

**1. Basic information**

**1.1 CRIS Number: 2007/019-247**

**1.2 Title: Customs Laboratory Development**

**1.3 Code: 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

Ministry of Finance of the Republic of Croatia

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1.6 Beneficiary (including details of SPO)

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- 1.7 Overall cost: 2.900.000 EUR
- 1.8 EU contribution: 2.275.000 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**

Support the CCA Business Strategy in order to maximise collection of customs duties and taxes by establishing nature, tariff classification, origin and value of goods, provide support for the prevention of illegal traffic of goods and to prepare CCA for the administration of EU CAP.

### **2.2 Project purpose**

Further development of Customs Laboratory to realize the operational capacity in compliance with the EU requirements resulting in improved legal basis, management policies, analytical equipment, analytical methods, training programmes and working methods, required to perform the wide range of responsibilities in line with the EU best practice.

### **2.3 Link with AP / NPAA / EP/ SAA**

Accession partnership calls for continue strengthening of the administrative and operational capacity of customs services, in particular for the control of preferential rules of origin and accelerate alignment with the EU acquis.

The Croatian Customs Administration (CCA) plans to develop customs laboratory service that will contribute to realisation of business priorities as laid down in Business Strategy (NPAA).

### **2.4 Link with MIPD**

The strategic objective of the pre-accession assistance provided to Croatia under IPA Component I - Transition and Institution Building Assistance, for the period 2007-2009, is to assist in meeting the accession criteria, i.e. the

*political* and *economic* criteria as well as the adoption, implementation and enforcement of the *acquis communautaire*. In addition, IPA assistance aims to support policy development as well as preparation for the implementation of the Community's *Common Agricultural Policy* with a view to EU membership. Performing analytical service to enforce the EU Common Agricultural Policy is one of the main future task of the Croatian Customs Administration, in addition to taking care of examinations in connection with export and import control, customs and excise taxation and other tasks performed by Customs or the Customs Laboratory.

As regards the ability to assume the obligations of membership the focus of assistance in this area will be on institutional capacity building for *acquis* transposition and implementation according to the priorities identified in the Accession Partnership, the screening reports and subsequent negotiations in the different chapters of the *acquis*.

#### 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 employs 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 consists of 8 separate Services covering the full spectrum of Customs activities (including the control and administration of all Excise taxes) with 12 regional Customs Houses. The Service for Customs Tariff, Value, Origin and Customs Laboratory is headed by an Assistant Director General and consists of four departments: Department for Customs Tariff, Department for Value, Department for Origin and Department for Customs Laboratory. The Department for Customs Laboratory (Central Customs Laboratory) and the customs laboratory premises are located in the building of the Customs house Zagreb. Currently this department has 6 employees including the Head of Department. Beside customs laboratory located in Zagreb Customs House currently there are also two customs laboratories operating, located in the cities of Rijeka and Split. Organisationally these two laboratories are organised as the Departments for Customs Tariff, Value, Origin and Customs Laboratory within the Customs

House Rijeka and Customs House Split. The Department for Customs Laboratory in Rijeka has 2 employees and the same department in Split has 3 employees.

The basic act regulating customs procedures in the Republic of Croatia is the Customs Act (OG 78/99, 94/99, 117/99, 73/00, 92/01, 47/03, 140/05, 138/06) which has been largely harmonized with Council Regulation (EEC) No 2913/1992 establishing the Customs Code, and its amendments. Articles 80 to 85 of the Customs Act (corresponding to articles 68 to 73 of the EU Customs Code) regulate the possibility of taking samples in order to check the accepted declaration. The Regulation Implementing the Customs Act (OJ 161/03, 69/06, 05/07) in its articles 149 to 158 regulates the procedure of taking samples, writing a report, quantity of goods needed to be taken as a sample, proceedings with samples after analysis, costs of the analysts etc. Specifically, article 155 item 1 of the Regulation states that Customs Houses should send samples of goods along with the copy of the report on taking samples to the Customs Laboratory for analysis. Item 2 of the same article allows the possibility of taking analysis in similar referent institution, if the Customs Laboratory is unable to perform the analysis.

The Customs Laboratory is responsible for taking analysis of the samples of imported and exported goods and samples that come out in post-clearance procedure, excise procedure, offence procedure and other customs related business. Each laboratory is assigned to one specific territorial area, operating in an independent way. The Rijeka Laboratory analyzes samples of goods coming from Istria and Kvarner region. The Split Laboratory is in charge of making analyses of goods from Dalmatian region while the Zagreb Laboratory, as a central and the largest one as the volume of work in Zagreb is considerably greater than other customs laboratories, analyzes samples from Zagreb, central and northern of the Republic of Croatia. The main task is to carry out the analyses of goods related to the tariff classification, control measures on foreign trade and duties. Authorized customs officers perform chemical-technological examinations of samples, classification in customs tariff and write analytical reports (mostly graduated engineers of chemistry or technology).

The laboratory staffs perform chemical-technological examination of samples of a huge variety of goods, classification in customs tariff and prepare analytical reports. Analytical reports contain description of samples, performed analytical procedure, tariff number and legal base for classification. Analyses<sup>1</sup> are performed in laboratory with very small quantity of equipments in comparison to the requirements of Customs Tariff. The services of other specialized laboratories and scientific institutions are outsourced when is not possible to perform analysis due to lack of adequate equipment. This refers to analysis of e.g. metal, wheat, caffeine contents, some examinations on petrol products, sugar, etc. This outsourcing practice is being faced with a number of difficulties mainly because the available external laboratories are dealing with particular types of goods with regard to their quality and safety characteristics,

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<sup>1</sup> The total number of analyzed samples (import/export/transit) in 2006 is 6372.

but not concerning their identification and tariff classification, there is no available analytical institution to perform required specific analyses of the goods the customs is dealing with, etc.

As regards the current condition in terms of laboratory staff, equipment and needed premises the Twinning Light project “Strengthening of the Customs Laboratories System in Croatia”<sup>2</sup>, which finished in May 2007, found that the premises, human and material resources and the infrastructures of the laboratory are clearly insufficient. Current staff situation merely covers all the needs required by the job description and current staff number will not be adequate to satisfy needs of operating under the EU requirements. The existing equipment is modest, partially out of date and insufficient regarding the type and number. As such it can not meet the requirements of customs tariff, methods, standards and norms established by the EU. Within the framework of mentioned project a detailed list of of the needed equipment, respecting the work techniques and methods, types of analysis and types of goods analyzed, has been produced.

As regards the CCA the new responsibilities after the accession to the EU, related to the trade facilitation on the one side and the enforcement and security functions and control of the external border on the other side, will increase the role of the Croatian Customs Laboratory and will lead to the necessity of strengthening operational capacities of the Customs Laboratory in order to become capable to perform analyses of samples within the frame of the Common Agricultural Policy, refunds control on export, provide technical support for the implementation of the excise legislation as well as technical and scientific support for the control of dangerous materials, controlled substances, etc and to determines classification according to the tariff and statistical nomenclature. In order to respond this challenge it is required to develop the Central Customs Laboratory in line with the European and national legislation, international achievements in the area and equip it with appropriate analytical instruments in order to meet current and future requirements and objectives.

In its Opinion on application of the Republic of Croatia for membership to the European Union - AVIS (COM 2004 257), the European Commission highlighted that the existing Customs laboratories will have to be upgraded to make them compatible with EU requirements.

Due to abovementioned, the CCA plan is to organise and develop a Central Customs Laboratory located in Zagreb as a key support function for the improvement of the customs control that would assume all the activity generated by all the Customs Offices in Croatia. The aim to organised customs laboratory system as a single analytical centre for the chemical control of the

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<sup>2</sup> One of the outputs of the mentioned ongoing twinning light project is the Feasibility Study relating to the customs laboratories system location, infrastructure, availability, changes required and costs analysis study to implement the proposed modifications into the customs administration. It describes the general overview of current situation as well as development requirements with regard to accession to the EU and competences to be assumed by customs laboratory.

goods related to the foreign trade, CAP<sup>3</sup> and excise duty will become even more important upon accession when borders of the Republic of Croatia will constitute a new external frontier of the EU. To achieve that it would be also necessary to give to that laboratory all the resources for a correct development of the activity required for a laboratory of those characteristics

The main duties which must be carried out by the network of the Croatian Customs Laboratories will be the following:

- Technical management and coordination activities carried out in the different Customs Laboratories. At first there will be the Central Customs Laboratory of Zagreb.
- Issuing of analysis and physical – chemical evaluation reports related to the activities of control carried out by the Croatian Customs Authority and elaboration of the corresponding evaluation reports.
- The carrying out of chemical – technical studies for products and productive processes under the Foreign Trade regulations, the Common Agricultural Policy, analysis of drugs and sensitive substances or excise duties.
- Elaboration of the criteria for extraction, handling, presentation, storage, treatment and analysis of samples.
- Studies on the control of dangerous chemical substances, drug precursors and other products under specific regulations.
- Consulting tasks for the inspection units and services, research and intervention as well as other tasks within the Customs Services of Croatia
- Consulting and analytical control derived from the agreements with other National Public Administrations or community organs.

In this perspective, taking into account the demands of timely and dependable customs laboratory services, and the scarcity of essential and sophisticated equipment, this project proposal aims at supporting the CCA in the development of Central Customs Laboratory both from functional and operational perspective, in accordance with the EU standards and guidelines, and thus to support the enforcement of the Customs legislation and the improvement of the operational capacity of the Customs service and also to increase the cooperation and exchange of information with relevant institutions at the national and EU level.

### 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) and Taxation (Chapter 16) 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 project complies with EU norms and standards. The project implementation will not have any adverse effects on the environment. The

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<sup>3</sup> Common Agricultural Policy

Twinning project will provide concrete assistance and knowledge transfer to the Customs managers and responsible staff in project management methodologies and quality management assurance.

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:

#### Sub-project 1: Development of the Customs Laboratory – Twinning Results:

1. Quality Management System in Customs laboratories introduced (including written guidance for laboratory staff in respect to the laboratory management polices, working methods and general laboratory safety rules) and Quality Handbook elaborated;
2. Laboratory methods updated and in compliance with the EU best practice;
3. Developed and disseminated written guidelines on:
  - laboratory safety, security and hygiene procedures,
  - correct sampling, labelling, packing and despatching of the samples, and in relevant health and safety requirements;
4. Training policies and programmes upon current and future needs of laboratory personnel and customs staff developed and relevant training delivered;
5. Plan for co-operation with EU Customs laboratories and/or with other analytical institution inside and outside the country developed

#### Measurable indicators:

1. Laboratory work in accordance with the EU best practice and methods developed by international and national institutes for norming (ISO norms) and also in accordance with methods provided in relevant scientific literature.
  - 2.1. 5000 analyses performed according to the EU best practice.
  - 2.2. Laboratory analysis reports are obligatory and are made available to customs staff and traders
    - 3.1. At least 50 instructions in place and disseminated;
    - 3.2. Laboratory staff trained on laboratory safety rules, security and hygiene procedures;
    - 3.3. At least 100 customs officers involved in taking samples are trained on correct sampling, labelling, packing and transportation of samples, and in the relevant health and safety requirements (or each custom officer given written instructions on ....)
  - 4.1. At least 20 trainings delivered to laboratory personnel and customs staff
  - 4.2. Laboratory personnel trained according to the specific needs of the work
5. At least 10 formal and informal partnerships with other customs laboratories and/or with other qualified analytical institutions, inside and outside the country, developed.

## Sub-project 2: Supply of equipment for the National Customs Laboratory Network

### Results:

1. Laboratory equipment purchased, delivered, installed, tested, put into operation; necessary scientific, analytical and technical literature supplied;
2. Customs Laboratory staff responsible for operating with supplied equipment adequately trained;

### Measurable indicators:

1. Customs Laboratory are equipped with all of the analytical equipment required to perform their full range of duties
2. All necessary training of laboratory staff performed by supplier
3. Customs laboratories are equipped with scientific, analytical and technical literature as appropriate

## 3.4 Activities:

### Sub-project 1: – Development of the Customs Laboratory – Twinning

1. Revise and update of functional and organisational structure of the customs laboratory in accordance with the requirements for the functioning of the Quality Management System and develop a compendium of applied customs laboratory methods in line with the EU best customs laboratories practice;
2. Update the applied analytical methods and harmonise them with the relevant EU Regulations and Directives and accordingly train laboratory staff;
3. Assist in development of written guidelines related to:
  - laboratory safety, security and hygiene requirements,
  - sampling procedures with emphasis on health and safety requirements;
4. Design, development of training programmes and delivery of:
  - practical training of laboratory staff in customs laboratory of the EU member state to work on relevant laboratory instruments (e.g. GC,HPLC,FT-IR,IPC,XRF),
  - training of customs officers on correct sampling (particularly for hazardous substances, chemicals, wastes etc.), labelling, packing and transportation of samples, and all relevant health and safety requirements,
  - other relevant training;
5. Development of a plan for co-operation with the other EU Customs laboratories in order to resolve specific problems and share expertise

## Sub-project 2: Supply of equipment for the National Customs Laboratory Network



1. Contracting, delivery, installing, testing and putting into operation of the following required laboratory equipment:

	<b>Equipment</b>	<b>Units</b>
1.	Analytical balance	2
2.	Top loader balance	1
3.	Ph - meter	1
4.	Electrical muffle furnace	1
5.	Mechanical convention oven	1
6.	Vacuum drying oven	1
7.	Water bath	1
8.	Water bath with temperature control and shake	1
9.	Sand bath	1
10.	Multiposition magnetic stirring Hot plate	2
11.	Rotary evaporator system	1
12.	Refrigerated centrifuge	1
13.	Water purification system with pre-treatment	1
14.	Sample mill (Homogenizers)	2
15.	Ultrasonic cleaning bath	1
16.	Automatic densimeter	2
17.	Automatic viscometer and densimeter	1
18.	Constant temperature viscosity bath	1
19.	Glass capillary viscometer	1
20.	Melting point apparatus	1
21.	UV-VIS Spectrophotometer	1
22.	Gas chromatograph with MS detector	1
23.	Gas chromatograph with FID detector	1
24.	Gas chromatograph with FID and ECD detector	1
25.	HPLC with Diode array detector	1
26.	HPLC with Diode array and refractive index detector	1
27.	Enologic distiller system	1
28.	Automatic distiller with steam	1
29.	Flash point analyzer for petroleum products according to ASTM D-6450	1
30.	Automatic analyzer for pour and cloud points of hydrocarbons according to ASTM D-97 and ASTM D-2500	1
31.	Distiller according to norm ASTM D-86	1
32.	Microdistillation analyzer	1
33.	Colorimeter according to ASTM D-1500 and ASTM D-156	1
34.	Penetrometer for bitumen materials according	1

	to ASTM D-5 and ASTM D-5329	
35.	Automatic Kjeldahl analyzer system	1
36.	Automatic Total fat extractor	1
37.	Stereozoom microscope with digital camera	1
38.	Inductive coupled plasma optical emission spectrometer computer controlled with microwave oven	1
39.	Energy dispersive x-ray fluorescence analyzer	1
40.	FT-IR spectrophotometer (ATR principe)	1
41.	Complex laboratory furniture including tables, storage cabinets, fume cupboards, tables for balances, Laboratory dish-washer	
42.	Refrigerator cca 1200 l (- 4°c - + 15°c)	1
43.	Chest freezer cca 1200 l (up to – 18°c)	2
44.	Glassware, rubberware and plasticware for laboratory	
45.	Technical literature:	
	1. Annual book of ASTM standards: petroleum products and lubricants (i): d 56 - d 1660	
	2. Principles of Instrumental Analysis sixth edition, Authors: Douglas A. Skoog, F. James Holler and Stanley R. Cruch	

2. Training of the laboratory staff to operate with the equipment<sup>4</sup>;

3.5 Conditionality and sequencing:

### Conditionality

Croatian authorities will continue to demonstrate commitments to adopt and implement the EU *acquis* and standards in the field of Customs and Taxation.

Before the practical start of implementation of the project, tasks and responsibilities of all involved services will be defined and approved. Considerable experience has already been gained in making such arrangements. At this stage the services involved have already exchanged preliminary information about future project implementation and the respective division of tasks/responsibilities.

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

Projects being implemented through Twinning require full commitment and involvement on behalf of senior level officials of the beneficiary institution. Therefore, the Ministry of Finance commits to provide adequate staff and support to the twinning partner (incl. translation and interpretation) as well as to introduce the institutional changes identified as needed for the successful implementation of the project. The necessary conditions will be provided for monitoring the project implementation by EC and for complying with its corrective instructions.

The strict conditionality associated with the programme includes the following:

1. The Customs Administration Business Strategy and Business Change Management Plan are in place prior start of contracting.
2. The necessary co-financing for improvement of infrastructure included in the state budget.
3. Adequate number of qualified laboratory staff in place prior to the start of contracting.

#### Sequencing

The launch of Twinning project (Sub-project 1) should ideally start parallel or slightly after the delivery and installation of equipment purchased under the Supply Contract (Sub-project 1).

During the work on the project, access to all necessary management levels will be ensured to the Twinning partners and Croatian experts.

In cases of unforeseen delay of project implementation or other obstacles, the leadership of the Ministry of Finance together with the Twinning partner will define and undertake the necessary measures for overcoming them.

### 3.6 Linked activities

#### CARDS 2003 “Strengthening of the customs laboratories system in Croatia” - Twinning Light Project

The specific objective of the project is to strengthen the customs laboratories structures to manage change and innovation, including strategic planning and reporting, communication and human resource management, necessary to upgrade the skills on a broad basis required for the successful implementation of EU norms and standards. One of the key outputs of the project is the Feasibility Study which examined current organisation, locations, human and infrastructural resources of the Croatian customs laboratories and provides recommendations and proposals of the best solutions with regard to accession to the EU and related requirements for the customs laboratory work. Project started in October 2006 and finished in April 2007.

CARDS 2004 twinning project “Modernisation of Customs Administration in view of preparing for the Integrated Tariff Management System (ITMS)”

This 24-month project, which started in November 2005, provided assistance primarily in the EU Customs tariff related areas: classification, valuation of goods, binding tariff information, EU customs procedures with economic impact, EU simplified customs procedures (others than Community transit), quotas. It will also contribute to further legislative alignment, training of staff and increasing in the capability of the Customs Directorate to manage the implementation of the new procedures in the EU Customs Tariff related areas.

Customs 2007 Programme

Customs 2007 programme aims to provide a legal and financial base for electronic information exchange systems between national administrations, training seminars for customs officials and experts, the exchanges of officials between national administrations and the basis for an electronic system which will allow business to move towards a paperless customs environment. Candidate countries for accession to the European Union (EU) are participating in the programme, so as to help both them and Member States prepare for enlargement. The Memorandum of Understanding between Croatia and European Union on Croatian participation in Customs 2007 programme was signed in August 2006.

3.7 Lessons learned

During implementation of one of the previous projects that has been completed in the Customs area under the CARDS 2001 Programme<sup>5</sup> three significant criticisms emerged. Firstly, there was a perceived lack of administrative capacity due to a shortage of staff. Secondly, the level and quality of project management was a source of criticism. Finally, it was felt that it was difficult to link activities to results. All this has been avoided in following projects under CARDS and should be avoided in present project by recruiting the additional personnel as necessary in line with the manpower resource requirements, secondly by the input from the Twinning project that will provide transfer of skills from the experts employed to the Customs management staff and finally by the introduction of Quality Management System.

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<sup>5</sup> CARDS 2001 Integrated Border Management – Customs Twinning Project

#### 4. Indicative Budget (amounts in €)

Activities	TOTAL PUBLIC COST	SOURCES OF FUNDING									
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE
		Total	% *	IB	INV	Total	Type of cofinancing (J/P)**	% *	Central	Regional	IFIs
Activity 1											
contract 1.1(TW)	500.000	500.000	100	X							
contract 1.2(SU)	2.400.000	1.775.000	74		625.000	J	25				
<b>TOTAL</b>	<b>2.900.000</b>	<b>2.275.000</b>	<b>78</b>		<b>625.000</b>		<b>22</b>				

\*\* 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 1.1	1Q/2008	3Q/2008	4Q/2009
Contract 1.2	1Q/2008	4Q/2008	3Q/2009

All projects should in principle be ready for tendering in the 1<sup>ST</sup> 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 key environmental effects of the project will be the enhanced technical and methodological competency of the Central Customs Laboratory thus ensuring environmental protection during everyday activities of the customs laboratory.

### 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

<b>Customs Laboratory Development</b>		Programme name and number <b>IPA 2007</b>	<b>2007/019-247</b>
<b>Ministry of Finance – Customs Directorate</b>			
		<b>Total budget: €2.900.000</b>	<b>IPA budget: €2.275.000</b>
<b>Overall objective</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	
Support the overall CCA Business Strategy in order to maximise collection of customs duties and taxes by establishing nature, tariff classification, origin and value of goods, provide support for the prevention of illegal traffic of goods and to prepare CCA for the administration of EU CAP	CCA performance fully compatible with accession requirements and the Customs Blueprints standards	CCA Annual Reports Regular reports of the Commission' services	
<b>Project purpose</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Further development of Customs Laboratory to realize the operational capacity in compliance with the EU requirements resulting in improved legal basis, management policies, analytical equipment, analytical methods, training programmes and working methods, required to perform the wide range of responsibilities in line with the EU best practice.	Increased operational capacity of the CCA in terms of enlarged number and scope of analyses  Increased efficiency of the CCA in trade facilitation tax/customs evasions and subsidise frauds  Increased collection of revenue	CCA Annual Reports Regular reports of the Commission' services  CCA Statistics on import	Government maintains consistent policy and commitment to the EU accession  Willingness and capacity of CCA high-level management to introduce changes and innovation into practical management
<b>Results</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Component 1 – Development of the Customs Laboratory – Twinning</b> 1. Revise and update of functional and organisational structure of the customs laboratory in accordance with the requirements for the functioning of the Quality Management System and develop a compendium of applied customs laboratory methods in line with the EU best customs laboratories practice	1. Laboratory work in accordance with the EU best practice and methods developed by international and national institutes for norming, (ISO norms) and also in accordance with methods provided in relevant scientific literature.	Project Progress/Monitoring Reports  Regular project reports  Regular reports of the Commission' services	Adequately qualified staff available for operation of the supplied equipment Commitment from the beneficiary to co-operate with external project experts



<p>2. Update the applied analytical methods and harmonise them with the relevant EU Regulations and Directives and accordingly train laboratory staff</p> <p>3. Assist in development of written guidelines related to:</p> <ul style="list-style-type: none"> <li>- laboratory safety, security and hygiene requirements,</li> <li>- sampling procedures with emphasis on health and safety requirements;</li> </ul> <p>4. Design, development of training programmes and delivery of:</p> <ul style="list-style-type: none"> <li>- practical training of laboratory staff in customs laboratory of the EU member state to work on relevant laboratory instruments (e.g. GC,HPLC,FT-IR,IPC,XRF)</li> <li>- training of customs officers on correct sampling (particularly for hazardous substances, chemicals, wastes etc.), labelling, packing and transportation of samples, and all relevant health and safety requirements</li> <li>- other relevant training</li> </ul> <p>5. Development of a plan for co-operation with the other EU Customs laboratories in order to resolve specific problems and share expertise</p>	<p>2.1. 5000 analysis performed according to the EU best practice</p> <p>2.2. Laboratory analysis reports are obligatory and are made available to customs staff and traders</p> <p>3.1. At least 50 instructions in place and disseminated</p> <p>3.2. Laboratory staff trained on laboratory safety rules, security and hygiene procedures</p> <p>3.3. At least 100 customs officers involved in taking samples are following rules on correct sampling, labelling, packing and transportation of samples, and in the relevant health and safety requirements</p> <p>4.1. At least 20 trainings delivered to laboratory personnel and customs staff</p> <p>4.2. Laboratory personnel trained according to the specific needs of the work</p> <p>5. At least 10 formal and informal partnership with other customs laboratories and/or with other qualified analytical institutions, inside and outside the country, developed.</p>	<p>Customs Laboratory Annual Reports</p> <p>Documents on handing over the equipment/technical literature (provisional/final acceptance notes)</p> <p>Regular project reports</p>	
<p><b>Component 2 - Supply of equipment for the National Customs Laboratory Network</b></p> <p>1. Laboratory equipment purchased, delivered, installed,</p>			

<p>tested, put into operation and necessary scientific, analytical and technical literature supplied</p> <p>2. Staff of the Customs Laboratory responsible for operating with supplied equipment adequately trained</p>	<p>1. Customs Laboratory are equipped with all of the analytical equipment required to perform their full range of duties and with scientific, analytical and technical literature as appropriate</p> <p>2. All necessary training of laboratory staff performed by the supplier</p>		
<p><b>Activities</b></p>	<p><b>Means</b></p>	<p><b>Specification of costs</b></p>	<p><b>Assumptions</b></p>
<p><b>Component 1 – Development of the Customs Laboratory – Twinning</b></p> <p>1. Revise and update of functional and organisational structure of the customs laboratory in accordance with the requirements for the functioning of the Quality Management System and develop a compendium of applied customs laboratory methods in line with the EU best customs laboratories practice</p> <p>2. Update the applied analytical methods and harmonise them with the relevant EU Regulations and Directives and accordingly train laboratory staff</p> <p>3. Assist in development of written guidelines related to:</p> <ul style="list-style-type: none"> <li>- laboratory safety, security and hygiene requirements,</li> <li>- sampling procedures with emphasis on health and safety requirements</li> </ul> <p>4. Design, development of training programmes and delivery of:</p> <ul style="list-style-type: none"> <li>- practical training of laboratory staff in customs laboratory of the EU member state to work on relevant laboratory instruments (e.g. GC,HPLC,FT-IR,IPC,XRF),</li> <li>- training of customs officers on correct sampling (particularly for hazardous substances, chemicals, wastes etc.), labelling, packing and transportation of samples, and all relevant health and safety requirements,</li> <li>- other relevant training</li> </ul> <p>5. Development of a plan for co-operation with the other EU</p>	<p>Twinning contract</p>	<p><b>500.000 €</b></p>	<p>Co-ordination with other initiatives in the sector</p> <p>Feasibility Study (needs assessment) and technical specifications finalised before the investments take place</p>

<p>Customs laboratories in order to resolve specific problems and share expertise</p> <p><b>Component 2 – Supply of equipment for the National Customs Laboratory Network</b></p> <p>1. Contracting, delivery, instalment, testing and putting into operation of the required laboratory equipment</p> <p>2. Performing of training of the staff who will operate with the new equipment</p>	<p>Supply contract</p>	<p><b>2.400.000 €</b></p>	
			<p><b>Preconditions</b></p> <p>The Customs Administration Business Strategy and Business Change Management Plan are in place prior start of contracting</p> <p>The necessary co-financing for improvement of infrastructure included in the state budget.</p> <p>Adequate number of qualified laboratory staff ensured.</p>

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

<b>Contracted</b>	<b>1<sup>st</sup> QR 2008</b>	<b>2<sup>nd</sup> QR 2008</b>	<b>3<sup>rd</sup> QR 2008</b>	<b>4<sup>th</sup> QR 2008</b>	<b>1<sup>st</sup> QR 2009</b>	<b>2<sup>nd</sup> QR 2009</b>	<b>3<sup>rd</sup> QR 2009</b>	<b>4<sup>th</sup> QR 2009</b>	<b>1<sup>st</sup> QR 2010</b>	<b>2<sup>nd</sup> QR 2010</b>	<b>3<sup>rd</sup> QR 2010</b>
Contract 1.1				500.000							
Contract 1.2				2.400.000							
<b>Cumulated</b>				<b>2.900.000</b>							

<b>Disbursed</b>	<b>1<sup>st</sup> QR 2008</b>	<b>2<sup>nd</sup> QR 2008</b>	<b>3<sup>rd</sup> QR 2008</b>	<b>4<sup>th</sup> QR 2008</b>	<b>1<sup>st</sup> QR 2009</b>	<b>2<sup>nd</sup> QR 2009</b>	<b>3<sup>rd</sup> QR 2009</b>	<b>4<sup>th</sup> QR 2009</b>	<b>1<sup>st</sup> QR 2010</b>	<b>2<sup>nd</sup> QR 2010</b>	<b>3<sup>rd</sup> QR 2010</b>
Contract 1.1					200.000	325.000	425.000	500.000			
Contract 1.2					960.000	1.560.000	2.040.000	2.400.000			
<b>Cumulated</b>					<b>1.160.000</b>	<b>1.885.000</b>	<b>2.465.000</b>	<b>2.900.000</b>			

### **ANNEX 3: Reference to laws, regulations and strategic documents**

Reference list of relevant laws and regulations

1. Customs Act
2. Regulation Implementing the Customs Act
3. Act on Customs Tariff
4. Regulation on Customs Tariff
5. Instruction on Use of the System of Nomenclature and Numerical Marking of Goods in the Customs Tariff
6. Explanations of Harmonized System (hs)
7. Explanations of Combined Nomenclature (kn)

The following ordinances can be used for the purpose of classification of goods(definitions of terms, type and quality of products etc.) within the framework of national tariff subheadings :

1. Regulation on essential requests for refreshing non-alcoholic drinks and carbonated water
2. Regulation on quality of mineral, spring and table water
3. Regulation on strong-alcoholic and alcoholic drinks and The Wine Law
4. Regulation on quality of fruit, vegetable and mushroom's products as well as pectin preparations
5. Regulation on essential requests for beer and beer-like products
6. Regulation on quality of meat of stock, poultry and game
7. Regulation on quality of grain, mill- and baker's products, pasta and fast frozen dough
8. Regulation on quality of stock-cattle food
9. Regulation on quality of milk, diary products, clotting agent and pure cultures
10. Regulation on health correctness of dietetic food supplies
11. The Law on veterinary drugs and veterinary-medical products
12. The Law on drugs and medical products
13. Regulation on essential requests for cocoa products, chocolate-like products, cream products and candy products
14. Regulation on quality of edible oil and vegetable fats, margarine, mayonnaise etc.
15. Regulation on essential requests for olive oils
16. Regulation on sugar and other saccharides, their solutions, as well as starch and starch syrups
17. Regulation on quality of honey and other bees' products
18. Regulation on coffee, coffee substitutes, coffee- and coffee substitutes products

19. Regulation on snack products
20. Regulation on protection of mushrooms
21. Regulation on essential requests for table salt
22. Regulation on sanitary control of plants as well as control of plant-protecting materials in the cross-border traffic
23. Regulation on quality of spice, spice extracts and mixtures of spice
24. Regulation on nutritional additives
25. The Law on waste
26. The Law on transportation of dangerous substances
27. The Law on explosive materials
28. Regulation on quality of heating oil
29. Regulation on extra-light heating oil
30. Regulation on quality of unleaded motor petrol, aviation petrol
31. Regulation on essential requests for feeding salt
32. Regulation on processing of tobacco, manufacturing and types of tobacco products

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 strengthening the administrative and operational capacity of customs services as identified in Accession Partnership and NPAA as one of priorities in order to accelerate alignment with the EU requirements.

Reference to MIPD

The present project is complementary to the aims of IPA assistance to support policy development as well as preparation for the implementation of the Community's *Common Agricultural Policy* and *Cohesion Policy* with a view to EU membership.

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

Tasks of the Team Leader:

- Exercise overall control and management of the project.
- Reviewing and approving the Project Quarterly and Final Reports (which will be submitted in his name, co-signed by the Croatian project leader); key outputs such as the situation analysis, and any revisions to the Work plan, according to the European Commission rules.
- Monitoring and evaluating the Croatian Customs Administration needs and priorities, the quality of the Resident Twinning Adviser's contribution, and that of short term experts and of the Croatian partner institution, project risks, progress against the project budget, benchmarks, and outputs, and taking any necessary remedial action.
- Coaching and mentoring the Resident Twinning Adviser as necessary.
- Organizing and implementing the MS based activities. This includes the internships and the study tours.
- Propose the most suitable short-term experts and to coordinate their work

Tasks of the Resident Twinning Advisor:

- Ensuring that activities are properly planned, including short term expert visits,
- Monitoring and evaluating, on a day to day basis, the Partner Institution's needs and priorities, the quality and quantity of the input of short term experts and the Croatian partner institution, project risks, progress against the project budget, benchmarks, and outputs, and take any necessary remedial action.
- Executing specific tasks as set out in the various activities described in this work plan. In particular assisting short-term-experts in the delivery of training events.
- Liaising with the Delegation of the European Commission and, as necessary, with experts involved in related projects outside the Partner Institution.
- Reporting formally to the MS Team Leader and reporting issues informally as necessary to the Partner Institution. The RTA will also assist in the preparation of the project quarterly reports and the final report to the Delegation of the European Commission.

Tasks of Short-Term Experts:

Each expert in his/her scope of expertise should make an analysis of the current situation and develop a concept together with the Croatian experts as to most efficiently contribute to the implementation of the project and achievement of mandatory results.



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 (\*\*)

- Feasibility Study relating to the laboratories system location, infrastructure, availability, changes required and analysis costs study to implement the proposed modifications into the Customs Administration<sup>6</sup>

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 assure 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.

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<sup>6</sup> HR/03/IB/FI/04/TL - CARDS 2003 Twinning Light "Strengthening of the customs laboratories system in Croatia"