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Republika Kosova – Republic of Kosovo
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Ministria e Financave
Ministarstvo za Finansije – Ministry of Finance



Dogana e Kosovës – Carina Kosova – Kosovo Customs
Plani Strategjik- Strategic Plan

Strategic Plan

2019-2023

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1. EXECUTIVE SUMMARY

Kosovo Customs considering its role and mission compiled the Kosovo Customs Strategic Plan, which is a comprehensive customs policies document, containing the purpose, vision, values and strategic objectives for the four years period of 2019-2023.

Republic of Kosovo institutions continuously make efforts to improve the fiscal stability situation, in the area of rule of law and efficiently handle the fight against smuggling and informal economy, which are terms preceding the progress toward European path having to implement a credible and real policy in this aspect. Kosovo Customs as an authority under the Ministry of Finances, it implements customs policy driven with proactive, transparent approach toward all the parties of interest.

The Kosovo Customs Strategic Objectives, enclosed in this document are in full compliance with the Kosovo Government and Ministry of Finances strategy and developing policies to creating a modern customs administration, promoting an efficient system of revenues collection, facilitating legitimate trade and strengthening of capacities toward protection of society goal.

The KC Strategy is a document which presents the overall situation, the institutional mechanisms, current challenges, basic principles which are related with the dynamic leadership toward modernization and proactive approach, in order to ensure revenue collection stability, to facilitate the legitimate trade, to protect the society and to maintain and to further promote the capacities for a long-term development.

This strategy is a continuation of previous strategies and is based on the applicable legislation in Republic of Kosovo and best international practices in the customs domain. While, previous strategies had the principal purpose to establish and develop institutional mechanisms, this strategy has the purpose to further promote KC in its mission. Kosovo Customs Strategy has the purpose to further promote the cross institutional and international collaboration as well as to assist in developing and implementing policies by strengthening institutional capacities against any phenomena that impairs the country's interests.

Through this Strategic Plan 2019-2023 as well as the Action Plan as an integral part of it, the aim is to clearly determine Kosovo Customs path on where it will reach at the end of the period as far as it concerns: the collection of revenues, fighting against contraband and informal economy, fighting against corruption within the organization, the standard of services for the business community and the wide opinion, operational performance, infrastructure and human resources management.

2. INTRODUCTION

Kosovo Customs has a wide mission in the area of revenues collection and protection of society.

Having to consider the concrete results presented up to now in this mission, Kosovo Customs is assessed as one of the institutions with highest organizational values and since its establishment, it was the main contributor in the aspect of revenues collection and protection of citizens from prohibited and restricted goods. The revenues collection by Customs contributes with around 60% of overall revenues collected for the Republic of Kosovo budget.

Considering that revenues planning for coming years will exceed over 1.2 billion euro, Kosovo Government will continue to have high expectations from Kosovo Customs for another mid-term period. In the other hand, the latest fiscal policies as well those deriving from the Stabilization Association Agreement favour the decrease of taxes in certain categories, such as economic growth stimulation and its expected for the following years that this impact shall be even more emphasized.

Similarly, commensurate to the role and national strategies, there will be expectations also in creating favourable terms for the business environment in Kosovo, in the security domain and fighting against trans-border organized crime and terrorism, as well as fighting against informal economy.

Based on assessments from the EU project report for 2017, the informal economy is calculated to be around 1/3 of the GDP. This figure is mainly attributed to the evasion in the internal taxes domain, smuggling via the green border line as well as under declaration of values in import.

This strategic document is an important guide to raise the customs performance level, with the purpose that this shall contribute to the further development of customs professional capacities, in order to achieve common objectives in collection of revenues, customs trade facilitations, fighting and preventing any phenomena that are detrimental for our country's interests.

This strategy's aim is to create an advanced customs administration which is in service for the citizens, businesses and in protecting our country's interests and wider, therefore our functioning must be based in democratic legal principles, accountability, transparency and professionalism, because this is essential for Kosovo Customs.

3. STRATEGY'S PURPOSE AND VISION

PURPOSE – This document defines the priorities and objectives as well as actions which Kosovo Customs aims to follow for the period of 2019-2023. Through this strategy, the aim is to use the available resources more rationally, to implement policies and develop procedures related to the international chain of trade, circulation of means and passengers as well as customs control at the border and inland.

VISION – Kosovo Customs will continue with a proactive approach in progression of capacities, by operating as an integrated agency and oriented in results which are driven by intelligence and risk management.

4. METHODOLOGY

The Kosovo Customs Strategy is compiled based on Kosovo Government and Ministry of Finances objectives and strategic documents. This document is in harmony with the Administrative Instruction No 07/2018 on procedures, criteria and methodology of preparing and approving strategic documents and plans for their implementation.

To the compilation of this strategy precedence needs to be given to previous assessments and strategy analysis, analytic and evaluating reports for Kosovo Customs and other relevant documents, such as:

- Government Program 2017-2021;
- National Strategy for Development 2016-2021;
- Program for Reforms in Economy 2018-2021;
- Stabilization Association Agreement between Kosovo and EU;
- Mid-term Framework of Expenditures 2019-2021.

Further on, the Strategic Plan follows the standards of World Customs Organizations, European Commission Guide on Customs (Customs Blueprint) as well as regional and international initiatives that support the development and modernization of the customs administration.

This strategy aims the optimal accomplishment of strategic objectives by analysing specific objectives and undertaking necessary activities in all the levels of Kosovo Customs. To support the implementation of this strategy, the Action Plan (Annex A) was compiled, which is an integral part of the Strategic Plan and determines the concrete activities and indicators, challenges as well as responsible organizations units and terms.

5. GENERAL PRINCIPLES AND VALUES

Commensurate to the role and responsibilities determined, Kosovo Customs as one of the vital institutions in the Kosovo Republic Government is led by democratic constitutional principles, legitimacy, meritocracy, accountability, transparency and professionalism. Kosovo Customs enjoys an operational independence and is committed to provide quality services for the business community and the opinion.

CUSTOMS VALUES

The organizational culture of Kosovo Customs reflects fundamental values of impartiality, commitment in offering services, integrity, accountability, respect and ethics.

Customs Values are based in PIT:

- Professionalism
- Integrity and
- Transparency.

6. BACKGROUND

Customs is part of a national chain of security and with its presence at the border and with the activities inland, plays an important role by contributing in the overall security. Furthermore, being one of the main actors in controlling the chain of supplies, customs with its capacities undertakes operational decisions to carry the responsibility in the border security domain with the purpose of contributing to the joint efforts against threats to the national security, regional and even wider.

The international global trade contemporary trends have marked a greater and faster increase and are expected to continue in the future as well. With the increase of cross-border circulation of goods, people and vehicles, the pressure on border authorities has distinctly increased, to provide in one hand a fast movement of goods and people and in the other hand to address most complex risks which are expanded.

With the liberalization of world trade movement and current challenges on security from organized crime, terrorism and other forms of negative phenomena, the expectations have increased continuously from the government, the business community and the public about Customs role in preventing these negative phenomena, which violate the financial interest, health and environment of the country. Customs with their presence at the border come across with most complex problems in the international trade processing, as though in handling the restricted and the prohibited goods. Customs shall continue with its professional controls, prevention and effectiveness at the border and inland, by attempting every time to create a balance between increasing the effective controls and by accelerating the traffic of transporting means, with the application of modern methods and systems of operation.

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In order for Customs to provide efficient services toward the trade community in one hand and to be able to address the increased risks which are enclosed to these trends in the other hand, it must ensure a proper progression of customs systems, to be aligned with these developments so in search for addressing the risks they don't become an impediment to the trade which is one of the fundamental functions for country's economic growth. In particular, we will continue with the simplification of customs procedures and trade facilitations that have an impact in the economic growth and in stimulating the local export.

The Government's Projection for collection of revenues is expected to be ambitious for the coming years as well, respectively on the progressive level to be over 50% for a mid-term period. In the meantime, the latest fiscal policies and the ones deriving from the Stabilization Association Agreement, continuously favour a decrease of taxes in specific categories as stimulation for economic development. In this background, Kosovo Customs is committed to improve the efficiency and effectiveness of functions while implementing this strategy.

Due to their presence at the border, customs are also called to enforce many parts of non-customs legislation, related with the state strategy such as the strategy for prevention of dual use goods, firearms, intellectual property, public health, consumers' protection, etc.

7. STRATEGIC OBJECTIVES

Kosovo Customs Strategic Objectives are in full compliance with the Kosovo Government and the Ministry of Finances strategy and developing policies to further modernize the customs administration, an efficient system for revenues collection, facilitating the legitimate trade, protecting the society and developing capacities.

In accordance with our strategic purpose and vision, this document stipulates four strategic objectives which reflect our responsibilities and obligations toward state strategic objectives and the business community and Kosovo citizen's expectations.

Strategic Objectives:

- 1) Collection of revenues for Kosovo budget.
- 2) Trade facilitation, simplification and alignment of customs procedures.
- 3) Protection of society, efficient combat against fiscal evasion, organized crime, smuggling and other illicit activities.
- 4) Modernization, progression of capacities and increased performance.

7.1 COLLECTION OF REVENUES FOR KOSOVO BUDGET

Kosovo Customs in its strategic plan has the objective to create a safe, efficient and modern system of revenues collection, by encouraging a voluntary fulfilment of customs duties.

In order to facilitate the business approach to our services, we shall work in modernizing the customs infrastructure, where automatic systems of work processes will be of a contemporary level in line with best EU countries practices, which apply more advanced processes and which include the main performance areas. Kosovo Customs is committed to reinforce the partnership with the business community and support the taxpayers in fulfilling their legal obligations as easily and efficiently as possible.

In the other hand, Customs will continue with progression of capacities and the risk management system, by using advanced methods of identification, assessment and treatment of risks that might endanger Kosovo's financial interests. This will increase Customs work effectiveness and will make the evasion of tax payments more difficult.

We shall continue with a close partnership with the business community and representatives by sharing our joint vision with the purpose of further development of customs procedures. The existing systems for monitoring excise goods will be improved, registration as well, authorizing excise goods manufacturers, excise goods traders and monitoring the cross-border traffic of excise goods as well as tobacco products.

In focus will be inducing a bigger cooperation between neighbouring customs administrations and other partner countries in accomplishing joint objectives and policies. In particular, we will continue in advancing the alignment of customs procedures with neighbouring countries, by expanding the joint collaboration areas, such as unification and simplification of work processes.

Kosovo Customs, will continue to invest in advancing the information technology so the systems and exchange of data with European countries and neighbouring countries are related. Harmonization and implementation of joint customs rules for goods transit between regional countries and EU also require a higher norm of this cooperation between customs administrations. Reinforcement and continuous adjustment of this cooperation in a dynamic environment presents a special challenge.

Accomplishing and implementing the strategic objective of collecting revenues will be enabled through specific objectives described below and concrete activities analysed in the action plan.

- **Strategic Objective 1.1. - Advanced operational capacities in collection of revenues.**
- **Strategic Objective 1.2 – Further development of customs electronic system.**
- **Strategic Objective 1.3 – Correct application of fiscal policies, classification of goods, rules and goods valuation.**
- **Strategic Objective 1.4 – Development of the current system of excise collection.**

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- **Strategic Objective 1.5 – Further encouragement and educating the business community for voluntary completion.**

7.2 TRADE FACILITATION, SIMPLIFICATION AND HARMONIZATION OF CUSTOMS PROCEDURES

Having the purpose of decreasing the cost of international trade, Kosovo Customs aims to achieve the balance between customs controls and trade facilitations, by using a fair application of trade and customs policy measures, advanced work processes, advanced customs procedures and techniques for risk assessment and selective controls.

Kosovo Customs will be oriented toward developing a Single Window concept with other agencies and will implement the program of economic reforms, strategy for trade facilitation as well as promote the Authorized Economic Operator (AEO) program to facilitate the legitimate trade movement by complying with the WCO SAFE framework basic principles. Trade facilitations and simplification of customs procedures will be in function of economic growth by supporting legitimate businesses in inducing local export in order to be more competitive in regional and wider markets.

Simplification and harmonization of work processes will enable the decrease of cost for traders and more efficient administration of available resources. Kosovo Customs will continue to manage and administer the existing systems, in particular the one connecting all the customs authorities by advancing the data exchange systems with national agencies, in regional level and implementation of NCTS system, in which transit operations depend.

Customs activities during the period 2019-2023, will ensure a further progression of the paperless environment through the concept of Enterprise Content Management which contributes in trade facilitation and effective implementation of rules and protection of financial and security interests of Kosovo. Customs program in particular will support the development of systems, work processes and procedures for:

- Specific simplifications of existing procedures in order to decrease the business doing cost,
- Support for legitimate trade and elimination of formalities toward trade facilitation,
- Cooperation with the business community, agencies and other customs administrations,
- Orientation in the development strategy of the Single Window concept.

Kosovo Customs will continue to ensure the correct application of trade and fiscal policy measures, TARIK update as well as correct application of rules of origin. The accomplishment and implementation of the strategic objective of trade facilitation will be enabled through specific objectives described below and concrete activities analysed in the action plan.

- **Specific Objective 2.1 Progression of work processes to promote and facilitate the trade.**
- **Specific Objective 2.2. Increased cooperation with business community and other agencies for the implementation of national strategy for trade facilitation.**

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- **Specific Objective 2.3. Promotion and application of facilitations for exporters and manufacturers.**
- **Specific Objective 2.4. Decrease of time needed for goods clearance.**

7.3 PROTECTION OF SOCIETY, EFFICIENT COMBAT AGAINST FISCAL EVASION, ORGANIZED CRIME, SMUGGLING AND OTHER ILLICIT ACTIVITIES

Customs role every day and more is being reinforced in the area of protection of society by preventing the trade of prohibited goods and a wider combat against smuggling, organized crime and other illicit activities which may endanger the financial and security interests of Kosovo and the region.

Collection, handling and proper use of information are main elements for a successful combat against cross-border crime, smuggling and other illicit activities which threaten the legitimate trade and Kosovo's society in general. With the purpose of fighting against misuses, Kosovo Customs aims to continue further on in developing the informative system of risk analysis and selectivity which will enable the increase of effectiveness in discovering criminal acts.

Kosovo Customs will continue fighting against informal economy, by closely cooperating with other governmental institutions, especially the law enforcement agencies. With Kosovo Police will continue to cooperate in fighting against goods smuggling through border and other illegal actions within the country, in the meantime with Kosovo Tax Administration will work closely in order to identify the businesses that fail in fulfilling tax obligations.

Risk assessment and consignments profiling, vehicles or persons will be further developed using the information technology systems capacities and exchange of data in local and international level. Development of the modern customs concept "operation led by intelligence" will assist the operational staff to focus on high risk consignments and investigate smuggling and organized crime.

Coordination and cooperation with public prosecution will be progressed with the purpose of professional investigation of customs criminal acts. Kosovo Customs will increase the operational capacities in the area of financial investigations and identifying and sequestration of criminal assets. According to the World Customs Organization approach, Kosovo Customs aims to dedicate importance to the control of dual use goods, by advancing practices applied in this domain. As determined with requests and legal standards of conformity and which are in line with best EU practices, acting in coordination with the Trade Inspectorate, we will continue to advance the system to ensure efficient controls on products security.

In the field of protecting intellectual property, Kosovo Customs will make a progression in the partnership with governmental institutions, the business sector and private industry to prevent the import of forged goods, especially the ones detrimental to health, public security and revenues. In this plan, we will also address the obligation arising from national strategies and action plans and which are related to their implementation by Kosovo Customs.

The accomplishment and implementation of this strategic objective will be enabled through specific objectives and concrete activities described below and analysed in the action plan.

- **Specific Objective 3.1.** Application of proactive approach to prevent, investigate and detect various illegal activities at the border and inland.
- **Specific Objective 3.2** Reinforcement of cooperation local and international law enforcement authorities, to increase the efficiency and effectiveness in detecting cases, preventing them and the mutual credibility improvement.
- **Specific Objective 3.3** Further development of operational capacities which serve in protection of financial and security interests of Kosovo.
- **Specific Objective 3.4** Progress and improvement of practices in health protection by implementing controls on products security.
- **Specific Objective 3.5** Authentic administration of strategic goods control to prevent the distribution of weapons of mass destruction.

7.4 MODERNIZATION AND PROGRESSION OF CAPACITIES AND PERFORMANCE INCREASE

Kosovo Custom's modernization will be achieved according to World Customs Organization standards and EU Customs Guideline (EU Blueprint) by further continuing to increase the institutional capacities in customs domain with active participation in the activities of the technical assistance program TAIEX.

Customs personnel is a valuable source and most important in fulfilling the mission and strategic objectives of Kosovo Customs. A motivated personnel, professional, competent, efficient and with integrity, will be one of the most important contributors in achieving strategic objectives. In the meantime, Kosovo Customs will further develop human capacities by improving their expertise through investing in continuous education of the staff in the expertise field, having to benefit from the European Commission's technical assistance and other donors.

Having to consider this, Kosovo Customs aims to develop an efficient system of human resources management to advance the systems, performance measurement as well as professional development. Kosovo Customs will intensify the participation in World Customs Organization and other international and regional organization's activities with the purpose of adopting best international practices and standards.

In the area of international cooperation, a priority will be given to the efficient enforcement of measures and activities arising from the Stabilization Association Agreement (SAA) and the European Partnership Action Plan and achieving new agreements as well as membership in international conventions. Kosovo Customs will promote the active participation of various projects and programs from EU and other donors' presentation, which will support the integrating processes.

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The new Customs and Excise Code aims the approximation of Kosovo Customs legislation with EU, as well as creating a suitable legislative climate for economic operators acting in the international market, by aiming to: clarify, facilitate and simplify the customs procedures and combat against fraud, in order to respond to international trade developments as well as the economic operator's needs. Another important aim of the new Customs and Excise Code will be the alignment of decision taking, unification of rules and customs practices with the purpose of ensuring a fair and efficient application of customs legislation, to ensure the right for appeal by economic operators and every other person, against any decision from customs authorities.

Kosovo Customs will be committed to undertake reforming actions deriving from the comprehensive process of Republic of Kosovo European integrations. The main aim in relation to the public is saving the organization's reputation, transparency and reinforcement of credibility toward Kosovo Customs. Given the fact that we get paid from Kosovo taxpayers, their expectations are that customs officials will perform their duties with professionalism, integrity, unbiased and fairly.

Kosovo Customs, apart from this, will improve the anti-corruption measures, with the aim to implement objectives, purpose and vision determined by this Strategic Plan.

The accomplishment and implementation of this strategic objective of reinforcing and building customs administration capacities will be enabled through specific objectives described below and analysed in the action plan.

- **Specific Objective 4.1** – Modernization and digitalization of work processes and procedures.
- **Specific Objective 4.2** – Development and building a durable human resources policy.
- **Specific Objective 4.3** – Development and progression of infrastructural capacities, technical labour terms and projects management.
- **Specific Objective 4.4** – Harmonization and approximation of customs secondary legislation with the primary legislation.
- **Specific Objective 4.5** – Promotion of integrity, ethics, goods governing and fighting against corruption.
- **Specific Objectives 4.6** – Increased transparency and public informing about Customs professionalism, credibility and image.
- **Specific Objective 4.7** – Reinforcement of international cooperation and technical assistance in customs domain.

8. IMPLEMENTATION, MONITORING AND STRATEGY REPORTING

Customs will ensure the implementation of this strategy via fulfilling objectives and activities set out in Action Plan. Monitoring and assessing results of implementation of objectives and activities will be an integral part of the strategy's process as well as the main element in its completion.

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The Office for Strategic Planning in regular basis will monitor the implementation of Action Plan by collecting quarterly and annual reports from all the organizational units and will compile analytic reports on strategy's implementation. The assessment process will result in reviewing activities of the Action Plan by ensuring the planning of needed activities for efficient implementation of strategic objectives.

The implementation of strategic objectives will be assessed based on main performance indicators of the projection and collection of revenues, building the climate for business doing and trade facilitations, decrease of fiscal evasion and administration modernization. Main performance indicators will be further elaborated within the Action Plan for each of activities.

9. STRATEGY'S IMPLEMENTATION ON BUDGET IMPACT

Kosovo Customs will ensure that financial sources for implementation of this Strategy are used in accordance with the principles of managing public finances and control procedures determined. The budget impact of this strategy is referred to KASH 2019-2023 and support from funds and projects financed by the European Commission and other donors.

10. APPENDIX A: THE STRATEGY'S ACTION PLAN FOR YEAR 2019

The Kosovo Customs Strategic Plan will be implemented through the Action Strategic Plan 2019 (*Appendix A*) which presents it as the integral part and which contains the detailed and analysed activities through indicators that will be reviewed in annual basis.

The Kosovo Customs Strategic Plan for 2019-2023 and the Action Strategic Plan 2019 shall enter into force on date **01.01.2019**.

Approved by:

Bahri Berisha


Kosovo Customs Director General



Date 20/12/2018

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