

1. Basic information

1.1 CRIS Number: 2007/019-247

1.2 Title: Equipment for Anti-smuggling Units

1.3 Sector: 29 - Customs

1.4 Location: Croatia

Implementing arrangements:

1.5 Implementing Agency:

The Central Finance and Contracting Unit (CFCU) will be the Implementing Agency responsible for contracting and accounting. Responsibility for technical aspects related to preparation, implementation and control will rest with the Ministry of Finance – Customs Directorate as the beneficiary institution.

Programme Authorising Officer

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1.7 Overall cost: 4.700.000 EUR

1.8 EU contribution: 3.450.000 EUR

1.9 Final date for contracting: 2 years following the date of conclusion of the Financing Agreement

1.10 Final date for execution of contracts: 2 years following the end date for contracting

1.11 Final date for disbursements: 3 years following the end date for contracting

2. Overall Objective and Project Purpose

2.1 Overall Objective

Supporting fight against national and international organised crime, thus enhancing safety and security of Croatian and future EU external borders, internal market and collection of national and EU revenue.

2.2 Project purpose

Strengthening customs control and surveillance throughout customs territory of the Republic of Croatia in order to prevent breach of customs and excise regulations and to facilitate investigation and prosecution of anti-smuggling activities and other forms of organised crime.

2.3 Link with AP / NPAA / EP/ SAA

As short-term priorities Accession Partnership sets out strengthening border management, in particular by reinforcing the surveillance of sea borders; implementing the integrated border management strategy; increasing investments in technical equipment and infrastructure; recruiting additional staff and providing adequate training infrastructure. Bringing national legislation in line with the EU rules and best practices, further strengthening border control, developing national databases and registers and ensuring coordination between the relevant services are set out as a mid-term priorities.

2.4 Link with MIPD

The present project is complementary to the aims of IPA assistance to support institutional capacity building for acquis transposition in three different chapters. Adoption and application of the acquis in the Customs union (Chapter 29), Taxation (Chapter 16) and Justice, freedom and security (Chapter 24) field is an essential element of the general process of Croatia's preparation for accession to the EU.

2.5 Link with National Development Plan (where applicable)

Not applicable.

2.6 Link with national/ sectoral investment plans(where applicable)

Not applicable.

3. Description of project

3.1 Background and justification

The Croatian Customs Administration (CCA) of the Republic of Croatia is a legal enforcement entity operating within the framework of the Ministry of Finance. It consists of the Customs Administration (Headquarters), 13 Customs houses, 86 inland customs offices and 175 BCP Customs offices. The Customs Administration currently has 3150 staff, including 177 people in the CCA Central Office. The mandate and structure of the Customs Administration is defined by the Code on Customs Service (OJ 67/01).

The CCA Central Office function has been organised into 8 separate Services covering the full spectrum of Customs activities with the 13 regional Customs Houses. The Service for Customs Control, as one of the services within the CCA consists of five departments, namely the Department for Examination, Department for Risk Management, Department for Anti-Smuggling and Fraud Targeting, Department for Drugs, Dangerous Substances and Prevention of Money Laundering and Department for Intelligence and Operational Facilities.

At the central level Service for Control is responsible for post-audits, inspection controls, preventing of customs frauds, fight against smuggling, and therefore, conducting of operative actions, as well as cooperating with the international institutions for prevention of customs offences. These activities are realized by the Service's organizational units: Department for Examination, Department for Risk Management, Department for Anti-Smuggling and Fraud Targeting, Department for Drugs, Dangerous Substances and Prevention of Money Laundering and Department for Intelligence and Operational Facilities. At local level, in 13 Customs Houses throughout the customs territory of the Republic of Croatia, there are Departments for Risk Management, Control and Fraud Prevention. The officials working in these Departments conduct the aforementioned duties at their Customs Houses. Planning, coordination, reporting and international cooperation are managed at the central level, while solving of actual problems, action implementation and trans-national cooperation at local level, at the Customs Houses. There are 75 customs officials in all Departments for Risk Management and Fraud Prevention, while 50 officials participate in operative actions of mobile units.

One of the responsibilities of the Department for Anti-Smuggling and Fraud Targeting is to carry out operational actions directed against smuggling of goods, through the use of mobile teams. With regard the work of mobile teams it should be emphasized that at the local level a Sub-sections for Risk Management, Investigations and Anti-Fraud,

organise within each of Customs houses, are responsible to carry out operational activities of mobile teams.

As regards functioning of the mobile units, it is important to mention their preventive and practical importance in discovering customs offences, usually including classic smuggling of goods. The term classic smuggling of goods implies bringing in or taking out of the country of goods against the legal regulations and orders, evading of paying duties by failing to declare goods or bypassing control. So called „Balkan Route“ for heroin trafficking runs through the Republic of Croatia. Port of Rijeka and Port of Ploče have been connection points for cocaine trafficking from South American countries on several occasions. Furthermore, the neighbouring countries Bosnia and Herzegovina, Montenegro and Serbia are well known routes of illegal cigarettes traffic and other non-commercial goods as well. In 2005, 17.082.480 pieces of cigarettes were seized, while 50.862.906 pieces of cigarettes were ceased in 2006. Furthermore, the seizures of drugs, textile, excise goods and other types of goods subject to smuggling are frequent. Since 2006, we have started publishing the information regarding major smuggling cases on the Customs Directorate official web site.

The Customs Service Act (OJ 67/01) ensures partially autonomous functioning of the mobile units. However, this is insufficient. Bylaws which would enable functioning of the mobile units throughout the territory of the Republic of Croatia, as the best practice in the EU, need to be adopted.

The Integrated Border Management Strategy (IBM) of the Republic of Croatia had been adopted in 2005. The IBM Strategy establishes midterm and long-term goals for improving the cooperation within the services, interagency and international cooperation, in agencies involved in border management, all for the purpose of establishing more effective and efficient system of border management. Among others it outlines measures to enhance security of Croatian borders thus contributing to the secure borders in the region. One of the objectives of this Strategy is combating all forms of international crime with emphasis to trafficking of goods, drugs, humans, cultural goods, etc. The IBM Strategy is transposed into Action plan for the purpose of its implementation. During 2006 a first revision of the Action plan took place. The reason for that is because the Action plan got additional importance because it is determined as one of the benchmarks for opening negotiations on Chapter 24 Justice, freedom and security. Revised Action plan was adopted by the Government on 30. November 2006. One of the goals determined in the Action is “Mobile controls inside the country are independently conducted by equipped and specialized units which have complete legal authority”. Special Mobile units will perform control inside the country and on blue and green line. Functioning of Mobile units is in role of protecting financial and other interests of Republic of Croatia and European Union. Besides, the Strategy and the Action Plan enable permanent adjustment and successive introduction in the process of functioning, cooperation and coordination of the EU strategic guidelines related to the efficient control of the state border. Therefore, the Strategy and its implementation Action Plan should be frequently revised in order to be in line with the vital interests of the Republic of Croatia and adjusted to the changes within the European Union.

Accordance of this project to IBM Action plan is identified in its item 2.2.7. – Infrastructure and Equipment. First goal of this item states “Infrastructure and equipment is in compliance with the EU requirements”. The following actions¹ are foreseen for fulfillment of this goal:

- Purchase of equipment for mobile units.
- Purchase of equipment for effective custom surveillance on rivers and sea.

In line with the European Commission's Integrated Border Management Concept, the main objective is to improve coordination and cooperation between the authorised border agencies, as well as other states' authorised bodies. The aforementioned concept is based on cooperation and coordination of all authorised border agencies and includes three pillars of cooperation: coordination within the service, interagency cooperation and international cooperation. All three pillars of cooperation deal with the sectors: legal and regulative framework, management and organisation, procedures, human resources and training, communication and information exchange, IT systems and infrastructural equipment. All three pillars outline strategic goals of every agency, in all areas of cooperation; individual strategic goals in pillars of cooperation within the service and international cooperation, and joint strategic goals in the pillar of interagency cooperation.

The Programme of specialized training for the authorised customs officials from the Department/Section for Anti-Smuggling and Fraud Targeting has been developed. The programme consists of three sections, namely, authorisations in customs proceedings, handling of firearms and martial arts. The programme is conducted under the guidance of experts from the Ministry of Interior Affairs at the Police Academy. Thereafter, the candidates who passed the exams receive certificates. This exam is a legal requirement for carrying firearms and for working in a mobile unit.

Upon accession of the Republic of Croatia to the European Union the external border will be shifted on the borders of the Republic of Croatia and therefore the Republic of Croatia will in pre-accession period towards ensuring efficient protection of external border, enlarge the number of Custom officers for prevention and detection of customs frauds. Present situation as regards the equipment is not uniformed in all Custom houses. Some Custom houses don't even have vehicle for Mobile units or necessary tools for inspection and search. Critical situation is within the seaside Custom houses which are not equipped with vessel for sea surveillance (surveillance of blue border). Border line on rivers is also not sufficiently protected because we don't have river vessels.

Currently, the Customs Houses dispose of different equipment. Some Customs Houses do not even have the vehicles for mobile units, or necessary tools for control and search. The situation is critical at coastal Customs Houses which do not have vessels for the control at sea (the control of the blue border). The same refers to river border. Mobile units don't dispose with vans-mobile offices for performing checkpoints, personal vehicles intended for patrols as well as other equipment defined in request for IPA financing. When the below mentioned equipment was purchased in year 2005 the CCA had only ten Customs houses and only six of them got the equipment at the time. Today we have thirteen Custom houses.

¹ See pages from 97 to 98 of Action plan

Figures on the current situation in terms of equipment of the CCA Mobile Units are the following:

Terrain vehicles – Nissan Terrano	6 pcs.
Compact Narcotic Inspection kit – set for drug detection	100 sets
Portable search tool kit set	7 sets
Set of hand inspection kit	14 sets
Fork lift truck	5 pcs.
Hand pallet truck	7 pcs.
Digital camera (photo)	7 pcs.
Digital camera	7 pcs.

Evaluation of equipment needs for next years is elaborated for the period until the end of 2008 due to the fact that 2009 is target year for accession of the Republic of Croatia to the European Union. In financial requirement projection for implementing goals from Action plan and IBM Strategy the CCA identified equipment need for equipping mobile units in value of 66.000.000 HRK (approx. 9.000.000 EUR). The short term priority equipment is identified in this project proposal.

Equipping mobile units with required equipment for efficient surveillance of entire customs territory of Republic of Croatia is initiated during implementation CARDS 2001 IBM project (2003-2005) during which the IBM Strategy and connected Action Plan were developed in cooperation with Austrian customs experts, police and ICMPD². All goals connected to the functioning and equipping the mobile units of the CCA are defined in Action Plan. Screening on Chapter 24 Justice, Freedom and Security gave special to integrated border management. Additional measure for opening the negotiations on this chapter is updating of IBM Action plan with actions for surveillance of blue line. Updated Action plan was submitted to the European Commission in the beginning of year 2007. Efficiency of mobile units in performing surveillance, prevention and repression of smuggling and customs frauds as well as protection of interests of EU and protection of external borders will also depend on technical equipment.

Business strategy³ of the Ministry of Finance - Customs Administration of the Republic of Croatia is the basic strategic development document for the period from year 2007 till year 2009 with the goal to prepare Customs Administration for legal, efficient, effective and economical functioning according to *acquis communautaire* and best practice of Customs Services in EU countries. The strategic goal “protection of society and safety” defines the measure for reaching the goal and that is continuous modernisation of equipment and acquisition of supplement technical assets towards improving efficiency of the Customs control. This measure refers also to equipping Mobile Units for surveillance of legal transfer of goods in complete territory of the Republic of Croatia. Present level of equipment cannot completely assure enforcement of control procedures (after accession of Republic of Croatia to the European Union) which are for Member States prescribed with Naples convention (Naples II).

² International Centre for Migration Policy Development

³ In procedure of development

In this perspective, taking into account the necessity for have a dependable customs services capable to cope with all the challenges connected with the protection of external EU border and the current lack of essential equipment required to fulfil this task, this project proposal aims at supporting the CCA in development of reliable anti-smuggling service both from functional and operational perspective, in accordance with the EU standards and guidelines, and thus to support the enforcement of the Customs and Excise legislation, the improvement of the operational capacity of the Customs service, protection of future external EU border and ensure safety and security for national and EU citizens.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

Adoption and application of the European acquis in the Customs (Chapter 29), Taxation (Chapter 16) and Chapter 24 (Justice, freedom and security) field is an essential element of the general process of Croatia's preparation for accession to the EU. The project will support this process with reference to priorities identified in the *Interoperability Implementation Strategy* document.

The projects comply with EU norms and standards. The project implementation will not have any adverse effects on the environment.

Additionality is ensured. EU funding will not replace other funding from the government or other donors and the EU funded intervention/project will result in benefits which would not occur otherwise.

3.3 Results and measurable indicators

Results:

1. Equipment purchased, delivered, installed, tested and put into operation.
2. Customs officers trained in use of special equipment and provided with necessary operation manuals.

Measurable indicators:

1. CCA mobile units supplied with required surveillance and control equipment
2. Customs officials use and operate with equipment in performing its range of duty

In Service for Customs Control and Departments for Risk Management, Investigation and Fraud Targeting, 81 customs officers deal with anti smuggling and fraud targeting activities. Upon accession to the EU, with elimination of inside borders with Slovenia and Hungary and because of the need for strengthening the external border of EU (Schengen agreement), we estimate that existing number of customs officers should be increased for additional 150. The increased number of customs officers dealing with implementation of control procedures needs to be adequately equipped with the specified technical equipment.

In Customs training centre, training for authorized customs officers is ongoing. We plan to expand the training program with new areas such as surveillance of blue border (with customs boats at sea and rivers) and using specialist equipment for detection.

We believe that preconditions for significant growth of efficiency in fight against smuggling and fraud, as well as higher number of confiscation of illegal goods, would be created with the above mentioned organizational, personnel and technical strengthening of Customs Administration.

3.4 Activities

1. Procurement of surveillance and control equipment for work of the CCA anti-smuggling mobile units. This activity consists of the following sub-activities: tendering, contracting, delivery, instalment, testing and putting into operation.

Based on the aforementioned the following items should be procured:

	Equipment	Units
1.	Vans	17
2.	Personal vehicles	20
3.	All terrain vehicles	7
4.	Vehicles for transport of official dogs	8
5.	Mobile x-ray vehicle	1
6.	Official dogs	8
7.	Patrol sea boats	4
8.	Patrol river boats	6
9.	Trace detectors	17
10.	Contraband detectors	17

2. Training of staff to operate with the equipment provided by manufacturer/supplier⁴ and providing necessary operation manuals.

3.5 Conditionality and sequencing

1. National Integrated Border Management Strategy updated regularly.
2. The necessary co-financing is included in the state budget.
3. The equipment has to be delivered prior to the training programmes for the relevant staff.
4. Adequate staffing of all Anti-smuggling mobile units is ensured.
5. The necessary co-financing for improvement of infrastructure included in the national budget.

⁴ Type of training, course duration and number of staff to be trained are to be specified in the Technical Specifications

3.6 Linked activities

CARDS 2001 Integrated Border Management – Enhancing Interagency Cooperation

The Project lasted from 1 April 2004 until 31 December 2005 and it was implemented by the Ministry of Interior – Border Police Directorate, Ministry of Finance – Customs Directorate, Ministry of Agriculture, Forestry and Water Management – Department for Agriculture and Department for Veterinary Science, Ministry of Health and Social Welfare – Department for Sanitary Inspection and State Inspectorate (hereinafter referred to as The Agencies), in cooperation with the Agency for European Integration and Economic Development (AEI) c/o Republic Ministry of Finance of the Republic of Austria, Ministry of Interior of the Republic of Austria and International Centre for Emigrational Policy Development (ICMPD) from Vienna. The IBM Strategy and its implementation Action Plan have been drafted within the framework of this program in cooperation with the national and international partners. The named documents were drafted by the Interagency Working Group at high level, consisting of Croatian and international experts. The Strategy and the Action Plan were adopted by the Croatian Government on 21 April 2005.

3.7 Lessons learned

During the implementation of CARDS 2001 project (which was not dealing with anti-smuggling and customs fraud in details) we received the equipment given in chapter 3.1 “Background and justification”, which also represents the current situation in terms of equipment of the CCA Mobile Units.

Through CARDS 2001 Integrated Border Management Twinning project together with integrated border management and better cooperation of agencies with border authorities, the goals of combating cross-border criminal are also highly represented. After a number of workshops and study tours, we got acquainted with the Member States customs administrations’ work methods. The needs for equipping the Customs Administration for achieving specific goals in fight against smuggling and cross-border criminal were explained in chapter 3.1 “Background and justification”.

CARDS 2001 project was successfully completed in December 2005 and in the same year, the Republic of Croatia constituted and began with activities of mutual customs and police mobile units.

4. Indicative Budget (amounts in €)

	TOTAL PUBLIC COST	SOURCES OF FUNDING									
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE
		Total	% *	IB	INV	Total	Type of cofinancing (J/P)**	% *	Central	Regional	IFIs
Activities											
Activity 1											
contract 1 (SU)	4.700.000	3.450.000	73		x	1.250.000	J	27			
TOTAL	4.700.000	3.450.000	73			1.250.000		27			

** compulsory for INV (minimum of 25 % of total EU + national public contribution) : Joint co financing (J) as the rule, parallel Co financing (P) per exception
* expressed in % of the Total Public Cost

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	1Q/2008	4Q/2008	4Q/2009

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

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

6.2 Environment

The project does not directly involve activities with an environment impact.

6.3 Minorities

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

ANNEXES

- 1- Log frame 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)

ANNEX 1: Logical framework matrix in standard format

Equipment for Anti-smuggling Units		Programme name and number IPA 2007	2007/019-247
Ministry of Finance – Customs Directorate			
		Total budget: €4.700.000	IPA budget: €3.450.000
Overall objective	Objectively Verifiable Indicators	Sources of Verification	
Supporting the fight against national and international organised crime thus ensuring collection of national and EU revenue and the social protection of national and EU citizens.	CCA in full compliance with the EU Regional IBM Guidelines	European Commission’ s Regular reports on the status of preparation of the Republic of Croatia for accession	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Strengthening customs control and surveillance on the whole customs territory of the Republic of Croatia in order to prevent breach of customs and excise regulations and to facilitate investigation and prosecution of anti-smuggling activities and other forms of organised crime.	Increased operational capacity of the CCA in fight against smuggling and other forms of organised crime Revenue collection increased through reduction of breach of customs and excise regulations and collection of fines	Regular CCA Reports European Commission’s Regular Reports on the status of preparation of the Republic of Croatia for accession	Croatian Government maintains consistent policy and commitment to the EU accession and related implementation of <i>National IBM Strategy</i> . Willingness and capacity of Customs high-level management to introduce changes and innovation into practical management.
Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
1. Equipment purchased, delivered, installed, tested and put into operation. 2. Customs officials trained in use of special equipment and provided with necessary operation manuals.	1. CCA mobile units supplied with required surveillance and control equipment. 2. Customs officials use and operate with equipment in performing its range of duty.	Project reports Regular reports of the CCA’s Anti-smuggling mobile units Annual reports on state revenue incomes	Low turnover of trained staff Full commitment of the parties involved

Activities	Means	Specification of costs	Assumptions
<p>1. Procurement of surveillance and control equipment for work of the CCA anti-smuggling mobile units.</p> <p>2. Training of staff to operate with the equipment provided by manufacturer / supplier and providing necessary operation manuals</p>	Supply contract	4.700.000 €	<p>Full commitment of the parties involved.</p> <p>Sufficient absorption capacity and ownership of change process.</p>
			<p>Preconditions</p> <p>National Integrated Border Management Strategy updated regularly.</p> <p>The necessary co-financing is included in the state budget.</p> <p>The equipment has to be delivered prior to the training programmes for the relevant staff.</p> <p>Adequate staffing of all Anti-smuggling mobile units is ensured.</p> <p>The necessary co-financing for improvement of infrastructure included in the national budget.</p>

ANNEX 2: Contracted and disbursed by quarter for the project (amounts in €)

Contracted	1st QR 2008	2nd QR 2008	3rd QR 2008	4th QR 2008	1st QR 2009	2nd QR 2009	3rd QR 2009	4th QR 2009	1st QR 2010	2nd QR 2010	3rd QR 2010
Contract 1				4.700.000							
Cumulated				4.700.000							
Disbursed	1st QR 2008	2nd QR 2008	3rd QR 2008	4th QR 2008	1st QR 2009	2nd QR 2009	3rd QR 2009	4th QR 2009	1st QR 2010	2nd QR 2010	3rd QR 2010
Contract 1					1.880.000	1.175.000	940.000	705.000			
Cumulated					1.880.000	3.055.000	3.995.000	4.700.000			

ANNEX 3: Reference to laws, regulations and strategic documents

The operations of the customs officials of the Service for Customs Control are regulated by the following legislation:

- Act on Customs Service (OJ 67/01)
- General Taxation Act (OJ 127/00, 86/01 and 150/02)
- Act on Offences (OJ 88/02)
- Criminal Procedure Act (OJ 110/97, 27/98 – amendment 58/99, 112/99 and 58/02, 143/02 – amendment and 115/06)
- Code of Ethics for Civil Servants (OJ 49/06)
- Code of Professional Ethics for Officials of the Ministry of Finance, the Customs Directorate (OJ 133/06)

The customs officials of the Service for Customs Control are responsible for implementation of the following general legislation:

- Customs Act OJ 78/99, 117/99, 73/00, 92/01, 47/03, 140/05 and 138/06)
- Regulation Implementing the Customs Act (OJ 161/03, 69/06 and 05/07)
- Special Tax on Refined Petroleum Products Act (OJ 55/00, 101/00, 27/01, 107/01, 136/02 – consolidated text and 123/03)
- Act on Special Tax on Coffee (OJ 87/05)
- Act on Special Tax on Tobacco Products (OJ 51/94, 56/95, 67/99, 105/99, 55/00 and 107/01)
- Act on Special Tax on Alcohol (OJ 136/02)
- Act on Special Tax on Non-Alcoholic Beverages (OJ 136/02)
- Act on Special Tax on Beer (OJ 136/02)
- Act on Special Tax on Luxury Products (OJ 136/02)

The relevant applicable EU documents are as follows:

- Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff, last amended by Council Regulation (EC) No 254/2000 of 31 January 2000)
- Community Customs Code (Council Regulation (EEC) N) 2913/92 as amended), Title IV, Chapter 2, Sections 3, B (Articles 91-97) and Title IV, chapter 4, Section 5 (Articles 163-165), and in the Implementing Provisions to the Community Customs Code (Commission Regulation (EEC) N) 2454/93) in Part II, Title II (Articles 313-462) and in Annexes 31 to 38 and 42 to 58
- Council Directive 92/12/EEC on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products (OJ L 76, 23.3.1992, p.1); Directive as last amended by Directive 2000/47/EC (OJ L 193, 29.7.2000, p.73).
- Commission Regulation 2719/92/EEC on the AAD (Administrative Accompanying Document) for the movement of products subject to excise duties under duty-suspension arrangements (OJ L 276, 19.9.1992, p.1).
- Commission Regulation 2073/2004/EC on administrative cooperation in the field of excise duties (OJ L 359 04.12.2004., p.1)
- Council Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation (OJ L 336, 27.12.1977, p.15).

Reference to AP / NPAA / EP / SAA

Present project will contribute to the realisation of priorities as set out in Accession Partnership, particular by reinforcing the surveillance of the sea borders and implement and increase the investments in technical equipment and infrastructure.

Reference to MIPD

The present project is complementary to the aims of IPA assistance to support institutional capacity building for acquis transposition in three different chapters. Adoption and application of the acquis in the Customs union (Chapter 29), Taxation (Chapter 16) and Justice, freedom and security (Chapter 24) field is an essential element of the general process of Croatia's preparation for accession to the EU.

Reference to National Development Plan

Not applicable.

Reference to national / sector investment plans

Not applicable.

ANNEX 4: Details per EU funded contract (where applicable)

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

Not applicable.

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

Not applicable.

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

Not applicable

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

Not applicable.

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

Not applicable.

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

- Rate of return
This investment is a pre-requisite to the effective enforcement of the acquis, and therefore a rate of return analysis is not applicable for this project.
- Co financing
Croatia's authorities will provide from the national budget 25% of the supply component.
- Compliance with state aids provisions
Not applicable.
- Ownership of assets (current and after project completion)
All equipment to be purchased on behalf of the Contracting Authority/beneficiary institution, as part of supply contract (sub-project 2) will become solely the ownership of the beneficiary institution.