Standard Project Fiche

1. Basic Information

1.1. CRIS Number: 2005/017-353.08.06

1.2. Title: Computerisation of the Bulgarian Customs Administration for simplification of formalities

1.3. Sector: Finance

1.4. Location: Bulgaria, National Customs Agency (NCA)

1.5. Duration: 27 months (8 months contracting, 18 months period of execution and 1 month closure; after the end of the period of execution there will be a 12-month warranty period);

2. Objectives

2.1. Overall Objective(s):

Computerisation of the customs business at the national level in line with the targets identified in the NCA Strategic documents in order to meet the accession criteria in accordance with the acquis and introduce simplified declaration procedures based upon electronic exchange of data.

2.2. Project purpose:

Computerisation of the activities for simplified declarations procedures in order to achieve more efficient customs control, optimization of the time and quality of the customs clearance process, trade facilitation.

2.3. Accession Partnership (AP) and NPAA priority:

In the annex of Council Decision of 19 May 2003 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Bulgaria (2003/396/EC) is stated:

Under point 4 Priorities, Customs union:

“Strengthen the operational and administrative capacity of the customs administration, particularly as regards information technology and human resource policy”.

Roadmaps for Bulgaria and Romania, Brussels, 13 November 2002.
COM (2002) 624
Chapter 25: Customs Union
Medium term
Strengthen operational and administrative capacity of customs administration and ensure a satisfactory level of IT.

2.4. Contribution to National Development Plan:

Not Applicable
2.5. **Cross Border Impact:**

Not Applicable

3. **Description**

3.1. **Background and justification:**

A priority area during the period 1998 – 2002 has been the computerisation of the NCA, with the main objective being the development of the Integrated centralised information system that shall serve as an instrument for the implementation of the NCA’s Business Strategy, shall facilitate the trade and ensure optimum efficiency and profitableness of the invested resources in performing Customs activities.

The IT Strategy of the NCA has been developed in 1999 and it has been maintained up to date.

Phase 1 of the Bulgarian Integrated Customs Information System (BICIS) has been developed with the funding provided by the State Budget funds, under the Phare program and other financial sources. The BICIS 1 was operational in the whole territory of Bulgaria since the beginning of 2001. In addition, hardware and communication equipment for the BICIS have been delivered; and in the Customs Statistics and Automation Directorate at the Central Customs Directorate (CCD) of the NCA a team has been established to manage the BICIS 2&3 project.

In the middle of 2003 the web based BICIS 2.1 became operational. This system involved the re-engineering of the BICIS Stage 1 applications to a web based approach following Object Management Group (OMG) specifications and using Rational Unified Process (RUP) development methodology standards. This sub-phase also included the development of the Bulgarian Transit Management System (BTMS) Phase I, representing NCTS requirements at the national level. BICIS 2.1 is supported by the Kernel, which contains system or user functionality. The On-Line Analytical Processing (OLAP) module allows reporting on all customs data, usually for statistical purposes at CCD level.

Future projects are focused on the National Business and EU Business requirements in the fields of interconnectivity, extension of BICIS, new business functions of NCA as well as infrastructure.

In 2003 the implementation of a project between the German and the Bulgarian customs administration started with a sub-project “Building of the “Post-Clearance Control Service”.

Draft amendments to the Customs Law and draft Instruction for Post clearance control were prepared as a result of the project. Training of Trainers was performed and NCA structure for the post clearance control built up.

The legal framework and related regulations for Simplified Declaration Procedure (SDP) and Post-Clearance Control (PCC) are established with the assistance of MS experts under two twining projects. The changes to the Customs Law concerning the post clearance control are developed. The revised Customs Law has been reviewed by the Council of Ministers and sent for adoption to the Parliament in December 2004. It is expected to be adopted no later than the 2\textsuperscript{nd} quarter of 2005. Second and third level legislation shall be adopted within 6 months after the acceptance of the law. Instructions for application of simplified procedures for simplified declaration on import are applied as from May 2004. The automation of the PCC process is included under the National programme Phare 2004-2006 computerisation project.
In the conditions of rapid increasing of the volume of import and export, one of the main goals of NCA now is to make more effective customs control at every point of the customs territory without increasing administrative or compliance costs for the trade operators.

Using simplified procedure allows for a simplification of formalities necessary for placing goods under a customs procedure. The simplified procedures aim to create a time-saving trading environment for both the declarant and customs. This project aims at the simplification of this procedure, as well as its automation.

3.2. Sectoral rationale

3.2.1 Identification of projects

Not applicable

3.2.2 Sequencing

Not applicable

3.3. Results:

3.3.1 Project 1

3.3.1.1 Purpose

Computerisation of the activities for simplified declarations procedures in order to achieve more efficient customs control, optimization of the time and quality of the customs clearance process, trade facilitation.

3.3.1.2 Results:

*Development of Simplified Declaration Module (SDM)*

The following business processes automated:

- Submission of application for authorisation by the traders;
- Verification of company status;
- Guarantee validation;
- Issuing authorisations with the assistance of the Post-clearance control business module functionality;
- Processing of simplified declarations;
- Processing of supplementary declarations.

Through developed and functioning Simplified Declaration Module including:

- Prepared Requirements Specification and Business Model;
- Designed Software Architecture including identification of BICIS kernel and business module functionality as well as SDM Direct Trader Input (DTI);
- Established Implementation model;
- SDM Tested and Deployed.

Users and system administrators trained.

Operational and turnover to maintenance tasks completed.
Remedial work, if necessary, performed during the warranty period in order to ensure operational efficiency of the software.

3.4. Activities:

Development of Simplified Declaration Module (SDM)

The SDM shall automate the following business processes:
- Submission of application for authorisation by the traders;
- Verification of company status;
- Guarantee validation;
- Issuing authorisations with the assistance of the Post-clearance control business module functionality;
- Processing of simplified declarations;
- Processing of supplementary declarations.

The above will be achieved through:
- Preparation of Requirements Specification and Business Model;
- Design of Software Architecture including identification of BICIS kernel and business module functionality as well as SDM DTI;
- Establishment of Implementation model;
- SDM Testing and Deployment.
- Training of users and system administrators.
- Complete the operational and turnover to maintenance tasks.
- Perform remedial work, if necessary, during the warranty period in order to ensure operational efficiency of the software.

Means: The activities under the project will be implemented through a Service contract with clearly stated deliverables.

Experts with experience in:
- Project management and Quality Assurance management following RUP;
- Analysis and design using UML (Unified Modelling Language), MDA (Model Driven Architecture) and J2EE (Java 2 Enterprise Edition);
- Software implementation with J2EE and XML (eXtended Mark-up Language);
- System architecture development with XML and application servers;
- System engineering.

3.5. Linked activities

NATIONAL PHARE PROGRAMME

BG 98/IB/FI-03 “Harmonisation of Bulgarian Customs Legislation” – twinning with the German Customs Administration. The project was aimed at:
- conducting a review to assess the impact of the Bulgarian customs legislation viz. the associated national legislation;
- proposing and drafting the necessary amendments and the additional supporting legislation in accordance with European Union directives and Member
States best practice;

- developing, documenting and implementing procedures and associated instructions for operational and HQ staff in accordance with European Union norms and Member States best practice in order to correctly and efficiently control the import and export of goods under the new customs legislation.

- An analysis of the experience (practices) of the EU Member States customs administrations in defining the competencies for collection of VAT and excise duties was made under the project.

**BG 9806.02.02** “Computerisation of the Bulgarian Customs Administration”.

The sub-projects involved major hardware improvements for the BICIS project assisted NCA in interconnectivity requirements assessments with the EC systems, as well as in Project, Quality and Contracts Management and IT training.

**BG01/IB/FI/02&03** “Strengthening the NCA” (Twinning project with German Customs Administration)

One of the sub-projects was “Building of the Post-Clearance Control Service”. As a result of the project, a Strategy for establishment and development of the post clearance control was developed and approved by the NCA as part of the Final Report.

**BG 0203.08** “EU standards and practices legal basis, implementing procedures and computerisation at national level, in relation to DG TAXUD systems”. The project is aimed at:

- assisting the National Customs Agency in creating the system of rules and preparing the conditions necessary for the uniform implementation of measures introduced in accordance with the agricultural, trade and other policies integrated in TARIC of the EU, developing the necessary draft Legal Instructions at national level aligned with the EU and including all the preconditions necessary to administer and apply TARIC as well as Tariff Quotas, Binding Tariff and Origin Information, Tariff suspensions, ECICS, TCO and Surveillance data. (component completed in June 2004)

- finalising the Bulgarian Transit Management System (BTMS) computerisation as a subsystem of BICIS. (the Contract was concluded for a duration of 14 months, which will be extended with 7 months to a total duration of 21 months after an extension of the disbursement period granted on 19 November 2004)

- allowing the trade to prepare and send to the BICIS system automatically all the necessary declaration work. (the Contract was concluded for a duration of 12.5 months)

A component for management, co-ordination and evaluation assistance is also included in the project. The component started in the beginning of June 2004. The Contract was concluded for duration of 18 months, which will be extended with 6 months to a total duration of 24 months after an extension of the disbursement period granted on 19 November 2004.

**BG2003/004-937.09.02** “EU standards and practices computerisation of the National Customs Agency in relation to DG TAXUD systems (Integrated Tariff Management System)” Project.

The project is aimed at computerising NCA Integrated Tariff Management System (ITMS) and other applications that serve as reference data to the system. The specific applications affected by the computerisation are: Taric and national Tariffs, Quotas, Ceilings and other surveillance measures, Tariff suspensions, Binding tariff and origin
data, Information System for Processing Procedures (ISPP), European Customs Inventory of Chemical Substances (ECICS) and TCO (Specimen Management System).

**2004-2006 National Phare Programme – Project BG2004/016-711.09.02 Further development of the process of the Bulgarian Customs Administration computerisation and development of a national system for administering the excise duty entirely by the customs administration**

Sub-project 1 “Further Development of the process of the Bulgarian Customs Administration Computerisation”.

The main goals of this sub-project, from the end user perspective as well as from the technical and operational perspective, are the following:

- The extension of the BICIS functionality and infrastructure to cover the process of automation of all major BCA business activities planned to be realised till the beginning of 2007.
- To upgrade BICIS with new features and functions in order to achieve adaptivity of the system to the rapidly changing EU and National legal basis and the dynamic market and customs users requirements.

The requested project is linked with the sub-components for BICIS Kernel extension, Development of information system for automation of the post-clearance control activities, Supply of equipment for modernisation of the infrastructure supporting BICIS.

The requested project has been conceived following the actions for realisation of the European electronic customs initiative in 2004. Consideration has been given to the ongoing modernization of the Customs Code providing for the implementation of Community rules to replace simplified national procedures through the creation of a single simplified declaration system for authorized economic operators.

The SDM will further extend and complement the activities carried out under Phare 2004 sub-project 1 through the automation of priority business needs in line with the EU and national requirements. They are related in particular to the application of up-to-date customs procedures, allowing for a more rapid customs clearance of goods through use of information technology and new techniques for customs control such as risk assessment and audits.

**NATIONAL PROJECTS**

**BICIS Stage 2 computerisation project**

This project covers the Customs Clearance functions and Transit Phase I developments representing NCTS requirements at the national level. It also includes the computerisation of Enforcement, Customs Debt and Authorisations sub-systems.

**MF Maintenance and Enhancements contract**

A new 3-year Maintenance and enhancements contract between the MF and IS Plc. Is in force from January 2004. Additional BICIS functionality is being specified to be developed under this contract. It covers mainly evolutive maintenance resulting from legislation changes as well as enhancement of the existing system.

**3.6. Lessons learned:**

With reference to the process of further NCA computerisation:

- System design should be further improved in order to fully achieve object-
oriented BICIS model;
• Pre-defined methodology standards should be strictly followed and especially RUP as well as business modelling and testing methodologies;

The Bulgarian authorities should adhere in a timely manner to the conditionalities to the project. This includes adoption of relevant legislation and provision of national co-financing. Appropriate corrective actions should be taken in cases of delays or other problems, whereas one of the mechanisms can be the process of regular monitoring and evaluation of Phare projects.

4. Institutional Framework

The project beneficiary institution will be the National Customs Agency (NCA).

The NCA is a part of the Ministry of Finance and is responsible for the collection of Customs duties, Excise duties and VAT on imports and the prevention of illegal imports and exports. It collects about 48% of the revenues of the state budget. Over 3,800 staff is employed by NCA.

The NCA is structured in four hierarchical levels:
• Central Customs Directorate;
• 5 Customs Regions coordinated by Regional Customs Directorates;
• 17 Customs houses;
• 103 Customs bureaus and Customs posts.

The NCA has supported, from the very beginning the Commission’s Pre-accession Strategy for the Customs and Taxation Sector.

The new Customs Act and Implementing Regulations have been enforced since 01.01.1999. The Law on Amendment of the Customs Act has been adopted by the Parliament in April 2003.

The NCA has established a special organisational structure for the technical management and monitoring of the project, which comprises a Project Steering Committee (PSC), Project Implementation Unit (PIU), and a dedicated Project Implementation Team.

The Project Steering Committee will be the NCA BICIS Steering Committee. The PSC will monitor, supervise and co-ordinate the overall progress and implementation of the Project and will be responsible for approving the project deliverables. The Director General of NCA chairs the PSC. The PSC meetings will be held every three months (and more frequently, if necessary). Representatives of the EC Delegation to Bulgaria, the CFCU, the National Aid Coordinator (NAC), “European Integration and Monitoring” Directorate within the Ministry of Finance and Consultants/Suppliers representatives will be invited as observers to the SC meetings. Representatives of other institutions will be invited to the SC meetings, if the agenda requires.

The day-to-day project management will be carried out by the NCA Project Implementation Unit (PIU) on the base of the decisions made by the NCA SC.

The Project Implementation Team comprises experts from the Customs Statistics and Automation (CSA) and Post Clearance Control (PCC) Directorates.

Furthermore the IT Projects organisation is presented in Annex 7 of the Project Fiche.

The NCA will support the implementation of the proposed project by assuring the necessary organisational environment and making available the necessary personnel.
The existing Training centres in Sofia, Plovdiv and Russe will be used for organising of training courses and seminars. The co-financing will be provided by the state budget.

5. Detailed Budget

<table>
<thead>
<tr>
<th>€M</th>
<th>Phare/Pre-Accession Instrument support</th>
<th>Co-financing</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2005 – Investment support jointly co-funded</td>
<td>National Public Funds (*)</td>
<td>Other Sources (**)</td>
<td>Total Co-financing of Project</td>
</tr>
<tr>
<td>Sub-project 1 Development of Simplified Declaration Module</td>
<td>1.05</td>
<td>0.35</td>
<td>N/A</td>
</tr>
<tr>
<td>Investment support – sub-total</td>
<td>1.05</td>
<td>0.35</td>
<td>N/A</td>
</tr>
</tbody>
</table>

% of total public funds: max 75 %, min 25 %

In case of parallel co-funding (per exception to the normal rule), see the following special condition: No parallel co-financing

<table>
<thead>
<tr>
<th>Year 2005 Institution Building support</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project 1</td>
<td>N/A</td>
</tr>
<tr>
<td>IB support</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Total project 2005 | 1.05 | 0.35 | N/A | 0.35 | 1.40 |

(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) private funds, FIs loans to private entities

The national co-financing will be provided by the “National Fund” Directorate at the Ministry of Finance. All operational and running costs and the maintenance of the equipment will be provided by the final beneficiaries.

6. Implementation Arrangements

6.1. Implementing Agency

Programme Authorising Officer (PAO): Mr. Tencho Popov
Secretary General of the Ministry of Finance
102, Rakovski Str., 1040 Sofia, Bulgaria
Tel.: + 359 2 9859 2012
Fax: +359 2 987 3929

The Implementing Agency for this project will be the Central Finance and Contracts Unit (CFCU) at the Ministry of Finance. The CFCU will be responsible for the tendering,
contracting and payment activities under the project.
Contact details:
Mr. Vladimir Valchev
CFCU Director
102, Rakovski str., 1040 Sofia, Bulgaria
Tel.: +359 2 9859 2772, 359 2 9859 2777
Fax: +359 2 9859 2773

The Beneficiary will be responsible for preparing the Terms of Reference for the contract under the project.
The NCA PIU will be the main contact point for all official communications between the Consultant and the NCA concerning the implementation of the project.
Head of “Institutional Building and Phare Programme” Department
Central Customs Directorate
47, Rakovski Str.
1000 Sofia, Bulgaria
Tel.: +359 2 9859 4508
Fax: +359 2 9859 4129

6.2. Twinning

Not applicable.

6.3. Non-standard aspects

After the completion of the Component, there will be 12 months warranty period. Justification for the warranty period requirement is provided in Annex 8 of the Project Fiche.

6.4. Contracts

To maximise the effectiveness of the proposed project, NCA foresees one Service contract at the total amount of MEUR 1.40

7. Implementation Schedule

7.1. Start of tendering/call for proposals July 2006
7.2. Start of project activity March 2007
7.3. Project completion August 2008

*Note: After the completion of the Component, there will be 12 months warranty period. Justification for the warranty period requirement is provided in Annex 8 of the Project Fiche.

8. Equal Opportunity

Equal participation in this project of women and men will be enforced at the start of the project. All periodical progress review reports and other interim reports will include a specific chapter providing detailed explanations on measures and policies taken with respect to this equal opportunity for women and men and will provide measurements of achievement of this goal.

9. Environment

Not applicable.

10. Rates of return

It is not possible to calculate the precise rate on the investment at this stage, but considering the improvements to be gained with the project implementation in the field
of customs computerization, it is clear that the investment will bring about considerable rates of return.

11. Investment criteria

11.1. Catalytic effect:
The Phare support is essential for the implementation of the targets identified in the NCA Strategic documents and to meet the criteria in accordance with the acquis in Chapter 25.

11.2. Co-financing:
The investment component of the project will be co-financed with 25% of the total component value. The funds will be provided by the State budget through the “National Fund” Directorate within the Ministry of Finance.

11.3. Additionality:
The Phare intervention does not displace other financiers as no alternative funds have been allocated for the proposed project.

11.4. Project readiness and size:
The detailed preparatory tasks for this project will be performed within a six-eight month period prior to the start of tendering. The work on the tender documentation will start as soon as the project fiche is approved by the Phare Management Committee in June 2005. Extensive Terms of Reference will be prepared for the Invitation to Tender phase in time to meet the proposed implementation schedule.

11.5. Sustainability:
The project activities are in line with EU sector policy acquis.
The NCA will ensure the appropriate administrative capacity to be able to manage the maintenance of the system as well as ensure the continuous training of new users.

11.6. Compliance with state aid provisions
Not Applicable

12. Conditionality and sequencing

12.1. Conditionality
Not Applicable

12.2. Sequencing
The software development will follow the Rational Unified process (RUP) methodology sequence including Inception, Elaboration, Construction and Transition Phases.
Within the phases the following standard activities/disciplines will be performed:

- Business Modelling
- Requirements
- Analysis & Design
- Implementation
- Testing
- Deployment
- Training

Annexes to project Fiche
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
4. Needs assessment
5. Reference list of relevant laws and regulations
6. Reference list of relevant strategic plans and studies
7. NCA IT Projects organisation
8. Justification for the warranty period requirement
<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computerisation of the customs business at the national level in line with the targets identified in the NCA Strategic documents in order to meet the accession criteria in accordance with the acquis and introduce simplified declaration procedures based upon electronic exchange of data.</td>
<td>NCA in full compliance with accession requirements and the Blueprints standards in the key areas of the Customs business addressed by this project at the time of accession.</td>
<td>Regular Customs Administrative and Operational Capacity Reports, as part of the Screening process. Reports on the Action plan to the Strategy for acceleration of negotiations for Bulgaria’s accession to the European Union.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computerisation of the activities for simplified declarations procedures in order to achieve more efficient customs control, optimization of the time and quality of the customs clearance process, trade facilitation.</td>
<td>- 40% reduction of declaration time for the traders after deployment of the project deliverables. - 30% increased number of processed declarations. - 10% increased customs violations detection rate with decreased number of checks after deployment of the project deliverables. These indicators will provide the basis for measuring achievement after project completion.</td>
<td>DG TAXUD evaluation reports. Regular review of the candidate countries customs administrations blueprints in Computerisation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
</table>

**COMPUTERISATION OF THE BCA FOR SIMPLIFICATION OF FORMALITIES**

**Overall objective**

- Objectively verifiable indicators:
  - NCA in full compliance with accession requirements and the Blueprints standards in the key areas of the Customs business addressed by this project at the time of accession.
  - EC Regular reports.
  - Regular Customs Administrative and Operational Capacity Reports, as part of the Screening process.
  - Reports on the Action plan to the Strategy for acceleration of negotiations for Bulgaria’s accession to the European Union.

- Sources of Verification:
  - Bulgarian Government maintains consistent policy viz. the Customs Agency, in line with the AP.

**Contracting period expires 30 November 2007**

**Disbursement period expires 30 November 2008**

**Total budget: 1.40 MEUR**

**Phare budget: 1.05 MEUR**

**LOGFRAME PLANNING MATRIX FOR**

**Programme name and number**

**Modernization of the Bulgarian Customs Administration in Connection with the Future Membership of the Republic of Bulgaria in the European Union**

**Project:**

- **Programme name and number:**
  - **Modernization of the Bulgarian Customs Administration in Connection with the Future Membership of the Republic of Bulgaria in the European Union**
“Development of Simplified Declaration Module”

The following business processes automated:
- Submission of application for authorisation by the traders;
- Verification of company status;
- Guarantee validation;
- Issuing authorisations with the assistance of the Post-clearance control business module functionality;
- Processing of simplified declarations;
- Processing of supplementary declarations.

Through developed and functioning Simplified Declaration Module including:
- Prepared Requirements Specification and Business Model;
- Designed Software Architecture including identification of BICIS kernel and business module functionality as well as SDM DTI;
- Established Implementation model;
- SDM Tested and Deployed.

Users and system administrators trained.
Operational and turnover to maintenance tasks completed.
Remedial work, if necessary, performed during the warranty period in order to ensure operational efficiency of the software.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Quality, completeness and traceability of the project deliverables defined in Project Quality Plan according to RUP methodology.</td>
<td>- NCA IT Strategy Implementation Progress Report.</td>
<td>Sufficient administrative capacity and well trained officers.</td>
</tr>
<tr>
<td>- Stability (approximately 300 users will work with the system), modularity, quality (the response time of the system – 2 sec.) and maturity of the system that is being developed.</td>
<td>- NCA Quality review reports after each iteration.</td>
<td></td>
</tr>
<tr>
<td>- Degree of conformity of the delivered solution with the business needs in terms of functionality required - when the user requirements are in full correspondence with the functionality realized.</td>
<td>- Project’s Progress Reports.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Minutes of project tracking meetings.</td>
<td></td>
</tr>
</tbody>
</table>

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| | | |
## Development of Simplified Declaration Module

Automation of the following business processes:
- Submission of application for authorisation by the traders;
- Verification of company status;
- Guarantee validation;
- Issuing authorisations with the assistance of the Post-clearance control business module functionality;
- Processing of simplified declarations;
- Processing of supplementary declarations.

The above will be achieved through:
- Preparation of Requirements Specification and Business Model;
- Design of Software Architecture including identification of BICIS kernel and business module functionality as well as SDM DTI;
- Establishment of Implementation model;
- SDM Testing and Deployment.
- Training of users and system administrators.
- Complete the operational and turnover to maintenance tasks.
- Perform remedial work, if necessary, during the warranty period in order to ensure operational efficiency of the software.

| Service contract with clearly stated deliverables |
| Experts with experience in: |
| - Project management and Quality Assurance management following RUP; |
| - Analysis and design using UML, MDA and J2EE; |
| - Software implementation with J2EE and XML; |
| - System architecture development with XML and application servers; |
| - System engineering |

## Preconditions

The detailed preparatory tasks for this project performed prior to the start of tendering.
ANNEX 2

DETAILED TIME IMPLEMENTATION CHART FOR THE PROJECT
Computerisation of the BCA for simplification of formalities

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2008</th>
</tr>
</thead>
</table>

D = Design  C = Contracting period;
I = Implementation*
X = Closure

*Note: The implementation period of the Component is comprised of 18 months period of execution and 12 months warranty period. The final payments will be effected 12 months after project acceptance.
ANNEX 3

CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER THE FULL DURATION OF PROGRAMME

**Project title:** Computerisation of the BCA for simplification of formalities

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative contracting schedule by quarter in € m (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>Service</td>
<td>1.40</td>
<td>1.40</td>
</tr>
<tr>
<td>Contract</td>
<td>1.40</td>
<td>1.40</td>
</tr>
<tr>
<td>Total</td>
<td>1.40</td>
<td>1.40</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Disbursement</th>
<th>Cumulative disbursement schedule by quarter in € m (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>Service</td>
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<tr>
<td>Contract</td>
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<td>0.84</td>
</tr>
<tr>
<td>Total</td>
<td>0.84</td>
<td>0.84</td>
</tr>
</tbody>
</table>

\* A payment of 2% of the maximum contract value will be effected at the end of the warranty period. The warranty period is set at 12 months after project acceptance. The Justification for the warranty period requirement is attached in Annex 8 of this Project Fiche.
ANNEX 4

Needs Assessment

Computerisation of the BCA for simplification of formalities
The Bulgarian legal basis related to NCA normal declaration procedures are harmonised. All regulations concerning normal declaration process are prepared. The automation of the normal declaration procedure is completed and the system is operational in all customs sites. The EC and NCA business plans foresee the application of clear, transparent and up-to-date customs procedures, allowing for a more rapid customs clearance of goods through use of information technology and new techniques for customs control such as risk assessment and audits. This will enable the achievement of a high degree of simplification of customs procedures and practices which make a major contribution to facilitation of trade.

Under the framework for the realisation of the NCA plans, the process of introduction of the simplified declaration procedures (SDP), and Post Clearance Control (PCC) has been started. The legal framework and related regulations for SDP and PCC are established with the assistance of MS experts under two twining projects (BG 98/IB/FI-03 and BG01/IB/FI 02&03). The changes to the Customs Law concerning the post clearance control are developed. The revised Customs Law has been reviewed by the Council of Ministers and sent for adoption to the Parliament in December 2004. It is expected to be adopted no later than the 2nd quarter of 2005. Second and third level legislation shall be adopted within 6 months after the acceptance of the law. Instructions for application of simplified procedures for simplified declaration on import are applied as from May 2004. The automation of the PCC process is included under the National programme Phare 2004-2006 computerisation project.

The main goals of this project, from the end user and operational perspective are reduction of the time spent by traders for declaration of the goods as well as increasing of the NCA administrative capacity allowing for efficient prevention of the customs violations while decreasing the performed checks.

For the realisation of the goal of this project BICIS Simplified Declaration Module (SDM) shall be designed, developed, and deployed, automating the following business processes - submission of application for authorisation by the traders; Verification of company status; Guarantee validation; Issuing authorisations with the assistance of the Post-clearance control business module functionality; Processing of simplified declarations; Processing of supplementary declarations.

The financial estimation for the project implementation have been calculated based on the RUP methodology and taking into consideration the resource allocation for successfully completed projects.

The RUP foresee a proportion of project resources used for each activity during the various phases of the software development cycle. The actual costs are calculated as follows:

− The number of man/days utilised for implementation of the successfully completed Customs Clearance project;

− Coefficients (Ratios) reflecting the ratio between the volume of functional requirements of the proposed project and that of the Customs Clearance project;

− The number of man/days for the proposed project, obtained as a product of the actually used man/days for the Customs Clearance project and the ratio for the proposed project;

The sums for the various project activities, obtained as product of the man/days for implementation of the project, the Ratio for the relevant activity as set in the RUP and the estimated daily rate of the contracted staff.
ANNEX 5

Reference list of relevant laws and regulations

Customs Act
Implementing Provisions of the Customs Act

ANNEX 6

Reference list of relevant strategic plans and studies

• Business Strategy of the Customs Administration of the Republic of Bulgaria
• IT Strategy of the National Customs Agency
• Interconnectivity/operability Strategy of the National Customs Agency
• Strategy for establishment and development of the post clearance control
ANNEX 7
NCA IT PROJECTS ORGANISATION

Legend: Blue boxes: NCA staff; Yellow boxes: Contractors staff
The IT Strategy describes the overall IT projects organisation. For efficient management of IT projects from the detailed level to the highest level, 3 Management layers have been established as follows:

- **1st Management Layer** represented by the **CSC**
- **2nd layer** represented by the Program Director and the heads of Directorates, Departments and contracting 3rd layer parties. This layer is called the Project Directors Group (PDG)
- **3rd layer**, dealing with the day to day activities of the projects consisted mainly of the PMs and their assisting staff. This is the Project management Group (PMG)

**FIRST MANAGEMENT LAYER**

**Computerisation Steering Committee (CSC)**

The CSC will monitor, supervise and co-ordinate the overall progress and implementation of the BICIS Project and all Phare projects related to BICIS. The CSC performs the overall control of the implementation of the BICIS related projects.

The CSC members are the Director of the NCA, the Secretary General, the Directors of Directorates in the Central Customs Directorate, the Head of Inspectorate, the Head of “Development and Implementation of Information Systems” Department, the Head of PIU, and the Head of Information Systems Directorate within the Ministry of Finance. The SC is chaired by the Director General of the National Customs Agency and in his absence – by the Deputy Director responsible for IT.

The SC will be responsible for the following tasks:

- Providing guidance for the different phases of the projects;
- Defining priorities;
- Resolving Risks;
- Approving the progress of the works.

**SECOND MANAGEMENT LAYER**

**Programme Director**

The role of the Programme Director is to ensure that the BICIS works are progressing coherently and in accordance to the plans and Strategy.

The main functions of the Programme Director are:

- To monitor the progress of the project in accordance with the Business Plans, Business Change Management Plans, EU Accession Strategy, IT Strategy and Inter-operability Implementation Strategy;
- To agree on any strategic change which may affect the progress of the Programme and submit for approval to the Computerisation Steering Committee e.g. re-allocation of funds, redeployment of resources, resolving conflicts of interest between projects, review of priorities and submission to the Computerisation Steering Committee for approval.

**Directors of Directorates**

The role of the Directors of Directorates is to support the work of the Program director and to manage the work of the Project Owners.

**Project Owner**
The Project Owner is responsible for setting the business objectives and priorities. He allocates user resources to the work.

The Project Owner is responsible for project co-ordination as well as for communication with the Programme Director.

The main functions of the Project Owner are:

- To appoint the Project Team (both Business and IT team members) and define their functions;
- To approve the PQP produced by the Consultant in liaison with the IT Project Manager, Business Project Manager and QM/CM;
- To manage the work of the IT Project Manager and Business experts;
- To oversee liaison between the different sources of project financing;
- To monitor plans and reporting activities;
- To solve the issues at a level above the competence of the IT Project Managers and below that of the Programme Director;
- To notify the Programme Director of important problems encountered and of solutions.

Quality Manager

The main functions of the QM are:

- Monitor the PQP together with the IT Project Manager – including risk management;
- Arrange quality assurance of all major project deliverables;
- Establish and monitor change request procedures;
- Participate in acceptance/integration testing of the systems;
- Participate in phase end reviews and walkthroughs;
- Provide support to projects in the use of methodology and best working practices;
- Recommend development standards and utilities.

Contract Manager

The main functions of the CM are:

- Review and monitor the Consultants plans and deliverables;
- Chase progress and identify delays in these plans;
- Report any breach of contract to the Programme Director with recommendations such as imposition of penalty clauses, etc.

THIRD MANAGEMENT LAYER

IT Project Manager

The IT Project Manager is the official appointed to manage and execute the technical (IT) activities of the project according to the User Requirements and priorities established by the Project Owner.

The IT Project Manager is responsible for the control of the IT activities of the project as well as for the communication with the external Consultant, the IT Support Team and the Business experts. The IT Project Manager will act as the single entry point of the Consultant to the users. The IT Project Manager reports directly to the Project Owner.

The specific functions of the IT Project Manager include:

- To monitor and audit the IT activities identified in the project plan;
• To manage and control the project IT requirements;
• To monitor progress and take any necessary corrective actions;
• To monitor the execution of the IT activities in accordance with the Project Quality Plan;
• To control the IT activities at the different phases and levels;
• To co-operate and co-ordinate with the external Consultant’s Project Director, the IT Support Team and the Business experts;
• To maintain a close working relationship with the QM/CM;
• To prepare reports as required by the Project Owner.

Technical support Experts
During all phases of the project the Technical support experts will be responsible for:
• Assist in technical environment issues
• Assist in analysis and design issues

Business experts
Various experts from the business departments will be assigned to support the work of the IT PM.
ANNEX 8

Justification for the warranty period requirement

After the developed systems under the project are deployed by the Consultant’s teams, user acceptance tests are completed and the systems are transferred to the NCA and/or the system integrator for maintenance, they are put into operation in all customs sites by NCA.

Following that, Project acceptance will take place if all contracted deliverables are accepted by the Beneficiary according to the evaluation criteria set in the Iteration plan for each iteration and certified by the Beneficiary with Iteration acceptance protocols.

Whereupon project acceptance occurs there will be a 12-month warranty period.

Normally, each specially developed software has some warranty period. If some problems with the exploitation of the software occur during the warranty period, the Consultant shall be responsible for solving these problems. The following types of problems could occur during the warranty period:

- System performance problems might occur during the exploitation of the system in a multi-user environment, due to uncovered inadequate product tunings during user acceptance testing. Product tunings correction might lead to changes in the software, which could generate functional errors.

- If it is difficult to run the full set of test cases, defects generated from the programming code might occur during system exploitation.

- If user acceptance tests are performed with a limited number of end-users, it might turn out that the product does not cover the technical requirements specified in the Vision and the Software requirements Specification during system exploitation when all potential users of the system operate with it.

Based on the above three examples, during the warranty period the Consultant will perform remedial work, if necessary, in order to ensure operational efficiency of the software and enable Bulgarian Customs Administration to continue to productively use it if any deviation of the normal exploitation according to the Vision and Requirements specification occurs.