Standard Summary Project Fiche for the Transition Facility

1. **Basic Information**
   1.1 CRIS Number: 2007/019-303.06.01
   1.2 Title: Further Computerisation of the Bulgarian Customs Administration in line with the EU Electronic Customs Initiative
   1.3 Sector: Finance
   1.4 Location: Bulgaria, National Customs Agency (NCA)

2. **Objectives**
   2.1 **Overall Objective:**
   Computerisation of the customs business in line with the EU standards and BCA requirements for realisation of simple and paperless environment for customs and trade.
   2.2 **Project purpose:**
   Provide a software solution that will implement the Integrated tariff environment requirements as regards Taric and Quota in order to expedite the flow of goods and facilitate the uniform implementation of the Community legislation in the customs clearance process through interoperability with the Member States' and DG TAXUD systems.
   2.3 **Justification**
   The project is aimed at securing the implementation of new acquis.
   The list of relevant regulations is presented in Annex 5 List of relevant laws and regulations.

3. **Description**
   3.1 **Background and justification:**
   3.1.1 BCA computerization: background information
   Computerisation is a priority area for 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, 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 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.
   BICIS 2.1 also included the development of the Bulgarian Transit Management System (BTMS) Phase I, representing NCTS requirements at the national level. BTMS-2 which will cover NCTS developments for International needs has been completed in mid 2006 and entered into international operations on 1 January 2007.
   BICIS has been further extended with the Customs debt, Authorisations and Risk analysis modules in the beginning of 2005.
   Integrated Tariff Management System is operational from 1 January 2007 to assist BCA in automatically applying the EU requirements promptly and efficiently as it is specified in the EU legislation.
New projects are focused on the National Business and EU Business requirements in line with the legislative developments related to the Electronic customs, as well as on new business functions of NCA and infrastructure.

3.1.2 Simple and paperless environment for customs and trade

BCA development is being performed in line with the EC strategy for the Customs Union, set out in a Communication which provides the framework for implementing measures to modernise customs. (COM(2001) 51).

The Commission and the EU Member States aim:

- To deliver pan-European e-Government services,
- To provide for efficient, effective and interoperable information and communication systems between public administrations,
- in order to exchange and process information across Europe in a secure manner.

They shall set up and operate:

- secure, integrated, interoperable and accessible electronic customs systems
- in order to facilitate supply chain logistics and customs processes for the movement of goods into and out of the European Community and
- to reduce the risks of threats to the safety and security of citizens
- by minimising the remaining differences between Member States' Customs processes.

The objective for ensuring interoperability with the Member States' electronic clearance systems, as set in Commission Communication on a simple and paperless environment for customs and trade (COM (2003) 452 final, 24.7.2003), is already being pursued by BCA with regard to the NCTS (operational), Export Control System (ECS) phase 1 (under development), and future short-term projects, namely ECS phase 2, Import Control System (ICS), Authorised Economic Operators (AEO), Risk Management Framework (RMF). These systems are included in the Multi-annual strategic plan, which is an essential instrument to ensure the coherence of all Community projects relating to electronic customs, their effective planning and management, and for common agreement on implementation.

3.1.3 Taric3 and Quota2 as an essential part of the Integrated Tariff Environment (ITE)

As laid down in the Multi-annual strategic plan, the main Integrated Tariff Environment (ITE) goal is the improvement of the interconnection between the already existing tariff related IT systems in order to achieve re-use of data and/or functionality from one system to another and harmonise the interfaces of the different inter-related tariff systems, with the member states, without redundancy of data.

The concerned systems are Combined Nomenclature, Taric, European Binding Tariff Information (EBTI), Quota, Surveillance, the European Customs Inventory of Chemical Substances (ECICS), Suspensions.

The ITE is a collection of data flows and procedures to implement. ITE developments are, when possible, merged with other development activities of the customs systems (e.g. Quota 2 and Taric3).

Taric 3 is expected to ensure:

- for the administrations: consistent application of tariff and commercial legislation throughout the customs union (e.g. uniform use of country codes, quota definitions and balance changes disseminated via the Taric interface);
- for the economic operators: immediate and up-to-date information concerning the Community tariff and commercial legislation.

Quota 2 is expected to ensure:

- for the administrations: consistent application of tariff quotas;
- for the economic operators: fair treatment of the imported goods and immediate up-to-date information concerning the situation of tariff quotas.

As part of the BCA Integrated Tariff Management System (ITMS) Taric and Tariff Quota and
Surveillance modules are operational. Surveillance2 has already been implemented in accordance with the ITE recommendations. Further activities are required though for the evolution of national Taric and Quota applications to support the changes to the Taric Interchange data specification, the interface for the quota drawing requests and allocation results as well as the required changes to the customs clearance system.

See Annex 4 Quota 2 and Taric 3 Needs Assessment describing current problems and envisaged business processes. It describes also which information systems are affected by the proposed changes to Taric and Quota. The impact on MS will cover mainly:

- modification of the DG TAXUD data specification interface;
- modification of the Taric data base schema for integration purposes;
- modification of the business logic for data extraction and calculation;
- modification of the quota management system;
- modification of the interfaces between the national declaration processing system and the ITMS modules;

3.2 Linked activities:

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 ITMS and other applications that serve as reference data to the system. The project was completed in December 2006.

Project 2004/016-711.09.02 and BG2005/017-353.08.02 “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”:

Component 1.1: “Extension of the BICIS functionality” aiming at improvement of the standardisation, modularity and scalability of BICIS, as well as adaptivity of the main system modules to the changing legal basis, business logic and, DG TAXUD requirements and standards. It is related to component 1 of this project as far as component 1 is planned to be implemented following the technological framework defined and implemented under component 1.1. The project has started in December 2006.

Component 1.3 “Supply of equipment for modernisation of the infrastructure supporting BICIS” aims at the improvement of the infrastructure supporting the development and exploitation of BICIS. It is related to component 1 of this project as far as the development under component 1 will be deployed on the infrastructure established under component 1.3. The project is under tender procedure.

3.3 Results:

**Component 1 “Further Development of the Bulgarian Transit and Integrated Tariff Management Systems”**

Developed and functioning information system including:

- Extension of the Taric functionality to accommodate, manipulate and report on Taric data from DG TAXUD and national data (national measures, VAT rates, excise rates, etc.) in accordance with the EC specifications for Taric 3.
- Extension of the Quota functionality to handle quota drawing requests and allocation results in accordance with the EC specifications for Quota 2.
- Integration with the BICIS modules, including interfaces to and/or revision of existing modules according to the above developments.
- Connection with CCN/CSI for the purposes of the above modules.

Through developed and functioning information system including:

- Prepared Requirements Specification and Business Model based on the DG TAXUD specifications and BCA requirements;
- Designed Software Architecture;
- Established Implementation model;
3.4 Activities:

Component 1 "Further Development of the Bulgarian Transit and Integrated Tariff Management Systems"

Development of information system including:

- Extension of the Taric functionality to accommodate, manipulate and report on Taric data from DG TAXUD and national data (national measures, VAT rates, excise rates, etc.) in accordance with the EC specifications for Taric 3, including:
  - Improved management of data (Taric and reference data);
  - Improved reporting and control functionality;
  - Online queries;
  - Integration with other ITE systems (Quota, ECICS);
  - Database changes: e.g. additional special conditions; additional information for existing information, for example validity periods, description periods; merging of country and region codes in one table; suppression of the 'for information' flag; prolongation of certain textual fields; integration of chemical substances.
  - Modification of the Taric interface with DG TAXUD.

- Extension of the Quota functionality to handle quota drawing requests and allocation results in accordance with the EC specifications for Quota 2, namely:
  - Ability to receive and store tariff quota definition data sent via the Taric interface.
  - Amendment of the TQS module to handle quota drawing requests based on Taric data as well as allocation results.
  - Modification of the Quota interface with DG TAXUD.

- Integration with the BICIS modules, including interfaces to and/or revision of existing modules (e.g. Tariff management system and all tariff related systems, Customs clearance, etc.) according to the above developments.

- Connection with CCN/CSI for the purposes of the above modules.

The above will be achieved through:

- Preparation of Requirements Specification and Business Model based on the DG TAXUD specifications and BCA requirements;
- Design of Software Architecture;
- Establishment of Implementation model;
- System 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.

The activities under the project will be implemented through a Service contract for Development of Information System with clearly stated deliverables.

Experts with experience in:

- Project management and Quality Assurance management following RUP;
• Analysis and design using UML (Unified Modelling Language), SOA (Service Oriented 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 Lessons learned
- The National Customs Agency has always applied a strategic approach in the programming of Phare assistance. This is applicable to the programming of the Transition Facility, as well.
- Full involvement of stakeholders in the programming process has been assured.
- In previous programming years it has been noted that the programme design should be improved. This applies in particular to the indicators of achievement.
- Pre-defined methodology standards should be strictly followed during the BCA IT projects and especially RUP as well as business modelling and testing methodologies;
- The relevant authorities should adhere in a timely manner to the conditionalities to the project. Appropriate corrective actions should be taken in cases of delays or other problems.

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. About 3,900 staff is employed by NCA. The organisational structure of NCA is presented in detail in the attached IT Strategy Section 3 (re Annex 8).

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

For many years the NCA has been beneficiary of Phare support whereas considerable experience has been gained in the programming, management, implementation and monitoring of projects and relevant structures are in place and functioning.

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. Representatives of the CFCU, the National Aid Coordinator (NAC), “European Integration and Monitoring” Directorate within the Ministry of Finance and contractor’s 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 PIU on the base of the decisions made by the PSC.
The Project Implementation Team comprises experts from the Customs Statistics and Automation (CSA), Customs Regimes and Procedures and Tariff Policy Directorates.

Furthermore the IT Projects organisation is presented in Annex 8 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.

5. **Detailed Budget**

<table>
<thead>
<tr>
<th>£M</th>
<th>Transition Facility support</th>
<th>Co-financing</th>
<th>Total cost</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Investment Building</td>
<td>Total Transition Facility (=I+IB)</td>
<td>National Public Funds (*)</td>
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<td>Service Contract</td>
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<td>1.275</td>
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<td><strong>Total</strong></td>
<td>1.275</td>
<td>1.275</td>
<td>0.425</td>
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</table>

(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises. All the co-financing is joint co-financing and will be provided from the state budget. In the case where the final overall cost is lower than foreseen in the project fiche, the national public and Transition Facility co-financing shall be reduced proportionally so as to maintain the agreed rate of co-financing.

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

6. **Implementation Arrangements**

6.1 **Implementing Agency**

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, monitoring and payment activities under the project.

Contact details:
CFCU Director
Mr. Lujomir Tushanov
102, Rakovski Str., 1040 Sofia, Bulgaria
Tel.: +359 2 9859 2772, 359 2 9859 2777
Fax: +359 2 9859 2773

Programme Authorising Officer (PAO):
Mrs. Gergana Berenska
State Treasurer, Ministry of Finance
102, Rakovski Str., 1040 Sofia, Bulgaria
Tel.: + 359 2 9859 2495
Fax: +359 2 9859 2499

The responsibility for technical project preparation, implementation and control will remain with the beneficiary institution, i.e. the National Customs Agency.

The Senior Programme Officer will be Mrs. Marina Popova, Director of “European Integration and International Cooperation” Directorate.

Contact details:
Central Customs Directorate
6.2 Twinning
Not applicable

6.3 Non-standard aspects
National public procurement rules apply. After the completion of component 1, there will be 12 months warranty period. Justification for the warranty period requirement is provided in Annex 6 of the Project Fiche.

6.4 Contracts
One Service Contract for Development of Information System at the total amount of: MEUR 1.70

7. Implementation Schedule

7.1 Start of tendering/call for proposals
Component 1: November 2007, ToR ready for tendering: October 2007;

7.2 Start of project activity
Component 1: May 2008, contract duration: 24 months*;

7.3 Project completion
Component 1: May 2010*;

*Note: After the completion of the Component, there will be 12 months warranty period. Justification for the warranty period requirement is provided in Annex 6 of the Project Fiche.

8. Sustainability
Operational and maintenance costs for the requested computerisation projects will be covered from national budget.

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.

9. Conditionality and sequencing

9.1 Conditionality
Finalization of the DG TAXUD Functional specifications for Taric3 and Quota2:

- The Functional and Technical message exchange specifications for Taric 2 Interchange Data Specification (IDS) evolution for Quota2 is planned to be finalised by DG TAXUD in September 2007;

- Taric3 specification for IDS/XML is planned to be finalised by DG TAXUD in October 2007;
Completion of the design activities under the BG2004/016-711.09.02, component 1.1.1.

- According to the provisional timetable for project, the Elaboration phase activities are planned to be completed by the contractor in October 2007.

9.2 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, and 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. Quota 2 and Taric 3 Needs Assessment
5. List of relevant laws and regulations
6. Justification for the warranty period requirement
7. IT Strategy of the Bulgarian Customs Agency
## LOGFRAME PLANNING MATRIX FOR

### COMPUTERISATION OF THE BULGARIAN CUSTOMS ADMINISTRATION IN LINE WITH THE EU ELECTRONIC CUSTOMS INITIATIVE

<table>
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<th>Programme name and number</th>
<th>Contracting period expires</th>
<th>End of execution of contracts</th>
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<td>15 December 2009</td>
<td>15 December 2010</td>
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<tr>
<td>Total budget: 1.70 MEUR</td>
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<td>TF budget: 1.275 MEUR</td>
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### Overall objective

Computerisation of the customs business in line with the EU standards and BCA requirements for realisation of simple and paperless environment for customs and trade.

### Project Purpose

Provide a software solution that will implement the integrated tariff environment requirements as regards Taric and Quota in order to expedite the flow of goods and facilitate the uniform implementation of the Community legislation in the customs clearance process through interoperability with the Member States' and DG TAXUD systems.

### Objectively verifiable indicators

| NCA in full compliance with the EU standards in the key areas of the Customs business addressed by this project as per the provisions of the EC Electronic customs decision. |

### Sources of Verification


### Assumptions

Customs procedures compliant with the developments of the EU legislation and procedures.

### Results

### Objectively verifiable indicators

- Successfully completed conformance tests with DG TAXUD and the MS systems within the Transition iteration/s.
- Information accurately exchanged between the BCA and the BCA counterparts, meeting response time objectives and SLAs;
- 15% improved coherency of data managed within the systems.
- 15% reduced data redundancy in the systems;
- 20% reduction of time for quota management;
- 30% improvement of data reporting functions;

These indicators will provide the basis for measuring achievement during and after project completion.
### Component 1 “Further Development of the Bulgarian Transit and Integrated Tariff Management Systems”

Developed and functioning information system including:
- Extension of the Taric functionality to accommodate, manipulate and report on Taric data from DG TAXUD and national data (national measures, VAT rates, excise rates, etc.) in accordance with the EC specifications for Taric 3.
- Extension of the Quota functionality to handle quota drawing requests and allocation results in accordance with the EC specifications for Quota 2.
- Integration with the BICIS modules, including interfaces to and/or revision of existing modules according to the above developments.
- Connection with CCN/CSI for the purposes of the above modules.

Through developed and functioning information system including:
- Prepared Requirements Specification and Business Model based on the DG TAXUD specifications and BCA requirements;
- Designed Software Architecture;
- Established Implementation model;
- System 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>
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<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Component 1 “Further Development of the Bulgarian Transit and Integrated Tariff Management Systems”</td>
<td>Contract for Development of Information System with clearly stated deliverables Experts with experience in: Project management and Quality Assurance management following RUP; Analysis and design using UML.</td>
<td></td>
</tr>
</tbody>
</table>
measures, VAT rates, excise rates, etc.) in accordance with the EC specifications for Taric 3, including:

- Improved management of data (Taric and reference data);
- Improved reporting and control functionality;
- Online queries;
- Integration with other ITE systems (Quota, ECICS);
- Database changes: e.g. additional special conditions; additional information for existing information, for example validity periods, description periods; merging of country and region codes in one table; suppression of the 'for information' flag; prolongation of certain textual fields; integration of chemical substances.
- Modification of the Taric interface with DG TAXUD.

- Extension of the Quota functionality to handle quota drawing requests and allocation results in accordance with the EC specifications for Quota 2, namely:
  - Ability to receive and store tariff quota definition data sent via the Taric interface.
  - Amendment of the TQS module to handle quota drawing requests based on Taric data as well as allocation results.
  - Modification of the Quota interface with DG TAXUD.

- Integration with the BICIS modules, including interfaces to and/or revision of existing modules (e.g. Tariff management system and all tariff related systems, Customs clearance, etc.) according to the above developments.

- Connection with CCN/CSI for the purposes of the above modules.

The above will be achieved through:

- Preparation of Requirements Specification and Business Model based on the DG TAXUD specifications and BCA requirements;

SOA and J2EE;
- Software implementation with J2EE and XML;
- System architecture development with XML and application servers;
- System engineering
- Design of Software Architecture;
- Establishment of Implementation model;
- System 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.

Preconditions
Finalization of the DG TAXUD Functional specifications for Taric3 and Quota2.
Completion of the design activities under the BG2004/016-711.09.02, component 1.1.1.
## Detailed Time Implementation Chart for the Project

Further Computerisation of the Bulgarian Customs Administration in line with the EU Electronic Customs Initiative

<table>
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<th>COMPONENT</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>D</td>
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</table>

D = Design  T = Tendering  C = Contracting  
I = Implementation  
X = Closure
CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER THE FULL DURATION OF PROGRAMME

**Project title:** Further Computerisation of the Bulgarian Customs Administration in line with the EU Electronic Customs Initiative

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative contracting schedule by quarter in € m (provisional)</th>
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<td>2008</td>
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<td></td>
<td>III</td>
<td>IV</td>
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<tr>
<td>Total</td>
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<table>
<thead>
<tr>
<th>Disbursement</th>
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<tr>
<td>Total</td>
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<td>1,02</td>
</tr>
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ANNEX 4

Quota 2 and Taric 3 Needs Assessment

The Needs assessment has been prepared using information from the following TD TAXUD documents: Taric3-Problem-statement, TARIC3 - Business Process - v1[1].01-EN, Quota2 Business Process_2[1].00, QUOTA2-REQ_2[1].00.

TARIC

1. Motivation for the study of the redevelopment of TARIC

The aim of the TARIC is to be a compilation of the community tariff, commercial and agricultural legislation, codified in a unique and consistent way. It is implemented by a central database managed by DG Taxation and Customs Union.

By integrating and coding this legislation, the TARIC system gives all economic operators a clear view of all measures to be undertaken when importing and exporting goods and secures their uniform application. It is also possible to collect Community-wide statistics for the measures concerned via TARIC.

2. Information to manage

As mentioned in the previous chapter, the TARIC system is used for the implementation of the community tariff, commercial and agricultural legislation. Because of the variation in the legislation and the continuing effort to integrate other systems within the TARIC application, changes to the database schema are imposed.

For example some measures are only applicable if they apply to special conditions. These conditions could be the presentation of a certificate. One of the possible changes is to make a condition depend on multiple certificates.

Another example is the integration of chemical substances (CUS, CAS,..) into the TARIC measures. This would allow the TARIC system to maintain the coherence between TARIC Codes and chemical substances.

Such integrations would require not only a change to the TARIC system itself but also to the interface with the external parties.

It is required for TARIC to implement a technical interface in order to offer validation and reference information retrieval services to other ‘tariff applications’. Currency rates is a good example of information not managed in the current TARIC system and that may be needed by an external application.

3. Interfacing with other systems and External Parties

Historically, the TARIC system was exchanging the newly captured information on a daily basis with the Member State Administrations by means of an electronic message exchange containing all the modifications within a given day.

In the recent years however, there is an ongoing effort to integrate the different ‘tariff’ systems. This integration is currently reflected by means of different systems consulting the information present in the TARIC system for validation and reporting purposes. At the same time, other systems are delivering information to the TARIC system using the TARIC input bridge in order to eliminate a double data capture effort and to increase the consistency amongst the different systems. Also taking into consideration that this integration effort will continue in the future, more emphasis will have to be put on facilitating this integration effort by providing other systems the technical means to inquire the TARIC system.

3.1. TARIC as information source

The Member State Administrations receive on a daily basis all stable updates performed in the TARIC system.

For this purpose the IDS (Interchange Data Specification) was defined and implemented. Its format is based on EDIFACT. All Member State Administrations have developed software to integrate the information exchanged via this interface into their National System.
3.2. Modification to the interface

The message content has become outdated and some improvements are imposed. Besides this, the Member State Administrations have raised some modifications to the IDS which they would like to have implemented in a future release.

Some of the proposed modifications concern:

- Integration of the last changes to the Transmission Items (e.g. role type of the justification regulation);
- Addition of the effective end date on the measure. Currently this date is not transmitted and the individual Member States have to calculate this themselves. There is a strong demand to also exchange the effective (calculated) end date for each of the measures transmitted;
- Removal of redundant modifications. For example: transmission items for which an insertion, an update and/or a deletion have been done on the same record would be filtered out before the transfer file is made available;
- Removal of redundant information. For example: transmission item 11000 (Certificate type) is entirely included in the transmission item 11005 (Certificate Description) and thus could be removed.
- Export of Additional Transmission Items via the IDS interface (e.g. Dynamic Footnotes, Quota and ECICS related data). A study with respect to the integration of all Quota definition information (not only order number, but also period, initial volume, blocking periods etc) is under investigation in the context of the evolution of the Quota system;

3.3. TARIC as reference data system

The TARIC system is used by an increasing number of ‘tariff applications’ as a reference data system in order to validate nomenclature codes, geographical areas or to retrieve a duty rate expression for a given nomenclature code. The TARIC system is used as a reference in:

- The EBTI and ISPP systems for the validation of the used nomenclature codes. The EBTI system is in addition requesting on a daily basis the changes to the validity periods of nomenclature codes in order to invalidate the applicable BTIs. The EBTI system is also validating export refund codes when used;
- The RIF system is validating the country and language codes used in the RIF form;
- The Suspensions system is extracting the applicable duty rate expression (measure type =103) for a given nomenclature code in its Meeting Report;
- The Quota and Surveillance systems is referencing and validating the geographical codes. It is planned in a further integration that Quota and Surveillance systems reference and validate the quota and surveillance definition, the balance changes, the ceiling warnings and that these data will be sent through the TARIC interface;
- The ECICS system is using the TARIC nomenclature codes for linking to the product (CUS) codes.

In the current state of affairs, the knowledge to retrieve all this information in the correct way is scattered across the different applications. In the future, TARIC system should take these kinds of requirements into account by offering a technical interface at a higher level than the database tables allowing the other systems to inquire the system without requiring a detailed knowledge of the TARIC system.

3.4. Delivering data to the TARIC system for integration purposes

By means of the TARIC input bridge, the TARIC system is populated with information initially maintained in other systems. Currently there are three systems that populate the TARIC system by this means:
• The Combined Nomenclature system provides a module that generates a TARIC input bridge file containing all changes in the Nomenclature Code descriptions performed in a CN publication cycle. In addition if provides a mode to generate all descriptions available in the CN management system for one or more languages. In addition to this actual data, the CN management system also generates a report containing a list of changes to the Nomenclature Codes (new codes, deleted codes, codes where the indent or the description changed);

• The Suspensions system also contains a module that generates a TARIC input bridge file containing the new and modified textual descriptions of 10 digit Nomenclature Codes published in the new regulations;

• The quota system generates a TARIC input bridge file containing exhausting dates of Quotas.

However, the generation of a TARIC input bridge file is complicated because in many cases a direct consultation in the TARIC database is needed by the external applications (e.g. CN, Suspensions) in order to gather mandatory fields to be provided in the input bridge file. In the case of Quota this problem is solved by a specific Quota issuer in the TARIC input bridge with specific validation and processing rules for record type ‘43000’ allowing missing information.

Following the concept of an ‘integrated tariff environment’ it has to be investigated how the input bridge for the new TARIC system can be enhanced to ease the integration of new information originating from other applications.

For some systems a dedicated interface might even be considered. For example the Translation Service could be offered an interface to insert or update the translations of descriptions.

4. **New or updated Business Processes proposed for automation**

<table>
<thead>
<tr>
<th>Name</th>
<th>Description (EN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARIC Management Data</td>
<td>TAXUD’s TARIC section enters and manages the TARIC reference data plus the community tariff, commercial and agricultural legislation in the TARIC system in accordance with the legislation.</td>
</tr>
<tr>
<td>TARIC Dissemination Data</td>
<td>The TARIC system transmits an update file to Member State Administrations over CCN/CSI on a daily basis. This file contains the stable updates performed in the TARIC system, so that the Member State Administrations and other recipients can update their local databases accordingly.</td>
</tr>
</tbody>
</table>

5. **Business Process Description**

5.1. **TARIC data**

One of the major objectives of TARIC is to underpin the uniform application of the Community tariff throughout the Member States. To this end, the Member States must have a complete record of the state of the stable data held in the system.

The Member State Administrations are responsible for the application of the community tariff and legislation. To that end, they receive on a daily basis all stable updates performed in the TARIC system.

The update file is based on the audit-trail of all database activity so that the Member State Administrations have a complete record of the state of the data held in the system.

The daily update file will be transmitted to the Member States and other recipients over CCN/CSI.
5.2. **TARIC Data Dissemination**

The TARIC system transmits an update file to Member State Administrations over CCN/CSI on a daily basis. This file contains the stable updates performed in the TARIC system, so that the Member State Administrations and other recipients can update their local databases accordingly. For a graphical representation of this process see Figure 1: TARIC data dissemination.

![Figure 1: TARIC data dissemination](image)

6. **Conclusion**

Hereafter, the possible database changes versus TARIC2 are enumerated:

- additional special conditions
- additional information for existing information, for example validity periods, description periods, ...
- merging of country and region codes in one table
- suppression of the 'for information' flag
- prolongation of certain textual fields
- integration of chemical substances

**QUOTA**

7. **Business Process Description**

Member State Customs Administrations are responsible for the collection and transmission of import declaration data taken from the single administrative document (SAD). This document is presented to customs officials by traders who wish to import certain products into the Community from outside its boundaries.

7.1. **Tariff quota and definition management**

This is one of the processes which are affected by the proposed development. For a graphical representation of this process see Figure 2: The tariff quota definition management below.
Figure 2: The tariff quota definition management

Member States will receive tariff quota definitions. These definitions will be transmitted in a message on a daily basis to Member State administrations. The duty rate aspects of the tariff quota information will be encoded as a TARIC measure.

Tariff quota definitions and updates of those definitions have three sources. Two of these sources are legislation and the day-to-day management decisions taken by the Commission. They are illustrated in Figure 2: The tariff quota definition management. The third case represents changes triggered by the allocation process.

7.2. Tariff quota request submission and validation

The Member State declaration systems must use the tariff quota definition dataset to update their internal systems. For a graphical representation of this process see Figure 3: The model of tariff quota request submission and validation.
Figure 3: The model of tariff quota request submission and validation

The tariff quota requests should be sent in a single consolidated message to QUOTA2 at DG TAXUD via the CCN.

Member State must be able to make corrections by means of a drawing return for drawn amounts or suppressions for untreated requests.

Suppressions are applied before the allocation process. Each suppression request must match a single drawing request still awaiting allocation.

DG TAXUD will then store the validated drawing/return request until it is treated in a future allocation.

QUOTA2 will validate all tariff quota request data submitted by each Member State and will reply with a positive or negative acknowledgement message by checking the format and business validation rules.

7.3. Allocation of validated tariff quota requests

Detailed explanations of the procedures for allocation are laid down in Article 308a-c of Regulation (EEC) No 2454/93. The three facets of that process performed by DG TAXUD are cancellation of allocation, request validation, cancellation of submitted requests.

The allocation process gives rise to the following changes to quota definitions. They include the following events:

- Balance increases or decreases,
- Exhaustion,
- Changes to the period (new, change, deletion),
- Re-opening after exhaustion,
- Blocking or unblocking
- A change in critical status.

All of these events will be communicated to the Member States via the TARIC interface.

7.4. Dissemination of allocation results

Members of the tariff quota section perform the allocation and produce an allocation result file. The system suggested in this document will provide a result file containing a single
section. This section will give details of the response to individual requests made by the Member State concerned. This result file will be transmitted to the Member States by CCN/CSI (see Figure 4: Dissemination of allocation results). After each allocation is performed by QUOTA2, an update is sent to TARIC.

7.5. **Consultation of tariff quota definition and status information**

QUOTA2 stores all details of each tariff quota and this information can be consulted by means of the two separate interfaces described below;

- The DDS web site displays all public tariff quota information and status data. This website is accessible by the public over the internet.
- QUOTA2 makes all tariff quota definitions and data available to staff within the TAXUD tariff quota section. This application also provides tariff quota section members with a range of reporting facilities.

The DDS web site is synchronised with the TARIC system each day.

**Conclusions**

The high level processes involved in the management of tariff quota life cycles are the following:

- Creation and dissemination of tariff quota definition data
- Submission and validation of tariff quota requests to DG TAXUD
- Allocation of validated tariff quota requests
- Dissemination of allocation results
- Consultation of tariff quota definition and status data
Annex 5

Estimated Budget breakdown

The financial estimation for Component 1 has 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 successfully completed projects;
- Coefficients (Ratios) reflecting the ratio between the volume of functional requirements of the proposed project and that of completed projects;
- The number of man-days for the proposed project, obtained as a product of the actually used man-days for completed projects 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.

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Man-days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project and Quality Management</td>
<td>400</td>
</tr>
<tr>
<td>Business modelling and Requirements</td>
<td>300</td>
</tr>
<tr>
<td>Analysis and Design</td>
<td>450</td>
</tr>
<tr>
<td>Implementation</td>
<td>900</td>
</tr>
<tr>
<td>Testing</td>
<td>450</td>
</tr>
<tr>
<td>Environment</td>
<td>300</td>
</tr>
<tr>
<td>Rework</td>
<td>150</td>
</tr>
</tbody>
</table>
Reference list of relevant laws and regulations

- **TARIC3**
  
  *Existing:*
  
  
  *To be created:*
  
  
  **Art. 1** Secure, integrated, interoperable and accessible electronic customs systems
  
  **Art. 2** Facilitation and services, and safety and security
  
  **Art. 3** Electronic Data Exchange
  
  **Art. 4.2.b)** Systems and services, and time-table

- **Quota2**
  
  *Existing:*
  
  *Regulation 2454/1993 (Implementing provisions of the current customs code) Art 308a, b and c: Management of Tariff Quotas*
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.