom legislation and its procedures to EU acquis

- For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short-term experts

N/A

- For *grants schemes*: account of components of the schemes

N/A

- For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

- For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non-standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works)

- Rate of return

N/A

- Co financing

The project cost will be fully covered by EU funds. Albanian Government will cover the VAT related expenses (currently at the level 20% of the investment) for the implementation of this project

- Compliance with state aids provisions
N/A

- Ownership of assets (current and after project completion)

Albanian Government, Ministry of Finance, General Directorate of Customs