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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 7.10.2008
COM (2008) 612 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Final evaluation of the Customs 2007 programme in accordance with Article 19 of
Decision 253/2003/EC of the European Parliament and the Council of 6 February 2003
adopting an action programme for customs in the Community (Customs 2007)**

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Final evaluation of the Customs 2007 programme in accordance with Article 19 of Decision 253/2003/EC of the European Parliament and the Council of 6 February 2003 adopting an action programme for customs in the Community (Customs 2007)

1. THE CUSTOMS 2007 PROGRAMME

The Customs 2007 programme was established by Decision 253/2003/EC of the European Parliament and of the Council of 6 February 2003. It was the third Community action programme for customs, and covered the period from 1 January 2003 to 31 December 2007. Participation in Customs 2007 was open to the 27 EU Member States, as well as to Croatia and Turkey. The cost of the programme was shared between the European Community and the participating countries.

The Customs 2007 programme was primarily aimed at providing support for and fostering cooperation and coordination between the national customs administrations of the Member States, who were the programme's primary beneficiaries. To achieve its objectives (which were spelled out in the Customs 2007 Action Plan, Part I), the programme relied primarily on:

- Joint actions, including seminars, workshops and project groups, exchanges of officials, training activities, benchmarking and other actions. Such joint actions accounted for approximately 20% of the programme budget.
- Information technology (IT) systems, including the New Computerised Transit System (NCTS), as well as a number of tariff-related systems (including the information system on the integrated tariff of the Community — TARIC) and risk management and information systems (including the electronic risk information form system — RIF). Nearly 80% of the programme budget was earmarked for the IT systems.

The financial framework for the five years of the programme's implementation was set at EUR 165.55 million.

2. THE PURPOSE OF THE FINAL EVALUATION

Article 19 of Decision 253/2003/EC stipulates that the Customs 2007 programme "shall be subject to continuous evaluation¹, carried out by the Commission in collaboration with the participating countries." The final evaluation was launched in November 2007, and was finalised in May 2008. It covered the entire intervention (2003-2007). The Terms of Reference for the final evaluation stipulate that its primary objective is to assess:

- what effects (results and impacts) have been obtained;

¹ Mid-term evaluation was completed in December 2005. See Commission Staff Working Document: Report from the Commission: Mid-term evaluation of the Customs 2007 programme, SEC (2006) 35.

- how they have contributed to the achievement of the objectives (effectiveness);
- and whether these effects were obtained at reasonable costs (efficiency).

The final evaluation collected feedback and data from all stakeholder groups in the programme: the Commission, the participating countries' customs administrations, and traders (also referred to as economic operators). Given the difficulty of finding straight-forward indicators to measure the success of Customs 2007 (due to the programme's complex and multi-faceted nature and its broad set of objectives), the evaluation assessed the effects of Customs 2007 in a broader sense, using a mix of qualitative information and quantitative data (where available) to judge its impacts and effectiveness.

3. METHODOLOGY

The methodology for gathering data and information featured the following:

- Evaluation questionnaire for national customs administrations: a detailed questionnaire was sent to the Customs 2007 national contact points (NCPs) of all 29 participating countries, asking them to express their views on the programme, and to substantiate them by providing data and factual information.
- Information questionnaire to the European Commission: the Commission's Directorate-General for Taxation and Customs Union (DG TAXUD) provided additional data (mostly quantitative) on the inputs and outputs of the Customs 2007 programme.
- Case studies: four case studies were carried out, each focusing on one of the programme priorities. As part of the case studies, more than 80 interviews were conducted with participants in a sample of joint actions, including customs officials from 23 different participating countries, economic operators and DG TAXUD officials.
- Online surveys: two separate surveys were conducted — one targeted at customs officials who participated in joint actions under Customs 2007 and/or used the IT systems (this survey drew 1 243 responses), the other of economic operators who were involved in Customs 2007 activities (133 responses).
- Desk research: the desk-based research made use of existing sources of evidence, including the ART and CIRCA databases, and other documents that are either in the public domain or were made available by stakeholders.

The analysis of the information collected through these tools and methods was guided by an analytical framework of judgment criteria and indicators developed during the initial phase of the evaluation. Large parts of this framework were based on the programme's intervention logic (derived from the structure of objectives, priorities and sub-priorities in the Customs 2007 Action Plan). Where appropriate and feasible, quantitative indicators developed in 2003 for programme evaluation were also used.

4. RESULTS AND IMPACTS/EFFECTIVENESS

Customs 2007 pursued the following four main objectives (cf. the Customs 2007 Decision and the Customs 2007 Action Plan, Part I):

- Protection of Community interests: In particular to provide the necessary protection of the financial interests of the European Union and provide a secure and safe environment for its citizens.
- Trade facilitation: to enable Member States' administrations to meet the demands placed on them by globalisation and increasing volumes of trade and contribute towards strengthening the competitive environment of the European Union.
- Equivalent results/infrastructure: to enable Member States' administrations to interact and perform their duties as efficiently as though they were one administration, and to achieve equivalent results at every point of the Community customs territory.
- Enlargement: to take the necessary steps to prepare for enlargement and to support the integration of new Member States, and to ensure the security of the future EU external frontier.

Based on the purpose of the evaluation and the programme objectives, eight evaluation questions were formulated. The first four questions concerned the extent to which Customs 2007 has contributed to achieving each of these objectives. The fifth question asked for a separate assessment of the extent to which the IT systems contributed to achieving these objectives. The main conclusions concerning these elements are summarised in the following paragraphs.

4.1. Has Customs 2007 contributed to providing a safe and secure environment for citizens and to protecting the Community's financial interests?

From the information gathered during the evaluation it can be concluded that the Customs 2007 programme has made a significant contribution to protecting the relevant Community interests. More than 80% of all national customs administrations indicated that Customs 2007 has contributed "somewhat" or "a lot" to both providing a safe and secure environment for citizens, and to protecting the Community's financial interests. This was achieved through numerous programme actions that dealt with the simplification, rationalisation, standardisation and/or general improvement of customs legislation and procedures, as well as actions to increase cooperation between customs authorities in general.

Overall, the feedback received from stakeholders gives a strong indication that Customs 2007 is widely perceived as a vitally important facilitator and catalyst of pragmatic and fruitful cooperation between all relevant actors in the area of customs legislation, procedures and formalities (including fraud prevention and the fight against counterfeit). The concrete results of various working groups that are/were active in this area, the broader effect of better contacts between national administrations (e.g. through exchanges), and the IT and information exchange systems developed under Customs 2007, have all contributed to the overall positive assessment of the impact of Customs 2007 concerning the protection of Community interests.

4.2. Has Customs 2007 contributed to the facilitation of trade?

Overall, the evaluation indicates that Customs 2007's role in facilitating trade has been mixed. There is a clear tendency (particularly over the last three to four years) to provide economic operators with the opportunity to participate in working groups, seminars and other joint actions, and thereby to collaborate throughout the process of drafting new rules, procedures,

specifications, etc. Economic operators were very appreciative of the Commission's (and to some extent also Member States') willingness and efforts to involve them and seriously listen to their concerns. The vast majority of customs officials also welcomed the enhanced participation of economic operators, although a few voiced concerns that an "excessive" involvement of economic operators can sometimes be an obstacle to efficient and effective decision-making.

On the other hand, economic operators were somewhat less enthusiastic concerning the actual impacts of cooperation on minimising the burdens placed on legitimate trade and on simplifying and modernising customs procedures and formalities. While several actions carried out under the Customs 2007 programme have helped to reduce the burdens for traders (e.g. implementation of the New Computerised Transit System), there were complaints that most new measures and initiatives carried out in Europe since the terrorist attacks of 9/11 have focused primarily on safety and security issues, often resulting in additional burdens for trade. The relatively low number of joint actions that explicitly addressed the programme objective of trade facilitation is a further indication of a certain imbalance (although it should be noted that numerous other actions not explicitly linked to this objective are also likely to have indirectly contributed to trade facilitation).

4.3. Has Customs 2007 helped national customs administrations to work as though they were one?

The evaluation has shown that the Customs 2007 programme has contributed significantly to this objective by facilitating the uniform implementation of customs law, as well as the harmonisation of working methods in many different subject areas. This relates to ensuring equivalent results at all points of the customs territory, and it is confirmed by trader responses to the survey, that the customs administrations of the EU Member States have made significant progress towards performing their duties as though they were one.

Customs 2007 has clearly contributed to bringing the national customs administrations closer together, and to harmonising and standardising processes and approaches. Concrete examples include the common IT systems developed under Customs 2007 and the common training approach and e-learning tools. On a softer, more "human" level, Customs 2007 actions facilitate the exchange of knowledge, experiences, best practices, and simply personal contacts across national borders, and thereby also contribute to making the work done by customs administrations across Europe more coordinated.

4.4. Has Customs 2007 provided support for the new Member States and the candidate countries in their integration and preparation for accession?

Based on feedback from the customs administrations of the new Member States and candidate countries themselves, the Customs 2007 programme has been very helpful in their integration and preparation for accession to the EU (the majority stated that the programme has contributed "a lot" to this objective). The case study confirmed that the Customs 2007 programme is highly appreciated by customs officials in the new Member States, who highlighted its value for knowledge-sharing, the exchange of experiences and approaches, and networking in general.

The support Customs 2007 provided for the accession and integration of new Member States stems primarily from three types of initiatives.

- There have been a number of actions aimed specifically at new Member States and/or candidate countries (including benchmarking projects and technical support). These have often had a positive impact on capacity building and the adoption of more effective approaches and procedures.
- Candidate countries have the opportunity to participate in the programme and its different (not enlargement-focused) working and project groups, seminars, etc. from an early stage of their accession process. This gives future Member States an early insight into EU laws, procedures and formalities and their implementation, and allows them to start updating and adapting their own rules and processes even before they officially join the EU.
- The various IT systems developed with the support of Customs 2007, and the activities to support their implementation and train users, have also contributed to the smooth integration of the customs administrations of new Member States.

4.5. To what extent have the IT systems helped to achieve the programme's objectives?

Under the Customs 2007 programme, great strides have been made to ensure the (inter)operability of numerous IT systems. As of today, all systems that were assessed appear to be running smoothly, and the high levels of satisfaction from users are a strong indication of their usefulness. This is not to say, however, that some problems do not persist; the evaluation has identified a number of weaknesses of specific IT systems that should be addressed.

Overall, the evaluation results suggest that the IT systems have helped significantly to make progress towards the programme's objectives II (trade facilitation) and III (equivalent results/infrastructure). As regards the former, the New Computerised Transit System (NCTS) seems to have made the largest contribution by simplifying and speeding up the transit procedure for both traders and administrations in participating countries. Some tariff-related systems — in particular the information system on the integrated tariff of the Community (TARIC) and the European binding tariff information system (EBTI) — have also had an impact on trade facilitation by improving the availability of information and increasing legal certainty for traders.

As regards the programme's objective I (protection of Community interests), there was widespread agreement that the IT systems (especially the tariff-related systems) have improved the availability of data contributing to protection of the Community's financial interests. On the other hand, the fight against fraud was not the main focus of the IT systems, because the development and maintenance of the IT systems dedicated to the fight against fraud are covered by other legal instruments². However, the electronic risk information form system (RIF) is expected to become more and more useful for improving customs controls and therefore preventing fraud in the future, as the development of a common risk management framework progresses.

² Council Regulation (EC) No 515/97 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters (OJ L82-22.03.1997) and Council Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the use of information technology for customs purposes signed on 26/07/1995 (Official Journal C316, 27/11/1995 P. 0034-0047).

5. EFFICIENCY, UTILITY AND SUSTAINABILITY

The final three evaluation questions dealt with the Customs 2007 programme's efficiency, utility and sustainability. The main conclusions concerning these aspects are summarised in the following paragraphs.

5.1. Could Customs 2007 be more efficient and achieve the same results and impact at lower costs?

Overall, the evaluation results indicate that the Customs 2007 programme is efficient. At the level of joint actions, the tools that are considered most effective by beneficiaries (in particular working groups, project groups and exchanges) are the ones that are most widely used, and on which the largest part of the budget is spent. The case studies also suggested there was little potential for cost savings on the sample of 20 actions that were assessed in detail. The cost-effectiveness of development and support through Customs 2007 for the various customs IT systems is more difficult to assess; however, feedback from users and beneficiaries suggests widespread satisfaction with the IT systems, and an appreciation that their impacts justify their costs.

The programme management structures and procedures were also judged to work well by the programme beneficiaries. However, for several participating countries the amount of resources (especially human resources) available at national level for management and coordination were deemed insufficient for ensuring that the potential benefits of Customs 2007 are reaped in full.

Finally, only approximately 60% of the budget earmarked for Customs 2007 had actually been spent by the end of 2007. Although some additional spending of funds committed under Customs 2007 is scheduled for 2008 and 2009 (under longer-term contracts concluded under Customs 2007, primarily for IT-related services), the total amount will remain significantly below the maximum available budget envelope. This is due primarily to the fact that spending on the development and support of IT systems has been substantially lower than expected. The reasons for this are likely to lie in a combination of several factors, which makes it difficult to draw clear-cut conclusions as to the efficiency of the programme. Nonetheless, it should be noted that Customs 2007 achieved its impacts not at a cost of EUR 165.55 million, but of around EUR 95 million to date, plus additional spending estimated to be in the region of 10-15 million scheduled for the coming years.

5.2. Did the impacts correspond to the needs identified and the problems to be solved?

The evaluation found that the impacts achieved by the programme correspond to the needs identified and the problems to be solved to a large extent, due to the fact that:

- a) All four of the Customs 2007 programme's main objectives are relevant and address important needs and priorities of the national customs administrations of participating countries; there appear to be no other significant needs of participating countries that the programme should have covered.
- b) The impacts of Customs 2007 have contributed (to some extent) to achieving all four programme objectives (see above).

As a consequence, the utility of the programme was high. By offering mechanisms, tools and processes for all relevant actors across the EU in the area of customs to jointly address, debate and resolve important issues related to customs legislation and procedures, Customs 2007 has clearly helped national customs administrations to make progress as they strive towards working as though they were one administration. The programme has also made an important contribution to the preparation for enlargement and integration of new Member States, as well as to the protection of Community interests. Finally, although it is unclear whether on balance the measures adopted under Customs 2007 have helped to facilitate trade, it is clear that the programme has been useful in reducing the burdens on legitimate trade in certain areas, and in limiting the additional burdens imposed by some new measures aimed at enhancing safety and security.

5.3. Will the effects achieved by Customs 2007 last in the medium and long term?

The Customs 2007 programme has undoubtedly produced a number of concrete outputs whose effects will last in the medium and long term. Key examples of such durable impacts include draft texts developed by working groups under Customs 2007 that have come to form part of legislation that has been or is about to be adopted; a series of operational IT systems whose development and implementation has been crucially aided by activities under Customs 2007; and the e-learning modules that were developed and are already being used in several Member States.

Nonetheless, the full realisation of the potential positive impacts will depend on continuation of the programme. The programme provides a vital mechanism to accompany, jointly debate and develop ongoing as well as new initiatives to be launched in the area of customs (be they of a legal, procedural, technological, political or other nature), and ultimately to improve their quality, effectiveness, coherence and acceptability for participating countries and economic operators. A discontinuation of the Customs programme would raise serious concerns among all beneficiaries and stakeholders that cooperation and coordination among them would suffer, to the detriment of further progress towards all of the Customs 2007 objectives.

6. RECOMMENDATIONS

6.1. General Recommendations

The final evaluation has confirmed that the Customs 2007 programme has had a positive impact on the work of customs in Europe. It is greatly appreciated by its beneficiaries and stakeholders, and effectively contributes (in some cases very significantly) to all of its main objectives. Therefore, the final evaluation reaffirms what was already indicated in the mid-term evaluation — the need for continuation of the Customs 2007 programme. To ensure the successor programme(s) work(s) as smoothly and effectively as possible, it (they) should:

- Maintain the objective-based management approach, thus ensuring all activities pursue a set of clearly defined goals in line with the programme's overall objectives, and facilitating monitoring and evaluation.
- Review the list of priorities and sub-priorities with a view to ensuring the continued validity of the objective-based approach based on a clear hierarchy of relevant and feasible goals. Some Customs 2007 priorities may no longer be relevant, while others appear too broad or too specific.

- Enhance the visibility and usefulness of the Annual Work Programme (AWP) by using it to set very clear key priorities for the year to come (rather than limiting it to going through all objectives and priorities of the Action Plan).
- Continue to make ample use of project/working groups and exchanges, which were found to be the most effective action types by beneficiaries, and when well-focused, have shown themselves to be capable of producing very useful, tangible and concrete results.
- Other types of joint actions (including seminars, benchmarking, etc.) can also be very useful in specific circumstances, but their success depends to a great extent on the way in which they are organised. The Customs 2007 guidelines for benchmarking in particular should be reviewed to address weaknesses in the use of this tool identified by the evaluation.

6.2. Specific Issue Areas

The evaluation has identified a number of issues related to specific subject areas that should be addressed. In order to continue to build on the progress made to date, and succeed in tackling the issues that are most important to stakeholders, Customs 2007's successor programme(s) should:

- Place increased emphasis on trade facilitation. This is the key objective for traders as well as for many participating countries' national customs administrations, but has received relatively less attention under Customs 2007 (in comparison with the other main objectives). To help minimise the burdens on legitimate trade, it will be particularly important to:
 - Ensure timely delivery on the E-Customs initiative and avoid de-acceleration of the process before the benefits for economic operators begin to materialise.
 - Prioritise activities concerning single authorisations, including the Authorised Economic Operator (AEO) and Single Authorisations for Simplified Procedures (SASP), and work towards truly uniform recognition and application of these concepts across the entire EU.
 - Continue to involve economic operators in relevant joint actions so as to ensure that the needs, experiences and views of traders are recognised and taken into account in the development of new rules, procedures, tools, etc.
- Undertake further work on risk analysis and management, which is a key area for improving and standardising customs controls and procedures and effectively combating fraud. Further work on risk profiles, indicators, rules, etc., as well as on finding ways to facilitate and maximise their use by all national customs administrations, should focus on:
 - Identifying politically sensitive elements of risk management (partly due to the fact that what is legal in one Member State can be illegal in another), and addressing them on relevant levels.
 - Continuing to emphasise activities and practical exercises directly aimed at further harmonisation of risk management approaches across the EU.

- Continue to pursue and implement the new common training approach while ensuring that the production of e-learning/blended learning modules does not become an end in itself, and that other areas for action are not neglected. This includes:
 - Holding an open and inclusive dialogue between the Commission and participating countries in order to decide on the priorities for future years (including what other training-related areas participating countries would like the programme to address).
 - Reviewing and — if necessary — adapting the content, frequency, duration and structure of the meetings of the Training Management Group, in order to enable it to play a more active role in coordinating programme activities in the area of training.
- Continue to build on the progress made concerning the IT systems, by further exploring and addressing areas for improvement and/or new actions such as:
 - Addressing the specific challenges and weaknesses identified by the evaluation that affect several of the IT systems currently deployed at the EU level.
 - Striving for pan-European harmonisation of interfaces with traders for all customs procedures. The Commission has proposed guidelines for the harmonisation of such interfaces across the EU in the past, and the evaluation found that nearly half of the participating countries considered that Customs 2007 could or should have further supported the harmonisation of interfaces at European level.

6.3. Flanking Measures

Finally, there are some “flanking” measures that the evaluators recommend for consideration to enhance the programme’s effectiveness, and thereby contribute to its ability to achieve its objectives:

- Urge participating countries to ensure that sufficient human resources are allocated to programme coordination, management and administration at the level of each national customs administration.
- Develop communication activities targeted at relevant institutional audiences (in particular the respective national ministries responsible for customs) in order to raise the profile of Customs 2007 and the awareness of its role, the opportunities it provides and effects it has had (and thereby *inter alia* enhance the chances of sufficient resources being made available).
- Revisit the indicators and measures of success developed at the start of the Customs 2007 programme, with a view to deciding on a definitive list of relevant and feasible indicators that can be used for programme monitoring and evaluation in the future.