STRENGTHENING OF THE MINISTRY OF FINANCE

Summary Project Fiche

Project N°: ES 9803.03.01

Project title: Implementation of an IT Masterplan

Location: Ministry of Finance of the Republic of Estonia

Objectives:
To build up IT system within Ministry of Finance to support budget process by using modern technology

Description:
• At present, the systems installed in the Ministry of Finance (Budget, Macroeconomic and Treasury Departments) operate independently without taking into consideration necessary development needs.
  The new IT system will integrate already installed systems and will ensure a congruent development in the future including integrated management.
• The creation of the central database:
  The new system will ensure a centralised data administration. It will abolish the additional work for the data supplies. The data input into the system can be done at the time and on the spot where the data has been created. The data are always updated and available to the corresponding authorised operations and persons.
• The common/joint platform for the data administration:
  At present the database of FTOs shall be transferred into the Excel tables of the CTO. The system to be created shall administer the data in the common database, the data use and the data processing shall be done with the help of the modern tools and technique.
  The centralised administration of the systems shall be introduced.
• The enlargement of the functionality:
  The functionality of the existing system is limited with regard to users, development possibilities and data administration. This shall be enlarged under the new IT system.
• The management/administration of the macroeconomic data in the common database:
  At present, the macroeconomics department collects and saves/maintains the data in the Excel tables. These tables are individually processed by every user, which results in duplication and additional data control.
  In the new system the Excel tables shall be replaced by the data base tables, which shall be administered/managed by the data administrator in co-operation with the analysts without risking duplication. At the same time, Excel can be used as the tool for the presentation and the formatting of the diagrams.

Institutional framework
In order to improve the budget process including preparation, execution and evaluation of the state budget, there is a big need for developing and strengthening the co-operation between Budget, Macroeconomic and Treasury Departments in Ministry of Finance.
**Budget:**

<table>
<thead>
<tr>
<th></th>
<th>Investment (in ECU)</th>
<th>Institution Building (in ECU)</th>
<th>Total Phar (=I+IB) (in ECU)</th>
<th>Recipient</th>
<th>IFI</th>
<th>TOTAL*</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA</td>
<td></td>
<td>422.200</td>
<td>422.200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware &amp; Software</td>
<td>317.400</td>
<td></td>
<td>317.400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Administration</td>
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<td></td>
<td>160.400</td>
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</tr>
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<td>582.600</td>
<td>900.000</td>
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</tbody>
</table>

*) the total project cost is financed by using **900.000 ECU from the 1998 Programme** and 455.000 ECU of remaining funds from COP 97

**Implementation arrangements**

Project will be implemented by the Estonian CFCU in line with the Ministry of Finance.

**Implementation schedule**

- Start of tendering: July 1998
- Start of project activity: November 1998
- Completion: 14 Months after start of project activity

**Equal opportunity**

Both women and men can participate and benefit without any disparity. There are more women than men employed in Budget, Macroeconomic and Treasury Departments.

**Investment criteria**

- Catalytic: Financial control is an important issue in view of the accession to the European Union. To carry out financial control, reliable data are needed in a central database through which macroeconomic analysis and prognosis can be also ensured. The Central database is also needed in the State Treasury Department to manage expenditures and to make forecasts for state revenues in the Financial Forecasting Division.
- Sustainability: The Ministry of Finance is capable to cover future maintenance and operating costs. The overall administration of the data base will lie with the State Treasury Department.

**Conditionality and sequencing**

The Ministry of Finance must take the necessary steps to ensure the sustainability of the administration and information systems established on the basis of the Phare support in the period after expiry of the assistance.

Appropriate measures must be taken for staff development within the [Ministry in order to fully benefit from the experience and results gained by means of the Phare programme.

Project shall start after the Steering Committee has approved the Final Report of the previous project (carried out by SEMA Group). This report together with feasibility and pre-feasibility studies carried out under the previous project “IT Master Plan” shall form the basis for the Terms of Reference for the “Implementation of IT Masterplan”.
ANNEX 5

Previous and current Phare activities in the sector
ES 9803.03.01

The project, "Implementation of IT Master Plan", represents the immediate continuation of the project “IT Master Plan”, where the main objective was the development of the Terms of Reference for the next stage. In the previous project, the current situation and requirements for the future system were analysed in detail.

- Project "Implementation of IT Master Plan" is directly related with ongoing projects as follows:
  - Arrangement of the structure of consolidated account
  - The project of "trilateral telebanking"
  - Payment card for State Treasury
  - Management of foreign loans in State Treasury
  - The development of new forms of State Treasury
  - State accounting (financed mainly by SIDA)
  - Take-over of the management of non-budgetary funds

These ongoing projects as well as planned projects need IT support, which cannot be provided under the existing system.
STRENGTHENING OF THE MINISTRY OF FINANCE

Summary Project Fiche

Project n°: ES-9803.03.02

Project title: Assistance to Ministry of Finance in harmonisation and enforcement of legislation.

Location: Estonia, Ministry of Finance

Objectives:
Harmonisation of legislation on competition, direct and indirect taxation and customs.
(Accession Partnership – Priorities for the fulfilment of the obligations of membership, short term priorities – Institutional and administrative capacity; Financial services; Competition. NPAA – Chapter 10)

Description:
Approximation and harmonisation of Estonian legislation in the areas of competition, direct and indirect taxes and customs by using EC and national short and medium term experts and possibilities of “twinning”, gaining practical experience from EU member states, translation and interpretation of Community and national laws, legal acts and court cases; courses and specific training of national specialists in specific areas.

Institutional framework:
Special efforts are needed to strengthen the institutions, to train staff and judges, to translate and interpret EC legislation, to assess the level of harmonisation of legislation in the Ministry of Finance.

Budget:

<table>
<thead>
<tr>
<th>in MECU</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>Recipient</th>
<th>IFI</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Technical assistance</td>
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<td>0,22</td>
<td>0,05</td>
<td>0,27</td>
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<tr>
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<td>0,34</td>
<td>0,4</td>
<td>0,24</td>
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</table>

Implementation arrangements:
The project will be implemented by the CFCU in line with the Ministry of Finance. The Minister of Finance will appoint the counterpart of the project; the national project director will be nominated and the Steering Committee, possibly supported by a working group, established.

Implementation schedule:
<table>
<thead>
<tr>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
</thead>
</table>

**Equal opportunity:**
Gender breakdown of employed trainees and consultants will be analysed in order to ensure equal opportunity.

**Investment criteria:**
The project is in compliance with the priorities of the NPAA in which continuous attention is given to law approximation and institutional strengthening. This is also in line with the Accession Partnership. The project builds upon previous Phare assistance on law approximation and assistance to finalise the new Draft Competition Act. Moreover, there is technical assistance foreseen for setting up the system as well as for the training of officials in order to create the necessary expertise.

**Conditionality and sequencing:**
The ongoing process of approximation of legislation within the responsibility of the Ministry of Finance must be continued in accordance with the National Programme for the Adoption of the Acquis.
**STRENGTHENING OF THE MINISTRY OF FINANCE**

*Summary Project Fiche*

**Project Number:** ES-9803.03.03

**Project title:** Support to Programme Management

**Location:** Ministry of Finance, Department for Foreign Loans and Assistance

**Objectives:**
The project is expected to strengthen the administrative, coordinative and analytical capacity of the Assistance Coordination Unit/ACU in respect of Phare programming 1999, implementation of Phare assistance according to the DIS manual as well as of the preparation for the structural funds.

**Description:**
The ACU is located in the Ministry of Finance, in the department for Foreign Loans and Assistance. It has the responsibility for overall coordination of Phare programmes. The project is aimed to guarantee the continuation of the sustainable management of the Phare programmes as well as to facilitate its quick implementation according to the Phare Decentralised Implementation System. At the time the TA is requested the transition from Phare assistance to the preparation to the pre-Structural Assistance will take place. The ACU has to be prepared for that.

The TA will be carried out by one EU expert and his/her (local) assistant. The contract will cover limited counterpart travel, operating and running costs.

**Institutional framework:**
The ACU has been assisted by TA back from 1991. At the moment it has the contract with the BMB Management Consulting for Development, the Netherlands. The current contract will expire in October 1998.

**Budget:**

<table>
<thead>
<tr>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>Recipient</th>
<th>IFI</th>
<th>TOTAL</th>
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<tr>
<td>Technical Assistance</td>
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<td>16.000</td>
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<td><strong>TOTAL</strong></td>
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<td>410.000</td>
<td>16.000</td>
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<td>426.000</td>
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</tbody>
</table>

**Implementation arrangements:** The assistance will be contracted according to Phare rules and procedures under the DIS. Implementing agency is the CFCU.
Implementation schedule

Start of tendering       Start of project activity       Completion

Equal opportunity
No discrimination in this respect will happen.

Conditionality and sequencing
Immediate steps must be taken within the Ministry of Finance to strengthen the allocation of experienced civil servants for the coordination of Phare assistance with a view to gradually reduce the dependence on international technical assistance. Upgrading and training of civil servants for the coordination of the Phare assistance must be a core element of this project.