STANDARD SUMMARY PROJECT FICHE FOR THE TRANSITION FACILITY

1. BASIC INFORMATION

1.1 CRIS Number: 2004/16762.07.03.

1.2 Title: Measures to assist the Customs Department in ensuring that new areas of work post-accession meet all the requirements.

1.3 Sector: Administrative capacity

1.4 Location: Malta

2. OBJECTIVES

2.1 Overall Objectives

Improve customs operations in Malta following its accession to the EU.

2.2 Project Purpose

Customs

The purpose of the project is to provide practical assistance and guidance in implementation and application in the following new areas of operations in the early months of Accession:

- Procedures with Economic Impact,
- Common Agricultural Products (trade mechanisms),
- Post Clearance Audits,
- Excise,
- “Blue” channel controls,
- Tariff Quota management,
- TARIC Management
- Binding Tariff Information,
- Transit and
- Implementing Provisions

2.3 Justification

Malta Customs Administration’s operational and administrative capacity is in place and functioning well. Strategies are in place to continue with the plans to reorganise the department so that it is in a position to apply the measures and provisions that will
be introduced only on accession. These include the change of emphasis as part of a Customs Union on post-clearance controls, Procedures with Economic Impact, Binding Tariff Information, Community Transit, Excise, Common Agricultural Products, Tariff Quota Management and TARIC management.

In fact, the Comprehensive Monitoring Report (5th November 2003) states:

‘Concerning administrative and operational capacity, a functioning customs administration is in place. Malta should continue to carry out its plans for reorganisation of its customs department and continue preparations for the application of measures and provisions that will be introduced only at the time of accession. These include in particular the change of emphasis from clearance to post-clearance controls, as well as the introduction of Community Transit, rules of origin under Community preferential agreements and arrangements, and simplified procedures and valuation rules. Customs offices’ capacity to combat fraud and economic crime, in close co-operation with other enforcement bodies, should continue to be strengthened.

Malta must complete the development and implementation of the computerised customs system and solve all the other interconnectivity-related issues’.

3. DESCRIPTION

3.1 Background and Justification

The Customs Department received technical assistance through three contracts with Eurocustoms (Business Change Management Plan Phases I, II and III) under the Pre-Accession National Programmes (2000, 2001 and 2003). The ‘operational capacity’ of the Customs Department has been developed by the assistance received through these contracts, which concentrated in the following Customs Blueprint areas:

- Trade facilitation and relations with businesses;
- Organisation and management;
- Border and inland controls;
- Investigation and Enforcement;
- Transit and movement of goods
- Training;
- Human Resource Management;
- Infrastructure and Equipment;
- Customs Laboratories;
- Computerisation.

The principal aim of this project is to secure technical assistance, which will assist in reviewing and ‘fine-tuning’ the operational and administrational capacity of the Department of Customs in the newly established work areas which will come on line from day one of Accession.

The assistance required will provide further support in areas for which assistance had previously been delivered, thereby ensuring that the integration of Malta in the Internal Market through the Customs and Taxation adaptations is successfully implemented and is functioning as per the acquis requirements.

3.2 Linked Activities
- Technical Assistance was provided under National Programmes 2000, 2001 and 2003 through contracts with Eurocustoms. The programmes provided the basis for the Business Change Management Plan (BCMP) which was adopted for the modernisation of the Customs Department through which the operational and administrative capacity were enhanced. These programmes also provided for the setting up of the various new units which on May 1st, 2004 will ensure that the requirements and obligations which accession will bring will be implemented according to the EU Acquis.

- Continuation of the work started by the Pre-Accession Unit (PAU)
  Initial Activities under the BCMP included the setting up of a Pre-Accession Unit (PAU) to cater for Customs and Taxation matters. The PAU has the responsibility for the implementation of the Business Change Management Plan for Customs and Tax. The PAU carries out the management of the project, in particular the identification, specification and planning of tasks as well as the monitoring and evaluation of activities and reporting. The PAU reports to the Project Steering Committee (PSC). The Director (International Affairs) will continue to manage the Project described in this Project Fiche. EUR 75,000 are being provided from Malta funds to finance the PAU.

- Participation in EU programmes
  Malta will continue participation in CUSTOMS 2007 and FISCALIS 2007.

3.3 Results

Customs

1. Specialised, trained and operational units working effectively and efficiently
2. Newly developed control regimes reviewed to ensure that they are functioning in practice and within set guidelines
3. Practical application of new requirements introduced.

3.4 Activities

The total number of personnel within the Customs Department is 596 and the vast majority of this number has already been given the necessary training and know-how in the proposed activities through the previous training programmes under Phases I to III of the BCMP.

The results will be achieved through the following activities.

1. One Member State Customs expert to provide assistance and advise for 48 man-days over a period of two months, after Accession, on practical application in the following areas:
   o Procedures with Economic Impact,
   o Binding Tariff Information,
   o Transit and
   o Implementing Procedures

   The estimated cost of this assistance is expected to be Euro 30,000.
2. One Member State Customs expert per each of the subjects below to provide, soon after Accession, assistance and advise for 12 man-days over a period of two weeks each in the practical application in each of the following areas:

- Common Agricultural Products (trade mechanisms),
- Post Clearance Audits,
- Excise,
- “Blue” channel controls
- Tariff Quota management and
- TARIC Management.

Different experts, from current Member States, will provide the assistance outlined above in their specialist areas of work.

The estimated cost of assistance is expected to be Euro 60,000.

Local staff will not be directly involved as what is being proposed is to be more considered as a review of how the Customs Department is adapting itself to the various activities mentioned above and also to see whether the various regulations and directives are being applied correctly.

3.5 Lessons learned

The recommendations and conclusions of previous Interim Evaluations and M&A reports have been fully taken into account in the design of this and previous projects.

It was important to have the expertise from Member state Customs Officials who specialise in their specific subjects and the best tool for this was to have access to all the Member states Customs Administrations through Eurocustoms.

The Department’s plans for reorganisation have to continue in readiness for the application of measures and provisions that will be introduced only at the time of accession which will bring about the change of emphasis from clearance to post-clearance controls, as well as the introduction of Community Transit, rules of origin under Community preferential agreements and arrangements, simplified procedures and valuation rules and implementation of the computerised interconnectivity-related issues. The assistance will ensure that the Customs Officers’ capacity to combat fraud and economic crime will be improved and further strengthened.

4. Institutional framework

The overall implementing authority will be the Ministry of Finance through the Project Steering Committee (PSC) composed of the Director (Office of Review) at the Ministry of Finance, together with the Director General responsible for Customs and a representative of the Planning and Priorities Co-ordination Directorate, Office of the Prime Minister.

The PAU will be discontinued and the Director International Affairs will be responsible for the project management.

As already indicated under 3.4 above the total number of Customs personnel 596 and are found in 8 Branches which constitute the whole organisation of Customs.

The Department involved in the implementation of this project is the Customs Department.
The Customs Department is responsible for the collection and control of import duties (including excise duties and import VAT) and for enforcement functions. The Department is headed by the Comptroller of Customs (Director General) who is assisted by four Directors - Administration, International Affairs, Compliance, and Enforcement. The Director Administration is responsible for the following two Branches: Finance, and Personnel & Training. The Director Compliance is responsible for Processing Services, Excise Control, and Landing & Releasing, whilst the Director Enforcement is entrusted with Frontier Control, and Investigations & Intelligence. Each of these Branches is headed by an Assistant Director.

Director International Affairs’ main tasks are to co-ordinate and monitor all EU-oriented activities during the pre- and post-accession period, to help establish the necessary structures within the Department, to maintain contact with entities involved with Malta's accession to the EU and to ensure that staff and traders are duly trained.

The main Document Processing Unit which deals with imports by sea as well as with all exports is located in Valletta next to the Customs Central Office which houses the top administrative and operational structures of the Department. The Customs Airfreight Station and the main Parcel Post Office function as self-contained units for the processing of documents, collection of revenue and release of goods within the legal provisions in force and under the general direction of Central Office. A number of offices and bonds are found in various sites some of which are situated within walking distance of Central Office whilst others are easily reached, given the small size of the Maltese territory.

5. Detailed budget

<table>
<thead>
<tr>
<th>Transition Support facility</th>
<th>Investme nt Support</th>
<th>Institution Building</th>
<th>Total TF(=I+IB)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
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<tr>
<td>Direct Service contract with Eurocustoms</td>
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<td>90,000</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>-</td>
<td>90,000.</td>
<td>90,000</td>
<td>-</td>
<td>-</td>
<td>90,000</td>
</tr>
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</table>

In-kind contributions from the Maltese administration for a good implementation of the technical assistance may be developed in the technical specifications.

The co-financing expenses will be monitored by the beneficiary and the NAO. The beneficiary together with the NAO commits to sound financial management and financial control.

6. Implementation arrangements

6.1 Implementing Agency

Transition Facility
Project Fiche- Measures to assist the Customs Department in ensuring that new areas of work post-accession meet all the requirements - Malta
The overall implementing authority will be the Ministry of Finance and Economic Affairs through a Project Steering Committee (PSC) composed of the Director (Office of Review) at the Ministry of Finance and Economic Affairs, together with the Director General responsible for Customs and a representative of the Planning and Priorities Co-ordination Directorate, Office of the Prime Minister. The Director of Review at Ministry of Finance and Economic Affairs will be the Senior Programming Officer (SPO) who will be responsible for the administrative and financial management of the project.

This project will be managed by Mr Joseph Brincat, Director International Affairs, Department of Customs, Custom House, Lascaris Wharf, Valletta, Malta, Telephone: 00356 21234230, Fax: 00356 2125685238. The PAU exists for the whole duration of the implementation period of the Business Change Management Plan. It will be assisted by short-term technical experts in specific areas and will report to the PSC.

The Department of Contracts in the Ministry of Finance and Economic Affairs, acting as the CFCU, will be responsible for the tendering and contracting of the project, in accordance with the decentralised procedures defined by the Commission.

6.2 Twinning

N/A

6.3 Non-standard aspects

N/A

6.4 Contracts

The assistance to implement activities in the Customs Department will be provided through a direct contract with Eurocustoms. Eurocustoms is a non-profit making consortium of Member States' customs administrations specifically created to carry out customs technical assistance projects and to provide a wide selection of customs experts from Member States' customs administrations. The contract value will be €90,000.00.

7. Implementation schedule

7.1 Start of Tendering/Call for proposals: 3rd Quarter 2004

7.2 Start of Project Activity: 4th Quarter 2004

7.3 Project Completion: 2nd Quarter 2005

8. Sustainability

Under the previous programmes, the Department of Customs received specific assistance in reviewing its organisational structures and based on the recommendations made by the experts, the Department developed plans to ensure that
there were adequate staff and financial resources to meet its obligations on accession in the new areas mentioned earlier.

The implementation of the Business Change Management Plan under the Pre-Accession programmes have followed a pre-defined sequence commencing with the setting up of the Pre-Accession Unit. It is considered that the co-ordination role of the Director International Affairs is vital to the successful implementation of the whole plan.

9. **Conditionality and sequencing**

N/A

**Annexes**

I  Logframe planning Matrix

II  Detailed implementation chart

III  Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)

IV  Activity cost details
## LOGFRAME PLANNING MATRIX

**Measures to assist the Customs Department in ensuring that new areas of work post-accession meet all the requirements**

### Programme number:

<table>
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<tr>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
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<tr>
<td>15/12/2006</td>
<td>15/12/2007</td>
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<table>
<thead>
<tr>
<th>Total Budget 2004:</th>
<th>EU contribution 2004:</th>
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</thead>
<tbody>
<tr>
<td>90,000</td>
<td>90,000</td>
</tr>
</tbody>
</table>

### Overall Objectives

1. **Improve customs operations in Malta following its accession to the EU.**
   - Readiness and the ability of the Customs Department in applying the new systems and procedures as required of an EU Customs administration. By the end of the project (about March 2005) the Maltese Customs Administration will have rectified any issues which are not found to be to the required standards.

### Project Purpose

To ensure that the practical application of controls in the following areas are as per the National and Commission requirements:

- Procedures with Economic Impact,
- Common Agricultural Products (trade mechanisms),
- Post Clearance Audits,
- Excise,
- “Blue” channel controls,
- Tariff Quota management,
- TARIC Management
- Binding Tariff Information,
- Transit and Implementing Procedures

- Specialised, trained and operational units working effectively and efficiently.
- Newly developed control regimes functioning in practise and within set guidelines.
- Practical application of new requirements introduced.

### Results

The relevant control regimes in the following areas are implemented as by the National and Community requirements and have been improved if necessary:

- Procedures with Economic Impact,
- Common Agricultural Products (trade mechanisms),
- Post Clearance Audits,
- Excise,
- “Blue” channel controls,
- Tariff Quota management,

- Practical application of relevant control regimes enhanced,
- Specialist teams and units operational
- Further training provided as appropriate

- The Project Steering Committee will approve and monitor budgets as well as evaluate the results of each of the activities.
- The PAU will manage, coordinate, monitor and evaluate the delivery of activities and report to the Project Steering Committee.

- Timely availability of adequate resources
- Effective monitoring of progress.
- Ability to select and recruit appropriate experts
- Policy change decisions within Government.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • A Member State Customs expert to provide a minimum of two months assistance, soon after Accession, to provide assistance and advise on practical application in the following areas: | A programme will be designed to provide continuity with securing the following experts who previously have been involved in Phases I, II, and III of the BCMP Programme. | • Ability to select and recruit appropriate experts who have current hands on knowledge of EU Custom’s operational systems and procedures  
| o Procedures with Economic Impact,                                        |                                                                      | • Policy change decisions within the Government                              |
| o Binding Tariff Information,                                              |                                                                      | • Absorption capacity of the Customs Department                             |
| o Transit and                                                             |                                                                      | • Full commitment of the managerial and operational staff                  |
| o Implementing Procedures                                                 |                                                                      |                                                                          |
| • Member State Customs experts to provide, soon after Accession, two weeks assistance and advise in practical application in each of the following areas: |                                                                      |                                                                          |
| o Common Agricultural Products (trade mechanisms),                         |                                                                      |                                                                          |
| o Post Clearance Audits,                                                  |                                                                      |                                                                          |
| o Excise,                                                                 |                                                                      |                                                                          |
| o “Blue” channel controls                                                 |                                                                      |                                                                          |
| o Tariff Quota management and                                             |                                                                      |                                                                          |
| o TARIC Management.                                                       |                                                                      |                                                                          |

Preconditions

The assistance to implement activities in the Customs Department will be provided through a contract with Eurocustoms.
### IMPLEMENTATION CHART FOR THE PROJECT

**Title:** Measures to assist the Customs Department in ensuring that new areas of work post-accession meet all the requirements.

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<td>Implementation</td>
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<td>Completion and Closure</td>
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### CONTRACTING AND DISBURSEMENT SCHEDULE OF EU FUNDING

**Title:** Measures to assist the Customs Department in ensuring that new areas of work post-accession meet all the requirements.

(Euros 000s)

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>I Q</td>
<td>II Q</td>
<td>III Q</td>
<td>IV Q</td>
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<td>90</td>
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## ANNEX IV - ACTIVITY COST DETAILS

<table>
<thead>
<tr>
<th>Action</th>
<th>Working days</th>
<th>No. of EU experts</th>
<th>DSA (EURO) '00 rate</th>
<th>Overnight stays</th>
<th>Experts' fee per working day</th>
<th>Experts' fee</th>
<th>DSA</th>
<th>Internat. Travel expenses</th>
<th>Sum EURO</th>
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<td>Two months assistance</td>
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<td>60</td>
<td>€ 220.00</td>
<td>€ 10,560.00</td>
<td>€ 11,760.00</td>
<td>€ 800.00</td>
<td>€ 23,120.00</td>
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<tr>
<td>Common Agricultural Products (trade mechanisms)</td>
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<td>€ 220.00</td>
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<td>Post Clearance Audits</td>
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<td>14</td>
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<td><strong>28,224.00</strong></td>
<td><strong>5,600.00</strong></td>
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