STANDARD SUMMARY PROJECT FICHE

1. Basic Information
1.1 Desiree Number: ES0005-2

1.2 Title: COMPUTERISED MASTER TARIFF SYSTEM

1.3 Sector: Internal Market
   Twinning code: EE00/IB/FI-02

1.4 Location:
   Estonian National Customs Board (ENCB), Lõkke 5, 15175 Tallinn, Estonia

2. Objectives

2.1 Wider Objective:
   Ensure the accession of Estonia into the EU Customs Union and the efficient functioning of the Estonian customs service within the framework of the European customs systems.

2.2 Immediate Objective
   Computerised Master Tariff System provides timely and accurate tariff information for Estonian customs services for applying customs, VAT and excise duties in conformity with the community acquis in customs.

2.3 Accession Partnership and NPAA* priority

   Accession Partnership: Customs

   Short-term priority:
   Adopt a timetable for the progressive and effective implementation of tariffs and tariff related measures; continue fight against fraud and corruption; accelerate the adoption of the Customs Code.

   Medium-term priority:
   Ensure effective implementation of tariffs and tariff related measures; reinforce administrative and operational capacity including border control; apply simplified procedures.

   In the latest EU Commission Progress Report dated October 1999, the conclusion for the customs sector was as follows:
   "...Estonia will have to align its tariff structure to meet the common customs tariff.....An effort must be made to introduce computerised systems for full

participation in the customs union and the internal market. Particular attention must be paid to preparing the customs administrations for the operation of all the customs procedures with economic impact, the system of tariff suspensions and the administration of tariff quotas and ceilings.

In the NPAA the plans for the years 2000 to 2003 include the bringing into force of the Customs Code and Implementing Regulations of the Customs Code and Duty Relieves in 2001.

2.4 Estonian National Customs Board (ENCB) Strategic Plan

The immediate objectives of the ENCB are detailed in the Strategic Plan, which was approved by the Government in March 1999 and covers the period from 1998 to 2002. These objectives are directly related with the achievement of short-term priorities of the Accession Partnership. Strategy foresees the harmonisation of the Estonian customs legislation with EU legal norms; simplification and unification of the customs technology systems (incl. control measures and procedures); computerisation and development of information systems for ensuring the highest level possible in the customs work and facilitation of trade.

3. Description

3.1 Background and justification:

Estonia has imposed customs duties from 1. 01. 2000 and is required to have a customs tariff to bring together the existing goods nomenclature and the separate legal acts which contain the various duty charges, rates and relieves. Tariff, which is compatible with the EU Common Customs Tariff, is a pre-requisite for accession of Estonia to EU.

The aim of the project is to produce a national tariff, compatible with EU requirements and standards. Ministry of Finance has the ultimate legal responsibility for the tariff. The Estonian Goods Nomenclature is legally promulgated by the Government Decree and is compatible with the HS and CN systems but not with TARIC (Tariff Intégré Communautaire). The Goods Nomenclature provides a standard commodity code for all Government Ministries and Agencies.

Currently the Estonian National Customs Board, under the governance of the Ministry of Finance (MoF) is responsible for the maintenance of the Goods Nomenclature and for collecting import and export duties. Inter-Ministry discussions on roles and responsibilities in relation to the ownership and maintenance of the customs tariff are at an early stage. Ministries (such as the Ministry of the Economy and the Ministry of Agriculture) who have a direct interest in the tariff and in particular tariff measures, will be involved in the project work at the working group level as well as on the level of the Steering Committee (see Project Organisation in Annex 7).

The ENCB Information Systems Strategy is under preparation. Strategy foresees creation of a Customs Information System (CIS) which will integrate all information systems of the Estonian customs.
The first priority of the ENCB Information Systems Strategy has been the introduction of the ASYCUDA declaration processing and transit control system, which went on-line from 1st November 1999.

ENCB Information Systems Strategy will be completed before its next priority: Computerised Master Tariff System project starts. Computerised Customs Master Tariff System will receive data from the EU TARIC system, add national data and send the national tariff data to the ASYCUDA system through an electronic interface. Master Tariff System will be developed as a functionally independent system and it will be not tied to the life span of the ASYCYDA system.

The strategic framework for the introduction of a Computerised Master Tariff consists of the following four phases:

1. Preparation of the development path and the strategic action plan;
2. Preparation and implementation of a consolidated national tariff;
3. Preparation for the Computerised Master Tariff System;

3.2 Linked activities:

This project is related to the Asycuda

Computerised Master Tariff System project is related to the ASYCUDA declaration processing system project. The basic system software was provided free by UNCTAD but ENCB and Phare funded adjustments to the software as well as training and equipment. The system was installed and became operational on 1/11/99. Project demonstrated that ENCB is capable of successfully implementing complex customs computer systems with external assistance.

3.3. Results:

3.3.1. Basic legal structure of formal ownership, management and maintenance of Integrated Tariff of European Communities compatible tariff and tariff data agreed by Estonian government agencies;

3.3.2. Multi-functional Computerised Master Tariff System established for Estonian customs activity with the following functionality and modules:
- consolidated tariff (including national tariff and EU TARIC);
- tariff information to trade interests;
- tariff classification decisions;
- electronic interface to EU TARIC system;
- electronic interface with ASYCUDA declaration processing system;
- maintenance and control of tariff data for all government agencies;
- tariff dictionary and the list of goods;
- printed tariff.

3.3.3. Trained Estonian customs officials, capable of working with the Computerised Master Tariff System and giving advice to the trade community.
3.4. Activities:

3.4.1. Contract: Twinning

A) Tasks of the Pre-Accession Adviser (PAA for 12 man-months):

- PAA should work closely with Estonian counterparts to ensure that the objectives of the project are met. This means working on a daily basis with the ENCB staff to implement the project, help support and co-ordinate activities in Estonia and ensure continuity of implementation.
- Advice, guidance and support to the ENCB management and control of the project
- Advice, guidance and support to the ENCB project team and technical experts
- Arranging for the provision of Short Term Advisers, managing their work and the associated logistics
- Co-ordinating the use of Short Term Advisers
- Liaising with the PIU concerning the use of Short Term Experts
- Arranging training needs analysis and the design and implementation of training programmes
- Advice, guidance and support to ENCB and the Tariff Division in the management of change in a customs organisation
- Reporting to and liaising with home Member State and the EU Commission
- Liaising with EuroCustoms and other agencies outside Estonia
- Co-ordination of national and international, institutional and administrative activities which are related to the project

PAA will be supported by a Tariff Technical Adviser and other Short Term Advisers from the twinned Member State’s Customs Administrations or via EuroCustoms.

B) Tasks for Tariff Technical Adviser (6 man months):

- Organising and providing tariff technical advice;
- Selection and control of short term technical advisers and experts in the areas of tariff technical activity;
- Provide advice and guidance to ENCB in the development and implementation of the migration strategy;
- Production and maintenance of plans for the development of the TARIC compatible Master Tariff System, including input to
  - project design
  - software procurement
  - design of a tariff change management system
  - tariff procedures
  - tariff maintenance
  - Tariff Division re-organisation
  - assisting in drafting legislative changes;
- Advice, guidance and support to the ENCB in all tariff technical matters, including:
  - Liaison with EU Commission Services
  - Liaison with Member States Customs Administrations
  - Liaison with the software supplier.
Profile (for both PAA and Tariff Technical Adviser, unless otherwise shown)

Education:
• degree level or equivalent professional experience and good general knowledge of the customs sector.

Experience in:
• institutional policy making and strategic planning;
• advising management of institutional transformation programmes or projects;
• co-ordination between national and international institutional and administrative interests and a specific customs project or programme;
• project management of a large customs IT project;
• all functional areas of customs work, including operational and policy management and motivation of staff individually and in large groups;
• operational and administrative management in a multi-functional environment;
• planning, management and implementation of the re-organisation of a large customs management unit;
• management of large scale change in a customs organisation;
• planning and implementation of training programmes;
• preparation of concise and clear studies, reviews and reports;
• effective communication individually and with large groups;
• outgoing personality, pro-active person with established diplomatic and leadership qualities;
• PC and laptop (including office software applications, internet and e-mail) usage skills.

Profile for Tariff Technical Adviser:

• aforementioned working experience in the customs administration in EU Member States or in the appropriate Commission Services;
• knowledge of the interplay between Commission Services and Member States Customs Administrations in relation to tariff technical activities;
• knowledge of the social, economic, institutional and administrative factors affecting customs activities in the Central and Eastern Europe.

C) 6 Short Term Advisers (STA) and 5 Short Term Experts (STE)
(for total of 12 man-months over 18 man-months)

STA-s and STE-s should provide advice, guidance, support, training and skills transfer to ENCB and other major stakeholders on:

• Strategy and planning skills in the tariff field (1 x STA):
  • strategic planning for migration to TARIC compatible tariff

• Change management skills (1x STA; 1 x STE)
  • Tariff management skills (2 x STA; 1 x STE):
    • tariff legislation
    • tariff structure
    • tariff maintenance
    • tariff procedures
• tariff classification (including Binding Tariff Information)
• electronic interfaces for tariff data
• printed tariff
• Business Process Re-engineering (re-organisation)

• Project management skills (1 x STE):
  • Project Management (MaXXIme) Methodology
  • Project Implementation Review
  • Quality Assurance

• Computer system development skills (1 x STA; 1 x STE):
  • detailed analysis, functional specification and physical data design
  • module specifications, program production, iterative application development, systems integration
  • test criteria, test scenarios, system testing
  • data load
  • documentation and training
  • implementation
  • maintenance

• Training skills (1 x STA; 1 x STE):
  • training needs analysis
  • training plans
  • training delivery

Some of the expertise may only be available commercially through the use of Short Term Experts (STEs) in the framework of technical assistance.

Profile:

STAs are member state officials (civil servants), STEs are external technical experts, both with specific working knowledge on the project components listed. STA support will include specialist support services (e.g. access to databases).

3.4.2. Supply/ service contract (Investment Support: software development)

Software development will be contracted out through the normal open tender procedure by CFCU under the Decentralised Implementation System. Explanation of the software development component:

• Detailed analysis and Functional Specification  0,25 MEUR
• Physical design  0,15 MEUR
• Module specifications  0,15 MEUR
• Programme production  0,25 MEUR
• System integration  0,05 MEUR
• System testing  0,05 MEUR
• TARIC server and database licences 0,37 MEUR
• CASE tool  0,08 MEUR (to ensure the further system development, the software developer should use our own case tools, by the end of the project the ENCBB should be the owner of the full package)
• Audit  0,05 MEUR
4. Institutional Framework

The two main institutions involved in the development of the Master Tariff System are the Ministry of Finance and ENCB.

The ENCB employs 1400 people, 160 of whom are based in the Headquarters in Lõkke 5, Tallinn. There are five Regional Customs Houses. Customs work in Estonia is managed by the Headquarters where the Departments for Information Technology, Development, Finance & Administration, Customs, Enforcement and Internal Audit have been established.

The ENCB is accountable to the Ministry of Finance, which has set up a Customs Division. Other major stakeholders are several Estonian ministries, the European Commission, Twinning partner(s) and the software developer.

The project consists of two main components: twinning and software development. The first should be supplied by an EU Member State’s Customs Administration, the second should be supplied through an open tender arranged by the CFCU.

The Master Tariff project will be implemented within the Estonian National Customs Board. ENCB will ensure that the successful twinning bid will fulfil all the necessary tasks and that the covenant is designed to ensure this.

The Customs Board will be the owner of the project and the developed system and will provide the Project Manager. A dedicated Project Manager and a Quality Assurance Manager will be responsible for project implementation in conjunction with the software contractor together with the part time project team of customs technical and procedural experts, supported by external experts. ENCB is committed to provide all necessary resources.

Technical services and support will be provided internally by IT Department. IT Department will be able to utilise the same staff who implemented the ASYCUDA declaration processing system. ENCB is committed to provide all necessary additional resources. Staff will be allocated to posts and responsibilities determined by formal decree of the Director General of ENCB.

The Computerised Master Tariff System will be implemented in the Tariff Division of the Customs Department as an integral part of the overall Customs Information System (CIS). The location of the central database will be decided during the development of the strategic action plan for the introduction of the system. This database will be accessible via secure telecommunications links by the ENCB and by various government agencies and the trading community.

5. Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>0.1 MEUR</td>
<td></td>
</tr>
</tbody>
</table>
ENCB will bear all costs associated with the procurement of necessary hardware and networks. Phare will finance twinning component and software development through the purchase of intangible supplies and services. Implementation and maintenance of the Master Tariff System will carry a continuing overhead for ENCB, in terms of human resources and systems maintenance, which will be funded on an annual basis.

6. Implementation Arrangements

6.1 Implementing Agency

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting in relation to the purchase of goods and services funded by Phare. The Programme Authorising Officer (PAO) is Mr. Martin Pöder, Vice Secretary General of the Ministry of Finance.

Overall responsibility of the project lies with Mr Rein Talvik, Director General of ENCB who is the Programme Officer (PO).

6.2 Twinning

Responsibility for project management monitoring, implementation, technical preparation and control, and for all twinning matters for the beneficiary, will reside with the Programme Implementation Unit (PIU) of the Development Department of the Estonian National Customs Board.

Contact person on behalf of the Ministry of Finance: Mr Marek Uusküla, Deputy Head of the Tax Policy Department.

Project Manager and PAA counterpart will be:

Ms Urve Vilde
Chief expert of the Development Department
Estonian National Customs Board
Phone: +372 6 967 756
Fax: +372 6 967 727
E-mail: urve.vilde@customs.ee

Inter-ministerial Steering Committee is responsible for controlling the strategic path for the production of the tariff. It will have to decide what form the tariff will take, how it will be assembled, who will have the legal responsibility for maintenance of the tariff data and who will be responsible for day to day maintenance tasks. A short term EU expert has facilitated the production of a comprehensive and agreed detailed strategic action plan for the introduction of an Estonian tariff.
Preparatory work prior to the twinning, in the form of specific short-term projects, will be planned and controlled by the Estonian Customs PIU with the project team members from Customs and IT Departments and other stakeholders.

When the Twinning Covenant is signed, the Project Team, consisting of Estonian Customs staff supported by the PAA and Short Term Advisers will prepare the Terms of Reference for the sub-project software development based on the pre-twinning preparatory work.

The Invitation to Tender will be launched by the CFCU, who will manage the tendering process throughout.

6.3 Non-standard aspects

DIS Manual will be strictly followed

6.4. Contracts

Twinning: 0,6 MEUR
Investment: 1,5 MEUR

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Institution</th>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Investment</th>
<th>Start of tendering</th>
<th>Start of software procurement</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02/2001</td>
<td>06/2001</td>
<td>07/2002</td>
</tr>
</tbody>
</table>
8. **Equal Opportunity**

The principles of equal participation of men and women in the project will be respected and if necessary, ensured by the Steering Committee.

9. **Environment** N/A

10. **Rates of return**

It is not possible to calculate a precise, arithmetic rate of return on the investment at this stage but by examining the features of the investment it can be seen that the return will be significant.

It will be possible to measure revenue return and error rates pre and post the introduction of the new system during the implementation of the project. The Terms of Reference and the Project Quality Plan will set out measures of success and indicators of achievement to be met by the system.

11. **Investment criteria**

   11.1 **Catalytic effect:**

   Computerised Master Tariff System project supports effective implementation of tariffs and tariff related measures in compliance with *acquis communautaire* which is a pre-requisite for accession of Estonia to EU. The Master Tariff project will provide the necessary TARIC compliance and will interface with the Integrated Tariff of the European Communities in Brussels. This is an essential requirement for EU Accession i.e. the implementation of a system fully compliant with TARIC. The project will provide an additional boost to the increase of ENCB institutional capacity - prior to accession.

   11.2 **Co-financing:**

   ENCB will bear all costs associated with the procurement of necessary hardware and networks. The project is planned within the scope of the relevant Customs IT budget administered by the Ministry of Finance.

   11.3 **Additionality:**

   Phare grants do not displace other financiers.

   11.4 **Project readiness and size:**

   Project is ready to be implemented with immediate effect. The experience gained in developing and implementing the major declaration processing system (ASYCUDA) has given Estonian Customs the necessary experience and confidence to introduce another major computer system, namely the Master Tariff.

   11.5 **Sustainability:**
The successful implementation of two major customs systems built on a strong national customs telecommunications network will provide the backbone for the completion of the broader, Integrated Customs Information System. Introduction of an electronic tariff will support the ASYCUDA system. Project will provide the basis for a formal, structured approach to the ownership and management of tariff information by the Customs Department and associated Government Agencies. ENCB will ensure that trained staff will operate the system and that maintenance costs will be allocated for the Master Tariff System on an annual basis.

11.6 Compliance with state aid provisions:

Provision of customs services is not open to competition in Estonia, but the development of the software will be.

12. Conditionality and sequencing

The adoption of the new national Customs Code compatible with the EU Customs Code, is a condition of this project. Implementation and maintenance of the Master Tariff System will carry a continuing overhead for ENCB, which will be funded on annual bases from the state budget.

The computerisation project is the final Phase of the Estonian National Tariff Implementation Strategy (ENTIS) which consists four phases, each with three stages:

**Phase 1 Preparation of ENTIS action plan**

Stage 1 Master Tariff (MT) development path; Phare 2000 proposal; Draft IS strategy; Draft ENTI strategic plan; tariff awareness seminar.

Stage 2 Scope/ownership of ENTIS; Roles/responsibilities of the stakeholders incl. the ministries.

Stage 3 ENTIS management structure; assess workloads; legislation review; TA plan; introduction of Customs duties; update ASYCUDA; educate staff and trade.

**Phase 2 Preparation and implementation of a consolidated National Tariff (NT)**

Stage 1 Review Austrian and Lithuanian tariff systems and plans; review DGXXI plans; action plan for legislative change; draft EU compatible legislation for printed and electronic tariff and for customs regimes with economic impact; reassess workloads; status reviews.

Stage 2 Consolidate VAT, Excise, Customs Duty Law with Goods Nomenclature Law plus existing guidance on procedures into NT publication.

Stage 3 Produce National Tariff and associated Public Notices; disseminate in print and on Internet; provide publicity and guidance for the trade and training for customs staff.
Phase 3  Preparation for computerised Master Tariff system

Stage 1  Phare 2000 approval; train Project and Quality Assurance Managers; tariff workshops; DGXXI workshops (EU systems, TARIC/ASYCUDA); status reviews.
Stage 2  Update development path; conduct feasibility study; MaXXIme seminar; user requirement status reviews.
Stage 3  Twinning; Tendering; Contracting processes; status reviews.

Phase 4  Development and implementation of Computerised Master Tariff System

Stage 1  System development (analysis, design, build, test).
Stage 2  System training and roll-out.
Stage 3  Project Implementation Review; maintenance.

NOTE: A detailed GANTT chart of the proposed Estonian National Tariff Implementation Strategic Plan is attached under Annex 6 B.

The Master Tariff project will provide an EU compatible tariff by the first half of the year 2002, and taken together with the ASYCUDA declaration processing system will represent a major building block in Estonian Customs’ capability to meet accession requirements.
LOGICAL FRAMEWORK MATRIX

<table>
<thead>
<tr>
<th>Computerised Master Tariff System</th>
<th>Project Number: ES0005-2</th>
<th>Date of Drafting: 26/03/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting Period Expires: 31/12/2002</td>
<td>Disbursement Period Expires: 31/12/2003</td>
<td></td>
</tr>
<tr>
<td>Total budget: 2.6 MEUR</td>
<td>Phar Contribution: 2.1 MEUR</td>
<td></td>
</tr>
</tbody>
</table>

### Wider Objectives

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators will be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Accession of Estonia to EU customs union</td>
<td>1. Negotiations on Estonian accession to EU customs union completed</td>
<td></td>
</tr>
</tbody>
</table>

### Immediate Objectives

<table>
<thead>
<tr>
<th>Computerised Master Tariff System provides timely and accurate tariff information for Estonian customs services for applying customs, VAT and excise duties in conformity with the community acquis in customs.</th>
<th>Indicators of achievement</th>
<th>How, When and by Whom Indicators will be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EU compatible legislation; 2. Increase in trade and state revenue generated from customs duties; 3. Decrease in time spent for customs clearance</td>
<td>1. Progress report prepared by European Commission; 2. Consumer surveys; 3. Quarterly economic review of Estonian trade issued by Estonian Statistical Office</td>
<td>1. The government will continue to pursue the policy of integration with the EU and provide the necessary funds;</td>
<td></td>
</tr>
</tbody>
</table>

### Outputs

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators will be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Basic legal structure of formal ownership, management and maintenance of Integrated Tariff of European Communities compatible tariff and tariff data agreed by Estonian government agencies</td>
<td>1. Draft legal acts prepared within 12 months</td>
<td>1. Stable economic development and political commitment to harmonise Estonian legal acts with acquis without delay 2. ENCB will provide finances for the maintenance of the system; 3. Trained officials will stay in public service</td>
</tr>
<tr>
<td>3. Trained Estonian customs officials</td>
<td>3. Number of customs officials trained</td>
<td></td>
</tr>
<tr>
<td>Inputs</td>
<td>Assumptions and Risks</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Twinning:</strong> PAA 12 mm; experts 6+12 mm</td>
<td>The contractor meets deadlines</td>
<td></td>
</tr>
<tr>
<td><strong>Investment:</strong> software development</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Twinning:</strong> Phare 0.6 MEUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment:</strong> Phare 1.5 MEUR; National 0.5 MEUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong> Phare: 2.1 MEUR; National 0.5 MEUR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# DETAILED IMPLEMENTATION CHART

**Project No: ES**  
**Project Title: Computerised Master Tariff System**

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Institution Building</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Process</td>
<td>X X X X X X X X X X X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative Changes</td>
<td>X X X X X X X X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of Technical Requirements</td>
<td>X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Procurement &amp; System Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tender Launch/Bids/ Evaluation/ Approval</td>
<td>X X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Contract Process/Approval/Signature</td>
<td>X X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Software Development</td>
<td></td>
<td>X X X X X X X X X X</td>
<td></td>
</tr>
<tr>
<td>Completion of Post-Implementation Review</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
### CUMULATIVE CONTRACTING CHART

**Project No:** ES  
**Project Title:** Computerised Master Tariff System

<table>
<thead>
<tr>
<th>Date</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>TOTAL (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.06.00</td>
<td>30.09.00</td>
<td>31.12.00</td>
<td>31.03.01</td>
<td>30.06.01</td>
</tr>
<tr>
<td><strong>Phare Institution Building:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning</td>
<td>0,6</td>
<td>0,6</td>
<td>0,6</td>
<td>0,6</td>
<td>0,6</td>
</tr>
<tr>
<td><strong>Phare Investment:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Development</td>
<td>1,5</td>
<td>1,5</td>
<td>1,5</td>
<td>1,5</td>
<td>1,5</td>
</tr>
<tr>
<td><strong>TOTAL (INV+IB)</strong></td>
<td>0,6</td>
<td>2,1</td>
<td>2,1</td>
<td>2,1</td>
<td>2,1</td>
</tr>
</tbody>
</table>

### CUMULATIVE DISBURSEMENT CHART

**Project No:** ES  
**Project Title:** Computerised Master Tariff System

<table>
<thead>
<tr>
<th>Date</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>TOTAL (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.06.00</td>
<td>30.09.00</td>
<td>31.12.00</td>
<td>31.03.01</td>
<td>30.06.01</td>
</tr>
<tr>
<td><strong>Phare Institution Building:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning</td>
<td>0,06</td>
<td>0,06</td>
<td>0,18</td>
<td>0,18</td>
<td>0,30</td>
</tr>
<tr>
<td><strong>Phare Investment:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software Development</td>
<td>0,15</td>
<td>0,15</td>
<td>0,75</td>
<td>0,75</td>
<td>1,05</td>
</tr>
<tr>
<td><strong>TOTAL (INV+IB)</strong></td>
<td>0,06</td>
<td>0,21</td>
<td>0,33</td>
<td>0,93</td>
<td>1,05</td>
</tr>
</tbody>
</table>
REFERENCE TO FEASIBILITY / PRE-FEASIBILITY STUDIES

Project No: ES
Project Title: Computerised Master Tariff System

As a fundamental part of the pre-twinning preparation for this project a Feasibility Study will be carried out by an independent expert in conjunction with the Tariff Division and IT department of ENCB.

The objectives of the Feasibility Study will be to determine:

* the scope of the system
* the high level functionality and user requirements
* the modules to be developed and their development priority
* the high level interface requirements with other systems
* hardware and telecommunications requirements
* a detailed assessment of ENCB resources requirements for development and control purposes
* a detailed costing of each module, including hardware and telecommunications a high level risk assessment.

The feasibility study is part of Phase 3 of the Estonian National Tariff Implementation Strategy. The framework of this strategy is explained in Section 3 and the detail is contained in a GANTT chart attached to Annex 6.
LIST OF RELEVANT LAWS AND REGULATIONS

Project No: ES
Project Title: Computerised Master Tariff System

The Government approved the Estonian Goods Nomenclature, which is in full compliance with the EU combined Nomenclature, by Regulation 20 of 19/1/99 (last amended on 3/01/2000).

A new Most Favoured Nation Tariff Act came into force on 1/1/2000. This act specifies the commodities and rates of duties and, in conjunction with Customs Tariffs Act, will provide the legal basis for charging customs duties.

The current Customs Tariff Act is 14/10/97, amended by the Parliament on 13.10.99, amendments came into force on 07.11.99.

Customs Valuation Act was enacted on 8/2/95, amended by the Parliament on 21.10.99, amendments came into force on 15.11.99.

Determination of origin is governed currently by Free Trade Agreements concluded between Estonia and other countries.

Classification decisions (on nomenclature issues) are promulgated the by Ministry of Finance Decree.

The Customs Act was passed by Parliament on 17/12/97 and has been amended on 25/3/98; 13/5/98; 21/1/99 and 13/10/99, the latest amendments entered into force on 31.10.99.

The VAT Act came into law on 25/8/93 and has been amended frequently since.

The Excise Acts are:
- Oil products 17/06/93
- Alcohol 08/11/95
- Motor Vehicles 08/02/95
- Tobacco 29/06/94
- Packaging 19/12/96

The strategy for implementation of the Estonian National Tariff includes the following requirements for the development of legislation prior to and in parallel with systems development:

Phase 1 (Stage 2) Legislative review of the technical assistance plan
Phase 2 (Stage 1) Draft EU compatible Regulation(s) for both printed and electronic tariffs
Phase 3 (Stage 1) Action plan for processing draft regulations and associated changes
LIST OF GOVERNMENT STRATEGIC PLANS AND STUDIES

ANNEX 6 A

Project No: ES
Project Title: Computerised Master Tariff System

The Government has approved the Strategic Plan of the Estonian National Customs Board which is based on the Gap Analysis from the DG XXI strategy “Blue prints” for the customs sector. The highest priority on the list of projects resulting from this analysis is the introduction of an Estonian Tariff, compatible with the EU Common Customs Tariff. The priority was independently confirmed by an external report on the sustainability of the Asycuda declaration processing system. The Ministry of Finance has approved in principle the draft Estonian National Tariff Implementation Strategy (see GANTT Chart attached under Annex 6 B).

IS strategy in ENCB

The Estonian National Customs Board has not yet approved the draft Information Systems Strategy produced by the Information Technology Department. As Customs Board is subordinate office to Ministry of Finance, the Customs IS strategy must be consistent not only with the overall Customs business strategy, approved by government already, but also with Ministry of Finance IT strategy and in broad terms, the linkages between all these strategies must exist. The final version of IS strategy is not officially approved not by ENCB management not by IT committee under the Ministry of Finance and before official approval it will not be distributed.

Extract from the DRAFT ENCB IS strategy component Application Strategy:

- Application Strategy
  - Computerised Master Tariff System

An urgent need to develop Computerised Master Tariff System is identified as a priority in ENCB on highest management level and appropriate steps to launch respective project has been taken.

The objective of that project from IT perspective is to develop an system which:

- Is capable of receiving TARIC information from the Commission via electronic file transfer
- Provides a user interface to allow for the insertion of national tariff data
- Can interface with national declaration processing system (e.g. Asycuda)
- Can disseminate data in both printed and electronic formats to all interested parties (Ministries, Trade etc)

However it should been mentioned, that this is not a pure IT project and IT department is not an owner of that project.
PROJECT ORGANISATION
Project No: ES
Project Title: Computerised Master Tariff System

Steering Committee or Project Board
Commission of Ministers
(5 Ministries)

Project Board or Steering Committee/Project director
Inter-ministerial Commission
(10 Ministries, ENCB, EIB)

Quality assurance manager

Software Contractor

Project manager

Advisory:
PAA, STA, STE

Project support:
PIU, EIB,
Head of Tariff Division,
Customs Department
Training Division
IT Division

Legal acts team (Min)
Working group 1 Working group 2 Working group n

Implementation of tariffs and procedures team (ENCB)
Working group 1 Working group 2 Working group n

IT Technical team

Working group n

Background information about Estonian National Customs Board (ENCB)

Project No: ES
Project Title: Computerised Master Tariff System

The ENCB was established in 1990. During 1990-91 it functioned simultaneously with the Customs Committee of the USSR. The main function of the newly formed Estonian Customs Board was to stop transports carrying fixed quota goods in excess of permitted amounts on the so-called „economic frontier”.

Since November 1991 the Estonian National Customs Board has been responsible for customs controls on the so-called „administrative frontier”.

The ENCB takes part in working out customs policy, is responsible for the implementation of customs policy and legislation and supervises adherence to customs legislation. The Board administers and supervises the movement of legal entities, individuals, transports and goods across customs frontiers in its customs territory, and carries out customs inspections.

The Board is responsible for gathering import and export taxes and surcharges as well as for preventing smuggling and the violation of the customs and tax laws.

The ENCB takes part in working out international customs agreements and is responsible for their enforcement. The Board represents Estonia in the World Customs Organisation.