## ANNEX I –IPA III Action Fiche

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|  | Indicative title of the Action | **EU for Trade Facilitation** |
| CRITERIA FOR RELEVANCE ASSESSMENT | Key thematic priority | **Window 4: Competitiveness and inclusive growth**  *Thematic Priority 2: Private sector development, trade, research and innovation* |
| Links with specific policy instruments of the enlargement process | The proposed Action will contribute to the implementation of the EU acquis under **Chapter 29: Customs Union,** where as in the **2019 Commission Report on North Macedonia (COM (2019)260**) it states that the country has maintained a good level of preparation on the customs union. All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to the common computerised customs systems. A new electronic system for processing customs declarations and excise documents was finalised and newly built customs terminals became operational. The country will continue to complete and apply its IT systems and, ensure their continuous upgrading and maintenance, and ensure business continuity.  In Part 3.2. *The capacity to cope with competitive pressure and market forces within the Union* of the **Commission Report on North Macedonia (COM (2019)260**) it is stated that North Macedonia has made some progress and is moderately prepared to cope with competitive pressures and market forces within the EU. Integration with the EU in trade and investment should be deepened further while exports and manufacturing output should be further diversified towards higher-value products. Skills shortages, and a lack of skills alignment with those required by companies, reflecting shortcomings in education curricula. Moreover, infrastructure investment gaps impair labour productivity and the competitiveness of the economy.  In order to improve competitiveness and long-term growth, North Macedonia should, among other, complete investment in road and rail transport.  The **Conclusions of 16thSubcommittee Meeting on Trade, Industry, Customs and Taxation,** held in November 2019, note that the Customs Administration needs to ensure maintenance and business continuity of the Customs Declaration and Excise Documents Processing System (CDEPS) and all other Customs IT systems.  On 25th of March 2020 the General Affairs Council in **Council conclusions on enlargement and stabilisation and association process, decides to open accession negotiations with the Republic of North Macedonia and the Republic of Albania.** Good neighborly relations and regional cooperation remain essential elements of the enlargement process, including the Stabilisation and Association Process. |
| Links with national, regional and global strategies | The proposed Action is in line with national, regional and global strategies in the field of trade facilitation and customs operations.  Regarding the Commission **Strategy for "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" (COM(2018)65),** this Action supports its strategic purpose related to:  -increasing connectivity-political priority to connect infrastructure between the EU and the Western Balkans and to accelerate the development of interconnected trans-European networks in the fields of transport, energy and digital services. Investment in infrastructure networks brings tangible benefits clearly recognised by citizens and business in the EU and Western Balkans alike.  - launching a Digital Agenda for the Western Balkans - It is essential that the Western Balkans are included in the EU's efforts to embrace technological change for them to be able to benefit from digital tools, ensuring a prosperous and sustainable future for their citizens.  - supporting reconciliation and good neighbourly relations-The Commission stands ready to continue to support this cooperation, whether on the connectivity agenda, through the WB6 format and initiatives which bring together heads of state and government from the region or other initiatives which strengthen their ownership of regional co-operation.  The Actions will contribute to the regional **South East Europe 2020 Strategy through pillars:**  - 3.2. Smart Growth - driven by knowledge and innovation and based on its human capital;  Key Strategy actions in Dimension ‘Digital Society’ - The overall objective of the dimension ‘Digital Society’ is to further enhance the cooperation on economic and social development in South East Europe and reap the full potential of the Information and Communications Technologies to spur innovation, economic growth, regional competitiveness and improved quality of life.  - 3.3. Sustainable Growth - requirement for sustainable and accessible transport and energy infrastructure, a competitive economic base and a resource efficient economy. Sustainable and accessible infrastructure as well as transparent and coordinated legal and institutional frameworks can further improve the business environment for economic actors.  Key Strategy actions in Dimension I ‘Transport - The Action is in line with **the European integrated border management (IBM)** that aims at managing the crossing of the external borders efficiently and addressing migratory challenges and potential future threats at those borders, thereby contributing to addressing all cross-border matters and ensuring a higher level of internal security within the EU, while at the same time acting in full respect for fundamental rights and in a manner that safeguards the movements within the EU and trade facilitation.  This Action will contribute towards the implementation of the **Stabilisation and Association Agreement (SSA) regarding the statements stipulated in the following articles:**   * article 35 regulates Customs unions, free trade areas, cross-border arrangements (concluded between one or more Member States and the Republic of North Macedonia in order to ensure the mutual interests of the Community and North Macedonia; * article 88 – Customs– in this article it is stipulated that cooperation between Community and North Macedonia shall include the following (among other): the exchange of information including on the methods of investigation; the development of cross-border infrastructure between the Parties; the possibility of interconnection between the transit systems of the Community and the Republic of North Macedonia, as well as the adoption and use of the Single Administrative Document (SAD); the simplification of inspections and formalities in respect of the carriage of goods; support for introduction of modern customs information systems; The mutual assistance between administrative authorities in customs matters of the Parties shall take place in accordance with the provisions of **Protocol 5 on mutual administrative assistance in customs matters;** * article 98 – Transport (which regulates the development and step up in the cooperation between the parties in the field of transport in order to enable the Republic of North Macedonia to: restructure and modernise transport and related infrastructure; movement of passengers and goods and access to the transport market, by the removing of administrative, technical and other barriers; achieve operating standards comparable to those in the Community; develop a transport system compatible with and aligned on the Community system. The priority is in the following areas: the development of road, rail, airport and port infrastructure and other major routes of common interest and Trans-European and Pan-European links; the management of railways and airports, including appropriate cooperation between the relevant national authorities; road transport, including taxation and social and environmental aspects; combined rail and road transport; the harmonisation of international transport statistics; the modernisation of technical transport equipment in line with Community standards, and assistance in acquiring financing to that end, particularly as regards road-rail transport, multi-modal transport and transhipment; * article 101- Regional and local development (where it is stated that The Parties will strengthen regional development cooperation, with the objective of contributing to economic development and reducing regional imbalances. Specific attention will be given to cross-border, trans-national and interregional cooperation. * article 102- Cooperation in research and technological development - where the parties on the bases of mutual benefits will exchange scientific and technical information regarding all aspects of RTD.   Council Decision (EU) 2015/836 of 11 May 2015 on the position to be taken on behalf of the European Union concerning the adoption of a **Decision by the EU-EFTA Joint Committee on common transit and a Decision by the EU-EFTA Joint Committee on simplification of formalities in trade in goods** as regards invitations to the Republic of North Macedonia to accede to the Convention on a common transit procedure and the Convention on simplification of formalities in trade in good - where as technical conditions for NCTS should be fulfilled; Republic of North Macedonia has fulfilled all requirements (including introduction of a special transit system for digital exchange of data between EU Member states and EFTA countries (NCTS)) is a member and applies the Common transit conventions as of 1 June 2015.  The Action contributes to the digital agenda and upgrade of the IT systems is in line with the **Electronic Customs Multi-Annual Strategic Plan for Customs** (MASP-C) - 2019 Revision - MASP-C Rev. 2019 Version 1.1 (DG TAXUD document Ref. Ares(2019)7610324 - 11/12/2019 ANNEX 2 MASP-C Rev. 2019 v1.1 Consolidated Project Fiches) - EU-wide electronic customs systems developments are set out in the EU’s “Multi-Annual Strategic Plan for electronic Customs” for the creation of a European electronic customs environment. These plans are consistent with the operational and legislative projects and developments already scheduled or underway in the areas of customs.  The Council further invites the Commission to continue to monitor the progress and continued compliance in all areas, and in this line, it is understandable that the projects and other activities for achieving compliance will be necessary to happen more urgent and with faster pace in the upcoming period. This includes timely implementation of the NCTS Phase 5, due to be in place by all members of the Convention on Common Transit 2023.  This Actions are also closely linked to the implementation of the following **national strategies:**   * **Economic reform programme 2020-2022** * The Customs Administration acts in line with the **Strategic priorities of the Government of the Republic of North Macedonia** which include economic development, efficiency of the institutions, enchainment of the life standards of the citizens; * **Strategic Plan of Customs Administration of the Republic of North Macedonia 2020-2022** – strategic priorities are the following: Trade facilitation, Protection of the society, Revenue collection and protection of the financial interest and Modernization; * **Strategy on ICT development of the Customs Administration 2019–2023**; It encompasses the mission, vision and the strategic priorities and goals of theCustoms Administration in ICT development, as well as the activities and the necessary resources for their realization. **Specific activities:** Preparation for interconnection and interoperability with the EU systems; Implementation of systems harmonized with EU systems that can be established prior to EU accession (EORI2, NCTS 5 & 6, AES and other); * **Development of National Strategy for the Transport Sector** (IPAOPRD2007-2013-4.2-LOT2-22)–on improvement of the economic efficiency, safety and accessibility of transportation whilst managing the environmental impact of existing and future transport activity and ensuring integration with other sector policies. It is planned to develop actions that address weaknesses in the transport sector at regional and national level. The actions shall cover the period from 2018 until 2030, and shall acknowledge the pipeline of projects and policies that have already been agreed and which it is intended will be delivered during the period of the Strategy. * **National Integrated Border Management Development Strategy (2015-2019)[[1]](#footnote-1)** and the related Action Plan, which has established a national IBM coordinator with numerous key functions. One of the main priorities is to improve the border security system through increasing the international cooperation, the cross-border police cooperation and joint patrols along the border, electronic border surveillance and realisation of training programmes. |
| Coherence with the Sector Approach | Taking into consideration the aspects of trade facilitation, modernization and upgrade of the IT systems, this Action fiche is placed under the Sector Working Group on competitiveness and innovation. Customs Administration is the key institution for supporting and in service to the business for facilitation and trade, cross-border management, maintenance of the border crossing points (BCP), ensuring electronic support for submission of the declarations, protection of the society at the borderline. At the same time, as governmental institution it is directly obliged to take actions for fulfilling the national goals in line of the priorities of the Government among which the priority with the highest importance is accession to European Union.  Being a member of the **World Trade Organization (WTO)**North Macedonia has implemented most of the provisions of the WTO Trade Facilitation Agreement. The country actively participates in the Central and Eastern Europe Free Trade Agreement**(CEFTA)**and implements the multi-annual action plan for the development of a **Regional Economic Area thru including full implementation of CEFTA Additional Protocol 5 on Trade Facilitation.**The text of Protocol 6 on trade in services was adopted by the Government and the investment reform action plan is already being implemented. North Macedonia is a member of the Common Transit Convention since 2015, applying the **EU rules on transit movements** and has chaired the annual joint committee meeting in 2019.  The concept of **authorised economic operators (AEO)**was intensively promoted by the Customs Administration, and this resulted with fifteen companies being AEO-certified, and thus more than 40% of the declarations in 2019 were submitted under simplified procedures. The country submitted a proposal to CEFTA for validation of its authorised economic operator programme, which should lead to mutual recognition of AEO certificates among the CEFTA countries.  The **New Computerised Transit System (NCTS)**allows for paperless submission of transit declarations and decreases the costs for the traders for the movement of goods crossing the borders. The current system at the Customs Administration was put into function in 2014 and cannot be considered contemporary and compliant with the latest EU requirements, which calls for implementation of NCTS Phase 5. This is currently high priority for the Customs Administration.  The new **Customs Declarations and Excise Documents Processing System** was finalised and put into use on 1 June 2019, thus creating a paperless environment. This core system, integrated with the other functional IT systems, provides for more efficient process of movement and clearance of goods. In order to fulfil the EU requirements in the area of Customs union and EU Aquis (in particular UCC), there is a need for further development of new and upgrade of the existing IT systems, interconnected and interoperable with the EU systems.  “One stop shop” concept was established at the road border crossing point Tabanovce - Presevo with Serbia in August 2019, as a step towards implementing joint border controls. The further improvement is planned in this area and the goal is to fulfil conditions which will enable infrastructural possibility and standards for joint border controls and faster movements on most of the border crossing point. This refers to the BCPs with EU member states as well (with Bulgaria and Greece).  The newly-built customs terminal at the main border crossing with Albania Kjafasan – Qafe Thane was put into operation at the beginning of 2019. Preparations and negotiations have started to establish one stop with Albania, receiving the official endorsement of both governments.  The upgraded BCPs Tabanovce - Presevo with Serbia and Kjafasan – Qafethane with Albania already in function are proving the commitment and capacity of the Customs Administration to move forward in modernization of the infrastructure in accordance to the best practices.  The Customs Administration tends to use the positive experience to expand the concept and upgrade the BCPs to fulfill the conditions for one-stop-shop, joint border controls and possibility for priority lanes and other infrastructural improvements on the BCPs with the rest of the neighbouring countries, among which two are EU member state.  Considering that the existing facilities and infrastructure at BCPs Delcevo and Deve Bair (the later subject of minor reconstruction in the past) are built many decades ago and inherited from the previous social system of the country, the same can be considered obsolete and inadequate to support contemporary needs for trade facilitation, while also enabling conditions for suitable controls. The intervention planned by this Action will also improve the quality of the passenger traffic.  Under the objective of improvement of the BCPs, Customs Administration is undertaking the finances for the project for renovation and upgrade of the BCP Deve Bair. Customs Administration has signed a Loan Contract with World bank in 2019, under the component Trade and transport facilitation in South East Europe 3. Among other projects within this loan, 2.3 million EUR for reconstruction/upgrade of the BCP Deve Bair with Bulgaria, in direction of the same overall objective: to facilitate the trade and to enable uninterrupted movement of goods. The implementation of this project will start in 2021.  By identifying the needs covered by the Overall Objective, and fulfilling the Specific Objectives of this Action, the Customs Administration will contribute to the priorities of the relevant sector of this thematic priority in line with trade facilitation and innovation/ modernisation, at the same time proving the commitment for sustainable growth of the Country and fulfilling the preconditions for EU accession. |
| Regional dimension | The Action will cover interconnectivity with EU IT systems and ensure modernization and digitalization in line with EU directives and best practices.  The investments in trade facilitation and improving the customs procedures and control capacities including putting in place standard transit procedure NCTS and modern IT capabilities benefit largely the countries in the region and the European economy as whole allowing moving of goods and people across the EU. The New Computerised Transit System (NCTS) and procedures will ensure fully electronic environment and paperless customs procedure, which is swifter and more transparent. The use of NCTS significantly shortens the time for completion of transit operations and enables faster and cheaper movement of goods across borders. The upgrade of two key border crossing points with the EU and putting in place of one-stop-shop procedures will further support the mobility of goods and people across Europe and the region. |
| Indicative budget | | Total budget: EUR 8,100,000  EU funding: EUR 5,800,000  National Funding: EUR 2,300,000 |
| Implementation Modality | | The Action is implemented under Direct Management, and entails procurement of service, supply and works contracts. |
| Budget Support Readiness | | Not applicable |

**LOGICAL FRAMEWORK MATRIX**

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| **OVERALL OBJECTIVE(S) / (IMPACT(S))** | **OBJECTIVELY VERIFIABLE INDICATORS**  Quantitative and/or qualitative variables providing a simple and reliable mean to measure the achievement of the corresponding expected result (i.e. outputs, outcomes, impacts). Indicators should have a clear measurement unit and be formulated in a neutral way. | **BASELINES**  **(INCL. VALUE & REFERENCE YEAR)** | **MILESTONES**  **[OPTIONAL]**  **(INCL. VALUE & REFERENCE YEAR )** | **TARGETS**  **(INCL. VALUE & REFERENCE YEAR)** | **SOURCES & MEANS OF VERIFICATION** |  |
| **OVERALL OBJECTIVE:**  To facilitate, modernise and strengthen international trade through North Macedonia and bring the country closer to the EU customs union. | LPI - Customs  Alignment to the EU Transit Connectivity system | 2.45 (2018)  NCTS 4 (2020) |  | 3.5 (2026)  NCTS 5 (2024) | LPI Website  Annual Customs report |
| **SPECIFIC OBJECTIVE(S) / OUTCOME(S)** | **OBJECTIVELY VERIFIABLE INDICATORS (\*)** | **BASELINES** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| **Specific Objective 1:**  To improve the quality of the services provided at the BCP Delcevo and BCP Deve Bair | Average time for customs border formalities at the road border crossing points Delcevo and Deve Bair | 90 minutes (2019) |  | 60 minutes (2027) | Boarding posts customer reports | Government maintains consistent policy and commitment to the EU accession  Interconnectivity systems ensured with the EU systems  Economic development is on the rise |
| **Specific Objective 2:**  To improve the quality of the Customs Administration IT systems in line with EU requirements | Number of EO utilising the benefits of Common Transit Convention  Number of Macedonian Economic Operators with a unique EORI number  Number of requests for authentication services processed | All EO under NCTS 4 - approximately 9000 EO (2019)  0 (2019)  0 (2019) |  | All EO under NCTS 5 – at least 9000 EO (2027)  All EO upon request – at least 9000 EO (2027)  All upon request - for at least 9000 EO (2027) | Annual Customs Report  Reports from EORI system  Reports from Authentication system |
| **OUTPUTS** | **OBJECTIVELY VERIFIABLE INDICATORS (\*)** | **BASELINES** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| **Output 1.1**  Renovated and upgraded Border crossing points with Bulgaria including supporting infrastructure in order to meet the EU standards | BCP Delcevo  Number of square meters of renovated facilities provisionally accepted  Number of square meters of new facilities built(waste water station, etc)  Number of square meters of rehabilitated (asphalted) roads and terminals (parking areas) provisionally accepted | 0 (2020)  0 (2020)  0 (2020) |  | 1100 m2 (2023)  1150 m2 (2023)  5500 m2 (2023) | Project reports |  |
| BCP Deve Bair  Number of square meters of renovated facilities provisionally accepted  Number of square meters of new facilities built (waste water station, etc)  Number of square meters of rehabilitated (asphalted) roads and terminals (parking areas) provisionally accepted | 0 (2020)  0 (2020)  0 (2020) |  | 600 m2 (2023)  1200 m2 (2023)  6500 m2 (2023) | Reports of the onsite supervisor |  |
| **Output 2.1**  Implemented New Computerised Transit System (NCTS) Phase 5, in line with the latest EU requirements | New Computerised Transit System (NCTS) Phase 5 in operation and interconnected and functional with Common Domain (prior Provisional Acceptance  Number of days with the NCTS Phase 5 not working in the 365 days following the putting system into function  Number of Customs officers trained in the specific NCTS 5 methodology, procedures and the operation of the Customs Transit System;  Number of Manuals and other functional and technical documentation related to NCTS 5 for the customs officers and economic operators produced and disseminated;  Number of representatives of Economic Operators involved in transit operations trained and prepared to use the new NCTS 5 procedures. | 0 (2020)  Not Applicable  0 (2020)  0 (2020)  0 (2019) |  | 1 (2024)  < 5 (2024)  100 (2024)  3 (2024)  100 (2024) | Provisional Acceptance Certificate  Customs report  Customs report  Customs report  Customs report |  |
| **Output 2.2**  Implemented System for Identity and Access Management (IAM) and Registration of Economic Operators (EORI2), in line with the latest EU requirements | Number of System for Identity and Access Management (IAM) and Registration of Economic Operators (EORI2) in operation  Number of days with the System for Identity and Access Management (IAM) and Registration of Economic Operators (EORI2) not working in the 365 days following the end of the commissioning of the system  Number of Customs officers trained in the specific System for Identity and Access Management (IAM) and Registration of Economic Operators (EORI2) methodology, procedures and the operation of the Customs Transit System;  Number of Manuals and other functional and technical documentation for the customs officers and economic operators produced and disseminated; | 0 (2020)  Not Applicable  0 (2020)  0 (2020) |  | 2 (2025)  < 5 (2024)  >10 (2024)  2 (2024) | Provisional Acceptance Certificate  Customs report  Customs report  Customs report |
| **BROAD ARRANGEMENTS FOR IMPLEMENTATION (IF AVAILABLE)** | **Direct management of supply, service and works contracts.** | | | | | | |

1. New Integrated border Management strategy is under preparation by the twinning project‚‘‘Aligning the national systems with the EU and the Schengen requirements for border management“, ref. Nr. MK 16 IPA JH 01 18, this strategy should be ready in 2021. [↑](#footnote-ref-1)