

**Project Fiche – IPA National programmes / Component I**

**1 IDENTIFICATION**

<b>Project Title</b>	Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kafasan
<b>CRIS Decision number</b>	2013/024-109
<b>Project no.</b>	6
<b>MIPD Sector Code</b>	2. Justice and Home Affairs
<b>ELARG Statistical code</b>	03-29
<b>DAC Sector code</b>	15110
<b>Total cost<sup>1</sup></b>	2013: EUR 1,485,305
<b>EU contribution</b>	2013: EUR 1,113,978.75
<b>Management mode</b>	Decentralised
<b>Responsible Unit or National Authority/Implementing Agency</b>	<p>The Central Financing and Contracting Department (CFCD) will be the implementing agency and will be responsible for all 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.</p> <p>Contact:  Mrs. Radica Koceva (PAO)  Central Finance and Contracts Department  Ministry of Finance  Tel: +389 2 3231 219  Fax: +389 2 3106 612  e-mail: <a href="mailto:radica.koceva@finance.gov.mk">radica.koceva@finance.gov.mk</a></p>
<b>Implementation management</b>	<p>The beneficiary of the project will be:  <i>Customs Administration of the Republic of Macedonia (CARM).</i></p> <p><u>Contacts:</u>  Mr. Ilija Janoski,  Senior Programming Officer (SPO)  Tel.: +389 2 3293 925  Fax: +389 2 3237 832  E-mail: <a href="mailto:ilija.janoski@customs.gov.mk">ilija.janoski@customs.gov.mk</a></p>
<b>Implementing modality</b>	Stand alone project
<b>Project implementation type</b>	1 works contract
<b>Zone benefiting from the action(s)</b>	Nationwide

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

## 2 RATIONALE

### 2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

In order to further contribute to the economic growth of the country and more favourable business climate, to support the economic operators at national and regional level, to reduce additionally the barriers to trade and to expedite the cross border exchange of goods and passengers, the further update of the already introduced customs clearance procedures at the border crossings is required. Simplified procedures enable the application of the concept of single window and one-stop-shop that allows to lodge standardized information and documents with a single entry point to fulfil all import, export and transit related regulatory requirements, while the physical examination of goods should, as far as possible, be carried out at the same time and in one place (one stop). The application of this concept is most suitable to be located at the border crossings, where all procedures prior to the release of goods for free circulation, allows quick release of goods to the end recipient.

Already implemented border crossing rehabilitation project<sup>2</sup> (completed in 2006) has improved the conditions at the road Border Crossing Kafasan and these physical improvements have contributed to better working conditions of Customs front line officers.

However, the increased traffic flow of goods, as well as passengers, through this border crossing and increased volume of trading requires further physical improvements of border crossing facilities at the most frequent road Border Crossing with Republic of Albania – Kafasan. The present conditions of the premises at the border crossing do not fully support implementation of the simplified customs clearance procedures, and often cause traffic congestion and significant delays.

The project will create favourable infrastructural conditions for customs and border controls (including food, veterinary and phytosanitary inspection), thus strengthening the CARM's capacity in the fight against cross border crime and fraud, corruption and trafficking of illegal goods, in order to protect the security of the country borders and safety of the citizens, in line with required EU standards and best practices.

From 2008, CARM assumed the competences for management and maintenance of the premises at the road Border Crossing Points.<sup>3</sup>

### 2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

The **MIPD 2011-2013** in the description of the sector Justice, Home Affairs and Fundamental Rights stipulates the importance of the cooperation among law enforcement agencies to further reduce the length of procedures to cross borders, especially for trade. Specific objectives identified for EU support over the next years in the sector Private Sector Development are to

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<sup>2</sup> The Trade and Transport Facilitation in Southeast Europe Project (TTFSE)

<sup>3</sup> The Amendments of the Law on Customs Administration, (published in the "Official Gazette" No. 103/08 of 19 August 2008) enabled CARM to take over the management, administration and maintenance of the premises located at the road Border Crossing Points, in order to reduce the costs and to ensure more favourable conditions for the economic operators and the passengers. CARM assumed over 50.000m<sup>2</sup> of business premises, land, customs terminals and 204 employees from the PE for Management of Housing and Business Premises.

contribute to general economic and business environment, to increase the investment rates of the domestic and foreign companies, to increase the competitiveness of the global economy, as well as to further develop the public services to business. In the area of Transport the MIPD quotes the National Transport Strategy (2007-2017) that defines the main goals in this sector such as the promotion of economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximize their efficiency. The sustainable development through help connecting national economic centres with Europe and the neighbouring countries is underlined as one of the main goals for EU support within the sector objectives. The specific sector objective is the upgrading and modernization of infrastructure leading to completion and efficient and safe operations of regional Pan-European Corridor VIII<sup>4</sup> linked to the Pan European Corridors.

**The Pre-Accession Economic Programme 2012-2014** underlines the key importance of the protection of citizens and the fight against organized crime, modernization of CARM and strengthening the cooperation with other state agencies as well as the foreign customs services and international organizations. Another strategic priority is the increased percentage of use of simplified procedures by economic operators to facilitate their operations. Furthermore, the CARM has set up the following as priorities – cooperation with the economic operators and other government and inspection agencies, strengthening of the cooperation and data exchange with the state institutions, other customs administrations and EU institutions, fight against illicit trade and organised crime, as well as improvement of the administrative capacity of the customs service in detection of different forms of customs frauds. The role of CARM of safeguarding the health, the environment and intellectual property rights will also be strengthened.

The CARM is undergoing a reform process in accordance with its **Strategic Plan 2011-2014**, the NPAA and using the EC Customs Blueprints. The Mission of CARM is, within its duties and responsibilities, to preserve the financial interests of the former Yugoslav Republic of Macedonia, protect people's health and life, maintain and improve the competitive economic environment and to realize the economic policies of the Government. As quoted in its Vision CARM strives to become and remain best service to the citizens, economic operators and the country, in line with the best national and international practices. One of the priorities, as stipulated in the Plan is the further simplification and facilitation of economic activities. To this end CARM shall continue with the activities and measures for further simplification and facilitation of the customs and excise procedures, in order to reduce the costs for the economy of the former Yugoslav Republic of Macedonia and contribute to its better competitiveness. This is particularly important considering the fact that the former Yugoslav Republic of Macedonia is a candidate country for accession to EU and therefore the economy of the country must be prepared for competitiveness and functioning at EU level. The objective of the reforms is to further introduce transparent and efficient customs procedures, to provide for greater client oriented approach and better cooperation with the business community, as well

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<sup>4</sup> Corridor VIII links the Adriatic-Ionian regions with the Balkan regions and Black Sea countries. From an economy point of view, with the trans-European networks the European Commission aims at realising an enhanced territorial access to EU countries, and thus develops an increased mobility of people/goods following the Single Market objectives and the principles of sustainable mobility. Its main route follows the Bari-Brindisi-Durres-Tirana-Skopje-Burgas-Varna axis. There also are branches leading to Greece and, through Corridor IV, to Turkey. According to Corridor VIII Secretariat, Pan European Corridor VIII spans over a South Eastern European area where transportation infrastructure is traditionally weak. Road connections are inadequate in both countries especially along Kafasan area (border with Albania), but lately are developing.

as to improve the customs control and surveillance at the border crossing points and on the entire territory of the country. CARM may efficiently execute its responsibilities provided there is appropriate administrative support. In this context CARM shall permanently work on building its institutional and administrative capacities, as well as on identification, revision, regulation and computerization of the working processes. CARM shall constantly develop its systems, in order to provide their rational, purposeful and efficient use for logistic support of the activities related to its principal responsibilities, mission and vision. To achieve these priorities, among many other activities, the provision of efficient and effective infrastructure to comfort the existing traffic at the Border Crossings, while providing high quality services remains as a priority.

### **2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT**

The project will address the **Accession Partnership** in the area of Economic criteria, as short term priorities, where it is noted to improve the efficiency of public services, notably by providing additional funds for training and for upgrading the current infrastructure. Upgrade of the country's infrastructure, in particular for energy and transport, in order to strengthen the competitiveness of the economy at large is noted within medium term priorities in the same area. The area of Customs Union (Chapter 29) is also considered as it contributes to increase the administrative capacity to implement customs legislation and to fight cross-border crime and pursue implementation of the reforms of the law enforcement agencies.

The project will reinforce the **Stabilisation and Association Agreement** 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. In the field of transport Article 98 refers to development and step up the cooperation to modernise the infrastructure, improve movement of passengers and goods by the removing of administrative, technical and other barriers. More precisely the cooperation will include the priority area such as the development of road transport and port infrastructure and other major routes of common interest and Trans-European and Pan-European links.

The **EC Progress Report for 2011** notes that the country is advanced in the field of fighting organised crime. However, efforts of relevant law enforcement bodies including the Customs Administration in fighting organised crime should be strengthened.

### **2.4 PROBLEM ANALYSIS**

At present the customs legislation is well aligned with the Acquis. 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 has had a significant impact on the facilitation of the economic activities and movement of goods across the border. The campaign and the measures reducing the administrative barriers resulted in rapid increase in the use of simplified customs procedures. Namely, at the end of 2011 approximately 30% of export and around 20% of import was processed under simplified customs procedures. Also the percentage of customs declarations processed under simplified procedures increased from 21% in 2010 to 26% in 2011 of the total number of processed import and export declarations. Those procedures, in line with the new

trade procedures and requirements of global supply chain replace the traditional and time consuming procedures that all cargo shipments are diverted to inland customs terminals where the actual customs clearance procedures take place. In line with the latest business requirements the traders are permitted upon exportation to bring the goods directly to the border crossing and fulfil their export formalities, and upon importation to complete them at the border crossing points and take the goods to their premises. Simplified procedures enable the application of the concept of single window and one-stop-shop. The application of this concept at one place is most suitable to be located at the border crossings, where all procedures prior to the release of goods for free circulation, allows quick release of goods to the end recipient. This approach lowers the barriers and facilitates the trade, lowers the transportation costs and the time for completion of cross border formalities and, in general, has a positive impact on the economic environment. Cross border procedures designed and implemented in this manner bring numerous benefits such as: improved service to customers improving the competitiveness of their businesses, as well as improved efficiency and effectiveness of the procedures both for traders and the state agencies. However, the smooth application of this kind of procedures and the concept requires further enhancement of the infrastructure at the border crossings' facilities and capacities of the services, especially in the area of control.

The road Border Crossing Kafasan, located along Pan-European Corridor VIII strategically is one of the most important Border crossings for the country. Even if procedures are reformed and professional standards are strengthened, the design and facilities at this main border crossing points will prevent CARM and other border inspections from fulfilling its trade facilitation, collection and enforcement functions. At present physical infrastructure (insufficient facilities) is one of the reasons for delays. In the past the Government has already rehabilitated this border crossing point and invested into the inspection equipment, with its own funds and with assistance from UNDP. The Government, within the TTFSE I project (supported by World Bank) upgraded the existing facilities for the Border Crossing Kafasan, in the following components: corrections of canopy, disinfection barrier, double cabins for passport and customs control and storage. However, critical needs for improvement still exist in order to overcome the most common difficulties – the lack of processing lanes for traffic and the limited capacity of inspection areas, especially having in mind the trend of significantly increasing numbers of freight vehicles and passengers over the past several years. The steady increase of the traffic and increase of cargo shipments, especially those to and from the emerging Albanian market and in transit, as well as the increased number of traders utilising simplified procedures has reaffirmed the need for further upgrade of the present customs clearance and inspection facilities.

The upgrade of the customs clearance and inspection facilities at the biggest Border Crossing Point with Albania will create a space for vehicle inspection/processing and facilitate proper flow of traffic, thus expediting the border crossing and accelerate the speed in processing the customs clearance. At the same time, the physical improvements will contribute to better working conditions of Customs front line officers and other border inspections using those facilities.

The borders should not only be protected against narcotics or explosives, but also against all sorts of commercial goods smuggling. On the other hand, 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 necessary to complete customs and other border formalities for the trading community and to increase the security of the supply chain. Reinforcement of customs border controls has been given a high priority as the need

for efficient working is paramount to improve controls and increase the detections of drug trafficking and other illegal trade with weapons and prohibited goods in order to protect both citizens of the former Yugoslav Republic of Macedonia and EU citizens.

## **2.5 LINKED ACTIVITIES AND DONOR COORDINATION**

Within the Component IV: Improvement of Border Crossing Facilities of the Trade and Transport Facilitation in Southeast Europe Project (TTFSE) supported by a World Bank Loan has been completed in 2006 and it became operational. The Project intervention of minor scale has made than upgraded infrastructure at the Border Crossing Point operational. The other project components have contributed to the administration reforms.

The IPA 2007 Project "Support to the implementation of the Customs Reform Strategy" 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 an enhanced professionalism of the Customs Administration and enabled appropriate implementation of reforms, taking due account of EU regulations and best practices. It comprised of three components:

- Harmonisation of Customs legislation with EU legislation and best practice,;
- Reinforcement of the border controls as an important component of the overall activity of “strengthening CARM’s capacity in the fight against fraud, corruption and drug trafficking” through the revision of customs border operations, with specific focus towards the “EU external” borders, and the implementation of modern enforcement techniques;
- Improving the Customs IT system aimed to increase the operational efficiency, decrease corruption and achieve full compliance, in particular interconnectivity, with the EU’s standards.

Under on-going IPA 2008 Project: “Interoperability of the Customs Administration’s IT system with the EU customs IT systems” as foreseen, upon completion of the project, the CARM will have implemented the Customs Transit Control System in conformity with the Common Transit Convention (CTC), in order to assist in the control and management of the movement of goods by the electronic exchange of transaction information between CTC countries, and put in place the necessary organisational and procedural changes in order to operate the systems effectively and efficiently. This is a prerequisite for EU accession. The project will strengthen the operational capacity of the CARM in accordance with EU standards in core Customs business areas of the European Community Customs transit control to ensure full compatibility and interoperability of the CARM’s ICT system with the New Computerised Transit System (NCTS) and to achieve full interconnectivity with the European Union/DG TAXUD systems, enabling data exchange.

The IPA 2009 Project "Strengthening the capacity of the Customs Administration" has an objective – compliance with the EU requirements concerning the Community Integrated Tariff Environment (CITE), in order to bring the country closer to the EU market and the Customs Union. The project will provide concrete assistance and knowledge transfer to the Customs managers in the area of IT project management methodologies and quality management assurance. The improvement of the customs system will most certainly have a positive impact on the general business environment and create a more transparent and reliable business environment. The project will support the strengthening of the competitiveness of the economy, and provide up-to-date and clear information on customs

tariffs, procedures and requirements to trade. CARM will be supported in project management for the national part of the ITE System, on tariff-related business change management and in the preparations for TARIC, European Binding Tariff Information (EBTI), Quota, Surveillance, the European Customs Inventory of Chemical Substances (ECICS) and the Customs Master Tariff System to be fully compatible with the EU Integrated Tariff Environment applicable within the Community.

IPA 2010 Project “Strengthening the capacity of the Customs Administration for implementation of the customs and excise legislation” has the overall objective to further align the legislation with the Acquis in the area of excise and customs, as well as to additionally strengthen the administrative and operational capacities of CARM in the process of fulfilling the EU standards in these areas. This project aims to harmonise legislation and procedures with the Acquis and EU best practice related to excise and to finalise the preparation for the accession to the Convention on Common Transit Procedures and to the Convention for simplification of formalities in trade in goods, as well as introduce other legislative changes and build capacities.

Under IPA 2011 is the Project “Reinforcement of Administrative Capacity to meet the obligations of membership” that has an overall objective to increase the effectiveness of the country's preparation for EU Accession and to ensure efficiency of EU programmes in the country. One of the objectives is to further strengthen the capacity of the institutions dealing with intellectual property rights (IPR) and efficient enforcement of the IPR. The capacities of CARM will be strengthened for implementation and enforcement of IPR through a project's subcomponent.

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 field 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.

## **2.6 Lessons learned**

In general is it important to strengthen public administration capacities at all levels in order to ensure sustainability of the activities and enhance full ownership on behalf of the beneficiary institutions through stronger participation along the project cycle. Namely, one of the key lessons learned from the implementation concerns the inadequate administrative capacity due to the frequent changes in managerial positions, as well as level and quality of project management. These shortcomings were additionally addressed through the IPA 2007 and currently under IPA 2008 support. In this respect, one of the major benefits will not only be improved management of the other IPA Projects, but also enhanced transfer of expertise and skills from the experts deployed in the Projects to the Customs management staff.

The past experience implementing the EU funded projects has shown the need of:

- a) allocation of dedicated administrative staff engaged on permanent basis to work on the project, thus improving staff capacity and providing a sustainability of the project activities;
- b) well defined objectives and activities throughout the life cycle of the project;

- c) involvement of the beneficiary from the very beginning in the evaluation of the background and the experience of the experts to be engaged, so that they will be able to provide adequate expertise and ensure delivery of high quality results;
- d) flexibility and readiness to adopt the project activities applying methodologies to deliver results in line with the latest development in the relevant field;
- e) coordination and cooperation with other ongoing or upcoming projects; and
- f) involvement and commitment of high-level strategic decision making management defining the project, as well as permanent monitoring and follow-up of the project, are important and essential for success and sustainability of the project results.

Strong commitment from senior management and various final beneficiaries remains crucial for the overall implementation of the project activities.

### **3 DESCRIPTION**

#### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

The overall objective of the project is to contribute to the facilitation of cross border procedures and enforcement of the legislation through the upgrade of the customs clearance and inspection facilities, thus enabling better services to the benefit of the economic operators to move their goods faster across the border, and enhanced protection of the country and the society.

#### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

The specific objective of the project is to upgrade the customs clearance and inspection facilities at the road Border Crossing Kafasan.

#### **3.3 RESULTS**

##### **Activity 1 – Preparation of blueprints and project designs**

The specific results to be achieved in activity 1:

- The necessary documentation required by the law provided;
- Blueprints and designs ready to be implemented;
- Preparation of tender dossier for the works and supervision of works.

Measurable indicators under activity 1:

- All required administrative (legal) and technical documentation provided;
- Prepared blueprints and project designs;
- Prepared tender dossier for the works and supervision of works.

##### **Activity 2 – Project implementation**

The specific results to be achieved under activity 2:

- 2.1 Construction works at the road Border Crossing Kafasan completed;
- 2.2 Supervision of works completed.

Measurable indicators under activity 2:

- 2.1 Provisional/Final acceptance of constructed facilities;



2.2 Supervision of the implementation of the construction works by different supervisory authorities (with the supervisory works contract and State authorities)

### **3.4 MAIN ACTIVITIES**

#### **Activity 1 – Preparation of blueprints for the project design and project designs**

The preparation activities will focus on the following:

- Providing documentation required by the law (urban plans, cadastre plans, property documents, existing documentation on buildings and area);
- Consideration of the needs (Needs Analyses) for extension and upgrade of the customs clearance facility at the road Border Crossing Kafasan and preparation of the Blueprint for the project design
- Designing of construction works for:
  - construction of customs terminal (9,500 square meters) and its adaptation to an import-export facility;
  - construction of access roads;
  - buildings for: detailed customs controls and storage of seized goods (canopy and weight bridge for inspection of vehicles, storage of perishable goods under certain conditions (temperature, etc), accommodation (offices) of the customs officers working at the terminal, accommodation (offices) of the Food and Veterinary Agency and Phytosanitary Inspectorate border inspectors, auxiliary facility for the electrical and mechanical installations, customs clearance support services (post office, bank and freight forwarding agents), public toilets, control of the entrance/exit at the terminal, Police control;
  - construction of porches and placement of fence around the terminal;
  - Electric lighting (electrical columns for the external lighting of the terminal);
  - Electrical works (interconnection of the terminal to the existing transformer and its upgrade);
  - Dislocation of the existing electrical, telephone, waste water and water supply installations;
  - Water supply;
  - Waste water facility;
  - Drainage (Atmospheric canalisation) and Sewage;
  - Horizontal and vertical traffic signalization;
  - Upgrade of the existing facilities (improvement of energy efficiency).
- Revision of the complete project documentation
- Tendering for the construction works according to the revision of the project

#### **Activity 2 – Project implementation**

2.1 Construction works at the road Border Crossing Kafasan will include:

- construction of customs terminal (9,500 square meters) and its adaptation to an import-export facility;
- construction of access roads;
- buildings for: detailed customs controls and storage of seized goods (canopy and weight bridge for inspection of vehicles, storage of perishable goods under certain conditions (temperature, etc.), accommodation (offices) of the customs officers

working at the terminal, accommodation (offices) of the Food and Veterinary Agency and Phytosanitary Inspectorate border inspectors, auxiliary facility for the electrical and mechanical installations, customs clearance support services (post office, bank and freight forwarding agents), public toilets, control of the entrance/exit at the terminal, Police control;

- construction of porches and placement of fence around the terminal;
- Electric lighting (electrical columns for the external lighting of the terminal);
- Electrical works (interconnection of the terminal to the existing transformer and its upgrade);
- Dislocation of the existing electrical, telephone, waste water and water supply installations;
- Removal of the existing facilities and transport to the landfill site;
- Water supply;
- Waste water facility
- Drainage (Atmospheric canalisation) and Sewage;
- Horizontal and vertical traffic signalization;
- Upgrade of the existing facilities (improvement of energy efficiency).

## 2.2 Supervision of the implementation of the construction works.

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)**

This project will aim to upgrade the customs clearance and inspection facilities (including the border facilities for food, veterinary and phytosanitary inspection) at the biggest border crossing point with Albania. This project will improve the infrastructure, and the capacity to process the larger amount of traffic at the border crossing in less time. It will increase the cross border trade with Albania as one of the emerging trading partners, and contribute to easier access of the domestic goods to the other trade partners in the EU and the region. The project will also improve the ability to process seamlessly the goods in transit carried by transporters from the Region to the EU market and wider and vice versa. The upgrade will enable applying better canalised and more effective control procedures, the implementation of the one-stop-shop concept where all relevant state border inspections will perform their controls at one place and at one time. The completion of the project and creation of better working conditions will decrease the time for completion of cross border procedures, quicker release of the goods, thus contributing to greater competitiveness, reduced transport costs and positive impact on the development of the economy and wellbeing.

Improved border procedures will most certainly have a positive impact on the general business environment and, hopefully, stimulate investments (both foreign and domestic). The project will support the strengthening of the competitiveness of the national economy.

The upgrade of the facilities will contribute to better controls of the shipment crossing the border and the enforcement of the legislation. The Project will contribute towards strengthening of the operative capacities of the agencies involved in Integrated Border Management, especially to effective implementation of the measures in the field of border control: in particular, combating cross-border crime, smuggling and trafficking of illegal goods through the territory of the country, introduction of modern forms of intra agency cooperation. This will have an effect on better protection of the safety of the citizens, security of the borders and the

country, as well as the global supply chain from illegal carriage of goods that harm the human life and the environment in general.

### **3.6 SUSTAINABILITY**

The beneficiary institution has competences, experience and established structural framework required to implement this project. The beneficiary institution will continue to work towards further promotion of project results in regard to implement best EU practices immediately after the project is completed.

Personnel will be dedicated towards fulfilment of the project activities, achievement of project results and all further activities in this regard in order to achieve its sustainability. The cooperation with relevant institutions involved in controls will be strengthened by introduced enhanced procedures. The controls will be more effective and the trade facilitation will be improved.

The reforms in the project's areas will introduce changes in the CARM's operations on the long-term basis.

Considering that the country's strategic objective is to become a member of the EU, special efforts to sustain the achievements of the project for the smooth integration with the EU will continue. In addition, because of the wide publicity given on the results achieved by CARM, and the availability of public information, the economic operators are well aware of the recent developments and as a result, it will be difficult to backtrack. The EU presence in support to the CARM and other state authorities and the reforms will continue under the IPA Program.

The CARM has improved its level of performance, in terms of reducing border crossing and clearance time (and this is an irreversible event); improved the revenue collection because of better performance, implementation of the reforms, reduction of smuggling, and especially greater awareness of the trade community and CARM staff on the benefits of fair and transparent business activity. For example, the implementation of simplified procedures and the steady increase of users benefiting from them. The project intervention is expected to further streamline the procedures and improve the performance of CARM staff. In addition, the following factors would also strengthen the sustainability in CARM: (i) the project goals are now incorporated into CARM's objectives as part of its annual plan; (ii) From 2008, the CARM assumed the competences for management and maintenance of the premises at the road Border Crossing Points, (iii) the number of qualified persons to maintain the project results, and (iv) strong commitment of the management to reforms.

Regarding border crossing facilities, appropriate funds are ensured for maintenance. The CARM has committed and will continue to commit in the future appropriate funding (operation and maintenance) to maintain the border crossing facilities improved under the project.

However, for ensuring the long-term sustainability of the project, continuation of Customs reform, continuation of cooperation among border agencies, communication with trade community are very important.

### 3.7 ASSUMPTIONS AND PRE-CONDITIONS<sup>5</sup>

The project includes the following conditionalities:

- 1) Endorsement by all key stakeholders of the Terms of Reference, specifications for the individual contracts to be engaged;
- 2) Providing of all necessary required administrative (legal) and technical documentation for execution of works and supervision of works;
- 3) Appointment of counterpart personnel by the beneficiary before the launch of the tender process;
- 4) Participation by the beneficiary in the tender process as per EU regulations;
- 5) Organisation, selection and appointment of members of working groups, steering committees by the beneficiary as per work plan of the project;
- 6) Appointment and availability of the relevant staff of the beneficiary to participate in project implementing activities as per the work plan;

In the event that conditions are not met, suspension or cancellation of projects will be considered.

## 4 IMPLEMENTATION ISSUES

The overall coordination of the activities of the project will be carried out by the CARM. The relevant departments will have the responsibility for project execution and overall monitoring during its implementation. The Food and Veterinary Agency and the State Agricultural Inspectorate (Phytosanitary Directorate) within the Ministry of Agriculture, Forestry and Water Economy as users of the facilities will be involved at all stages of the project.

Although the project is composed of 2 individual components, these components are inter-related. Therefore, the project will be implemented through a strongly coordinated mechanism. A steering committee will be established chaired by the CARM. The EU Delegation, the Secretariat for European Affairs and the Central Financing and Contracting Department (CFCD) shall be invited to participate with observer status. The Steering Committee shall meet not less than once per three months.

Works will be provided to the beneficiary through one work contract. Due to the specific requirements to be realised under the project the works will be supervised by a specialised competent consulting entity.

#### **The expected contracting arrangements are:**

- One works contract will be concluded for the purpose of the project activities. The contract has an expected implementation period of 18 to 22 months. The contract value will be approximately EUR 1,485,305. The IPA contribution is EUR 1,113,978.75, and the national contribution is EUR 371,326.25.
- One Framework Contracts is envisaged. It will prepare the blueprints and the tendering documents for the construction works and supervision of works; design and revision of the

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<sup>5</sup> Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

projects (main projects for the buildings and the ground works) for the upgrade of the facilities, and is expected to start in 2013 in the amount of EUR 199,000. It will be funded under unallocated funds under package IPA 2011. The Framework contracts are not subject to national contribution.

- One framework contract for supervision of works. This support will ensure the quality of work and fulfilment of all regulatory requirements of works. The contract has an expected implementation period of 20 to 24 months (starting 1 month before and ending 1 month after the works contract). The contract value will be EUR 199,000. It will be funded under unallocated funds under package IPA 2011. The Framework contracts are not subject to national contribution.

#### 4.1 INDICATIVE BUDGET

##### Indicative Project budget (amounts in EUR) (for decentralised management)

PROJECT TITLE			SOURCES OF FUNDING										
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Works Contract		X	1,485,305	1,485,305	1,113,879.75	75	371,326.25	25	371,326.25	/	/	/	/
TOTAL IB			/	/	/	/	/	/	/	/	/	/	/
TOTAL INV			1,485,305	1,485,305	1,113,879.75	75	371,326.25	25	371,326.25	/	/	/	/
<b>TOTAL PROJECT</b>			<b>1,485,305</b>	<b>1,485,305</b>	<b>1,113,879.75</b>	<b>75</b>	<b>371,326.25</b>	<b>25</b>	<b>371,326.25</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>/</b>

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

Amounts net of VAT

- (1) In the Activity row, use "X" to identify whether IB or INV
- (2) Expressed in % of the **Public** Expenditure (column (b))
- (3) Expressed in % of the **Total** Expenditure (column (a))

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Works contract	Q1 2015	Q1 2016	Q1 2018
Service contract (supervision)	Q1 2015	Q1 2016	Q1 2018

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non-discrimination*

The CARM is committed to an equal gender treatment throughout its human resource management. The present project, however, is not expected to have an additional impact on gender treatment.

### 4.3.2 *Environment and climate change*

The building efforts will apply environmental regulations in force.

### 4.3.3 *Minorities and vulnerable groups*

The CARM is committed to an equal treatment of minorities throughout its human resource management. The present project, however, is not expected to have an additional impact on the treatment of minorities and vulnerable groups. Throughout the construction efforts, however, special attention will be to give accessibility of the buildings for persons with physical disabilities.

### 4.3.4 *Civil Society/Stakeholders involvement*

N/A

## **ANNEXES**

### **Documents to be annexed to the Project fiche**

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Project visibility activities**
- 4. Details per EU funded contract**



## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number		Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kafasan	
		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	
		Total budget	EUR 1,485,305		
		IPA budget:	EUR 1,113,978.75		
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>			
The overall objective of the project is to contribute to the facilitation of cross border procedures and enforcement of the legislation through the upgrade of the customs clearance and inspection facilities, thus enabling better services to the benefit of the economic operators to move their goods faster across the border, and enhanced protection of the country and the society.	<ul style="list-style-type: none"> <li>- Customs clearance procedures facilitated;</li> <li>- Time to cross border reduced;</li> <li>- Capacity to service the economic operators to move their goods across the border increased.</li> </ul>	IPA Program report;			
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>	
The customs clearance and inspection facilities at the road Border Crossing Kafasan upgraded.	The customs clearance and inspection facilities at the road Border Crossing Kafasan upgraded.	<ul style="list-style-type: none"> <li>Documents;</li> <li>Photographs;</li> <li>Final reports on construction.</li> </ul>		<ul style="list-style-type: none"> <li>Continuing local support and interest;</li> <li>Wider political support.</li> </ul>	
<b>Results</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>	
<ul style="list-style-type: none"> <li>2.1 Construction works at the road Border Crossing Kafasan completed;</li> <li>2.2 Supervision of works completed</li> </ul>	<ul style="list-style-type: none"> <li>Construction works at the road Border Crossing Kafasan completed;</li> <li>Supervision of works completed</li> </ul>	<ul style="list-style-type: none"> <li>Project management reports;</li> <li>Project supervision reports.</li> </ul>		Physical conditions are in order;	

Activities to achieve results	Means / contracts	Costs	Assumptions
<p>2.1 Construction works at the road Border Crossing Kafasan will include:</p> <ul style="list-style-type: none"> <li>- construction of customs terminal (9500 square meters) and its adaptation to an import-export facility;</li> <li>- construction of access roads;</li> <li>- buildings for: detailed customs controls and storage of seized goods (canopy and weight bridge for inspection of vehicles, storage of perishable goods under certain conditions (temperature, etc), accommodation (offices) of the customs officers working at the terminal, accommodation (offices) of the Food and Veterinary Agency and Phytosanitary Inspectorate border inspectors, auxiliary facility for the electrical and mechanical installations, customs clearance support services (post office, bank and freight forwarding agents), public toilets, control of the entrance/exit at the terminal, Police control;</li> <li>- construction of porches and placement of fence around the terminal;</li> <li>- Electric lighting (electrical columns for the external lighting of the terminal);</li> <li>- Electrical works (interconnection of the terminal to the existing transformer and its upgrade);</li> <li>- Dislocation of the existing electrical, telephone, waste water and water supply installations;</li> </ul>	<p>Works contract; Service contract for supervision.</p>	<p>Overall cost: EUR 1,485,305</p> <p>IPA fund: EUR 1,113,978.75</p> <p>National co-financing: EUR 371,326.25</p> <p><u>Works contract:</u></p> <p>Overall cost: EUR 1,485,305</p> <p>IPA fund: EUR 1,113,97.75</p> <p>National co-financing: EUR 371,326.25</p>	<p>Technical documents prepared in time;</p>

<ul style="list-style-type: none"><li>- Removal of the existing facilities and transport to the landfill site;</li><li>- Water supply;</li><li>- Waste water facility</li><li>- Drainage (Atmospheric canalisation) and Sewage;</li><li>- Horizontal and vertical traffic signalization;</li><li>- Upgrade of the existing facilities (improvement of energy efficiency)</li></ul> <p>2.2 Supervision of the implementation of the construction works.</p>			
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## **ANNEX 2 - Description of Institutional Framework**

The Customs Administration is a state administration authority within the Ministry of Finance with a status of a legal person. The Customs Administration carries out its powers throughout the entire territory of the country. The Customs Administration carries out the activities that are under its competence in accordance with the Law on Customs Administration, the Customs Law, the Customs Tariff Law, 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.

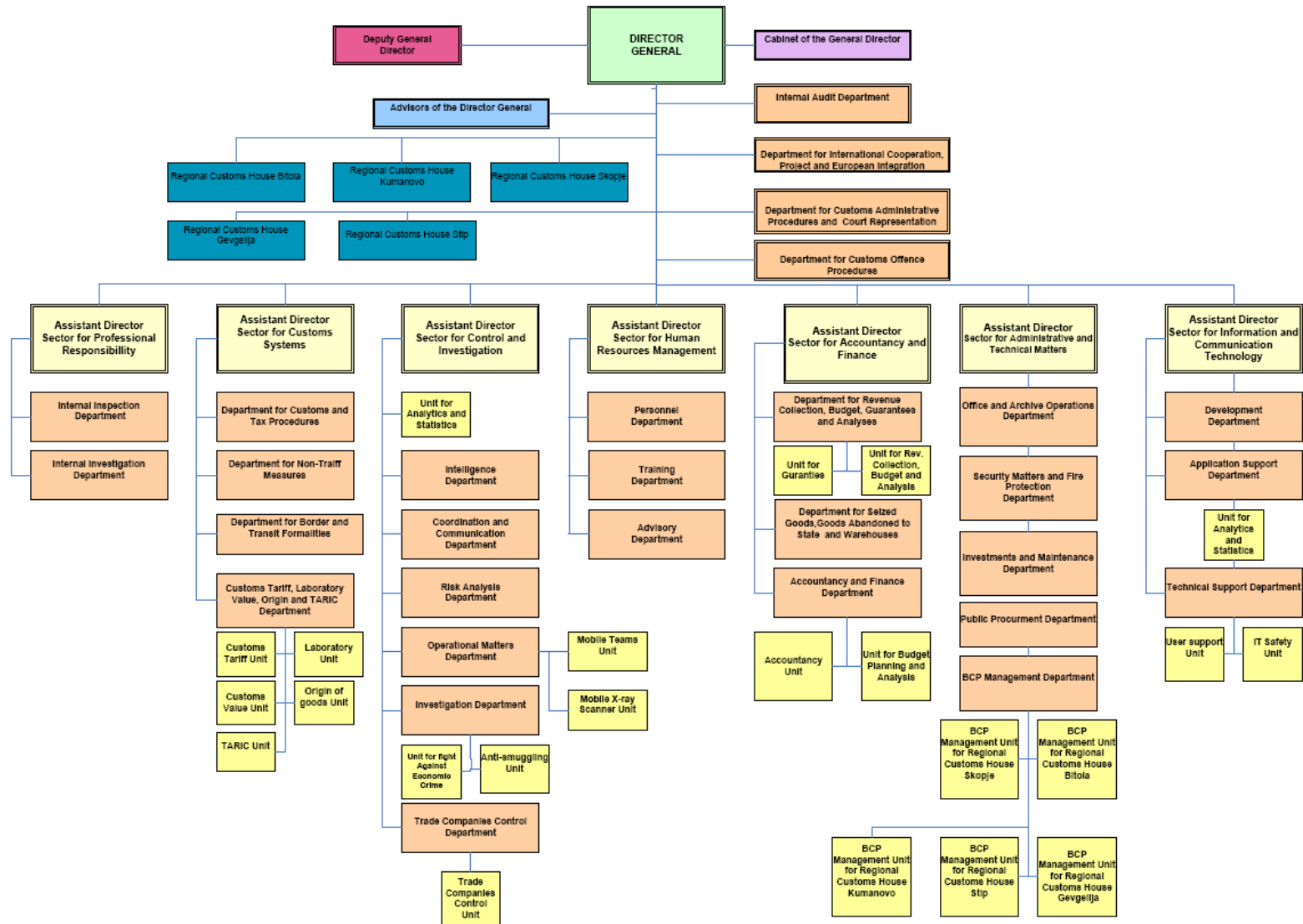
The basic powers of the Customs Administration are:

- 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.

The total number of employees in the Customs Administration around 1 170.

### **Organisation structures**

The Organizational Chart of the Customs Administration is presented in the picture bellow.



### **ANNEX 3 - Project visibility activities**

All requirements to ensure the visibility of EU financing will be fulfilled in accordance with the Commission Regulation (EC) No. 718/2007 of 12 June 2007 Implementing the Council Regulation (EC) No 1085/2006 Establishing an Instrument for Pre-accession Assistance (IPA IR) and the National IPA Communication Strategy prepared by NIPAC relevant under DIS .

During the implementation of the Project the necessary measures will be taken to ensure the visibility of the EU financing or co-financing. Such measures must be in accordance with the applicable rules on the visibility of external action laid down and published by the Commission. The Project must observe the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project (see [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm)). Particular attention should be given to ensuring the sustainability and dissemination of project results. The visibility issues must be addressed in all types of communications, written correspondence and preparation of deliverables (brochures, posters, new letters pamphlets and other type of promotion material). All the deliverables to be published / issued will respect and comply with visibility guidelines.

#### **ANNEX 4 - Details per EU funded contract where applicable:**

The upgrade of the customs clearance and inspection facilities, at the Border Crossing Kafasan, located along Pan-European Corridor VIII being strategically one of the most important Border crossings for the country, and the main and most frequent border crossing with Albania, will contribute to the facilitation of cross border procedures and enforcement of the legislation through its enlargement. The upgrade of the facilities will overcome the difficulties emerging from the present situation of lack of the adequate infrastructure and the congestion of traffic. At present segregation between buses and trucks is not possible and the customs clearance and inspection procedures for trucks is conducted in very limited space (in one traffic line). The upgrade will enable better services to the benefit of the economic operators to move their goods faster across the border, facilitate cross-border trade and enhance protection of the country and the society.

The overall coordination of the activities of the project will be carried out by CARM, while the relevant departments within CARM will have the responsibility for project execution and overall monitoring during its implementation. However, The Food and Veterinary Agency and the State Agricultural Inspectorate (Phytosanitary Directorate) within the Ministry of Agriculture, Forestry and Water Economy, as well as Ministry of Interior, as users of the facilities will be involved at all stages of the project, as well as other relevant institutions needed for its implementation.

This project will be implemented through one Works Contract and one Service Contract. The project arrangements for the Works Contract and the Service Contract will follow the regular operational instructions as documented in the PRAG and other relevant documents.

The Project Steering Committee (SC) will be established, responsible to oversee the implementation process of the project activities. It will supervise the project progress, ensure overall coordination in the project implementation and indicate eventual changes to be introduced, as per standard procedure followed in all relevant projects. It will review the project progress and advice on the possible measures to be taken in order to ensure that results will be attained. The SC will meet once every three months. The SC will be chaired by the representative of the CARM. It shall include: representative of SPO/IPA Working Group, representative of CARM, representative of the Contracting Authority (CFCD) as observer, representative of the Delegation of the European Union. Other bodies, agencies or institutions may be proposed (in consultation with the Beneficiary) as Committee members or observers.



**Indicative list of items/ Pre-measurement – Pre-assessment for works / Cost estimate<sup>6</sup>**

No	Description	Quantity	Unit of measurement	Unit price in EUR	Total in EUR
1	Construction of customs terminal (9500 square meters) and its adaptation to an import-export facility	9 500	m <sup>2</sup>	40	380,000
2	Construction of access roads	2 700	m <sup>2</sup>	35	94,500
3	Building for detailed customs controls and storage of seized goods (canopy and weight bridge for inspection of vehicles)	455	m <sup>2</sup>	350	159,250
4	Building for storage of perishable goods under certain conditions (including food cooling system, refrigerators, etc)	350	m <sup>2</sup>	500	175,000
5	Building for accommodation (offices) of the customs officers working at the terminal	300	m <sup>2</sup>	350	105,000
6	Building for accommodation (offices) of the Food and Veterinary Agency and Phytosanitary Inspectorate border inspectors	150	m <sup>2</sup>	350	52,500
7	Auxiliary facility for the electrical and mechanical installations	72	m <sup>2</sup>	350	25,200
8	Building for Customs clearance support services (post office, bank and freight forwarding agents)	330	m <sup>2</sup>	350	115,500
9	Public toilets	50	m <sup>2</sup>	300	15,000
10	Building for control of the entrance/exit at the terminal	16	m <sup>2</sup>	250	4,000
11	Building for Police control	8	m <sup>2</sup>	250	2,000
12	Construction of porches	800	m <sup>2</sup>	100	80,000
13	Placement of fence around the terminal	600	m	50	30,000
14	Electric lighting (electrical columns for the external lighting of the terminal etc)				30,000
15	Electrical works (interconnection of the terminal to the existing transformer and its upgrade)				45,000
16	Dislocation of the existing electrical, telephone, waste water and water supply installations				30,000
17	Removal of the existing facilities and transport to the landfill site				10,000
18	Water supply network				25,000
19	Waste water facility				70,000
20	Horizontal and vertical traffic signalization				15,355
21	Upgrade of the existing facilities (improvement of energy efficiency)				22,000
<b>GRAND TOTAL</b>					<b>1,485,305</b>

<sup>6</sup> Prices are approximate (VAT excluded) according to current market prices, the list is indicative and might vary due to the need to further determine the needs and the technical specification, as well as having in mind the possible technological development, at the time the project and the supply procedure begins, as specified under Operation 3.1 of the Project Fiche

The Framework Contracts and the Works Contract will be implemented by the Central Financing and Contracting Department (CFCD) that will be the implementing agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management including payment of project activities.

### **Intended beneficiary**

The constructed facilities will be used by the CARM, The Food and Veterinary Agency and the State Agricultural Inspectorate (Phytosanitary Directorate) within the Ministry of Agriculture, Forestry and Water Economy, as well as Ministry of interior and other entities rendering customs clearance and border inspection support services (post office, bank and freight forwarding agents).

### **Indication on how detailed technical specifications will be prepared**

The Framework contract will provide for preparation of the blueprints and the tendering documents for the construction works and the supervision of the works; design and revision of the projects (main projects for the buildings and the ground works) for the upgrade of the customs clearance and inspection facilities. It is expected to start in 2013 and will be funded under unallocated funds under package IPA 2011. The delivered outcomes shall be more closely specified for the utilisation of this project preparation facility, and will be in accordance with the national legal requirements and standards. The preparation of the project documents shall take into consideration the overall layout of the facilities in order to provide most favourable infrastructural conditions for customs and border controls, for trade facilitation and traffic flow. Due consideration of the Practical Guide to Contract procedures for EU external actions (PRAG) rules, procedures and requirements will be taken into consideration. CARM experts will assist the experts engaged in this activity.

**Provisions for maintenance + section to be filled in on assets' ownership current and after project completion** – After the guarantee period is expired, the maintenance will be provided by the CARM. For that purpose funding will be provided through the national budget.

The expected contracting arrangements are:

- One works contract will be concluded for the purpose of the project activities. The contract has an expected implementation period of 18 to 22 months. The contract value will be approximately EUR 1,485,305. The IPA contribution is EUR 1,113,978.75, and the national contribution is EUR 371,326.25.
- One Framework Contracts is envisaged. It will prepare the blueprints and the tendering documents for the construction works and supervision of works; design and revision of the projects (main projects for the buildings and the ground works) for the upgrade of the facilities, and is expected to start in 2013 in the amount of EUR 199,000. It will be funded under unallocated funds under package IPA 2011. The Framework contracts are not subject to national contribution.
- One framework contract for supervision of works. This support will ensure the quality of work and fulfilment of all regulatory requirements of works. The contract has an expected implementation period of 20 to 24 months (starting 1 month before and ending 1 month after the works contract). The contract value will be EUR 199,000. It will be funded under

unallocated funds under package IPA 2011. The Framework contracts are not subject to national contribution.

The detailed profiles and required expertise will be determined in the process of drafting the framework contract tendering documents by the beneficiary. The technical documentation as foreseen under Activity 1 will be developed and delivered in cooperation with the experts implementing this activity under a Framework Contract.