Standard Summary Project Fiche

1. Basic Information
   1.1. Désirée Number: 2002/000-266.02.01
   1.2. Title: Integration of the Estonian Customs information system with the
          DG TAXUD computer systems and modernisation of basic customs
          procedures.
   1.3. Sector: Internal Market - Customs
   1.4. Location: Estonian Customs Board (ECB), Lõkke 5, 15175 Tallinn, Estonia

2. Objectives

   2.1. Overall objective: Accession of Estonia to the EU Customs Union.

   2.2. Project purpose: Electronic monitoring and control over the movement of
       goods in accordance with requirements for accession to the EU – Interconnectivity
       of Customs computer systems with those operated by DG TAXUD.

2.3. Accession Partnership and NPAA priority

   • Accession Partnership Priority:
     - Sector: Internal Market – Customs
     Medium-term objective of AP: to ensure effective implementation of the Tariff
     and of the tariff-related measures; to reinforce the administrative and
     operational including border control; to apply simplified procedures.

   • NPAA 2001 Priority:
     - Chapter 25 – Customs Union
       25.1 – Developing the collection, accounting and reporting of customs revenue:
       accrual bookkeeping is introduced for accounting of customs revenue and in
       recording/checking the activities of the Customs Board as a tax administrator.
       25.3 – Simplification and unification of customs procedures: the measures to be
       applied are directed towards speeding up and simplification of customs
       clearance to be achieved through unification of documentation and wider use of
       electronic customs clearance.
       25.4 – Increasing the quality of client services
       Proceeding from the Decision no 43 of the minutes of the session of the
       Government of the Republic adopted on 21 September 2000 about standards
       of public service, the schedule of elaborating the standards of customs service
       has been drawn up, according to which a corresponding working group shall
       be established, necessary data shall be collected and analysed and activities
       shall be planned, which result in establishing the standards of customs services
       in 2002.
       25.5 Preparation for accession to the Common Transit Procedure
       Accession to the Common Transit Convention is an important precondition to
       joining the EU. New members shall be accepted to the Convention only upon
       the condition, that the country has previously implemented the New Common
       Transit System (NCTS) and has joined the international transport convention
       (COTIF). In order to prepare the necessary legal environment for joining the
Common Transit Convention, the means applicable by the Customs Board foresee the arrangement of an official translation of the Convention and its Compendium. In parallel to the aforementioned, measures are being taken to create possibilities of compatibility with the Common Transit System (NCTS). NCTS is one of the eleven EU tax and customs computerised systems, the possibilities of compatibility with which are being established during 2001 – 2003.

25.6 – Development of control and enforcement

The measures applied in this field are directed towards strengthening of fight against violations of law, mentioned in the accession partnership, and of border control.

Further development of control, post-control, intelligence and investigation units. In order to develop the capacity of Intelligence Service, regional Intelligence Units are strengthened, the use of strategic risk analysis and drawing up of risk profiles are developed. Regional post-control units will be developed and control technology modernised.

25.9 Development of applications of Customs information technology:

The development of info-technological applications is mainly directed towards preparations for accession to the European Union tax- and customs computerised systems. In the first hand the preparations have been directed to the four systems out of 11 – common communication network/system interface (CCN/CSI), new common transit system (NCTS), integrated tariff (TARIC) and classification information (EBTI). Proceeding from the use of the data processing system ASYCUDA in the Customs structures of all Baltic countries, steps are being taken for establishing a common technical support centre for the purpose of harmonising the future development of the system.

25.10 – Improvement of organisation and human resource management:

administrative capacity and effectiveness of a customs organisation depend on professional know-how of customs officers and their motivation to offer high quality and client friendly service.

2.4. Contribution to National Development Plan N/A

2.5. Cross Border Impact N/A

3. Description

3.1. Background and justification:

3.1.1. Estonian Customs Board and Customs Reform

The Estonian Customs Board is responsible for collection of customs duties, excise duties and VAT on imports and for prevention of illegal traffic of goods. Total staff number is Apr. 1,400 officials.

The EU Customs Union has formulated a pre-accession strategy to prepare candidate countries for enlargement. The main objectives set forth in this strategy are that Customs must adapt to changing environment, to undertake
business processes re-engineering in order to achieve accession readiness and to improve the fight against customs offences through co-ordinated activities and minimising the administrative bureaucracy to support the enlargement process.

The Estonian Customs Board has developed the first strategic plan for the years 1998-2002 in parallel with the Customs regional reform, based on the analysis of differences between the Estonian and the European Customs legislation. Concerning the implementation of the DG TAXUD interconnectivity policy ECB will rely on the Strategic Plan developed in 1998, which defines the overall strategic goals for Estonian Customs. System awareness campaign was carried out in the Estonian Customs Board and Tax Board during spring 2001 under the leadership of the European Commission. We have received the first report which addresses the situation concerning the interconnectivity of computer systems to be used in the fields of Taxation and Customs Union between the Commission and the Candidate Countries upon accession. The second report describes the work ahead for candidate countries in terms of operational capacity to create and manage systems required for the well functioning of the Customs Union and in the field of Taxation in matters of Community competence. Based on these reports the European Commission Directorate General, Taxation and Customs Union recommends the Estonian Customs Board in the letter from the Director General dated 21.09.2001 to:

- Formalise a concise account of the current in-country situation against the Customs computerisation blueprint key indicators;
- Carry out IT gap and needs analysis and review its output regularly;
- Develop business change management plan (BCMP);
- Develop effective and comprehensive IT strategies and planning system, including developmental works, maintenance and service policy, development of IT organisational structure and human resource management.

Problems related to IT applications, organisational structure and human resource management have repeatedly been discussed in ECB and a common solution has been reached, stating that ECB will need technical assistance in the following areas:

- carrying out gap and needs analysis;
- carrying out business change analysis;
- reviewing and formulating the strategic and implementation plans.

In 1999 the computerised declaration system ASYCUDA++ was implemented in Estonia. The ASYCUDA++ system is being used operationally in all the Regional Customs Houses. An appropriate IT telecommunications infrastructure is in place and all Customs offices are connected to operational servers using a secure Internet based network with encrypted firewalls. The system maintenance team, which consists of 3 people employed fulltime in Customs HQ, provides a basic help desk facility, and a fault recording mechanism has been established through the ASYCUDA++ Intranet (see under point 3.2.1). Estonian Customs Board has initiated the following development projects in order to achieve interconnectivity with the two major DG TAXUD computer systems:
Since July 2000 the Computerised Master Tariff Project is in progress in Estonia with the aim to introduce the TARIC compatible national tariff system. (See under point 3.2.2);

Since April 2001 the Estonian National Computerised Transit System project is in progress in Estonia (see under point 3.1.2).

Considering that, once a member state, Estonia will be a border state of the European Union, it is necessary to give an overview of the development of risk analysis, human resource management and IT solutions to be applied in order to ensure reinforced border controls based on selectivity principles:

Eurointegration Projects in customs enforcement area:


• Customs Intelligence and Information – EUIP 99/F/81, 07.02 – 06.10.2000 (15 days). Review of the current situation in customs intelligence area.

• Customs audit – EUIP 01/F/292, 19.02 – 06.03.2001. Review of the current situation in post-control work area, recommendations for future development.

Experts who undertook the aforementioned assignments came to a common conclusion that Estonian Customs Board has to increase its enforcement capacity to the required level. Expert’s reports on the assignments reflect this opinion very clearly. Also, the respective software needs to be developed in order to ensure the effective border controls on selectivity basis.1

3.1.2 Description of the problem and solutions

As set forth in the latest EC document “Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee” (COM 2001), the European Customs Union has established a policy to achieve its basic strategic objectives, declaring that customs will have to operate in a non-bureaucratic environment with less resource to paper, based upon fully harmonised, clear legislation, the application of which can be adapted to meet the specific needs of individual operators and which offers an acceptable level of control. This concept is based on the development of a credible strategy concerning information networks and the full use of information technology in the Customs Union (e-Customs).

1 Final Report (EUIP 99/F/80), 27 October 2000 by Tom Matthews and Christopher Allen (UK): Although the intelligence principles are well understood in the ECB, we are of the opinion that there remains opportunity for the further development of intelligence at both the strategic and tactical levels. Tactical intelligence can support national and local managers by deploying resources to achieve operational objectives through the development of national threat assessment and local risk assessment. As a general principle, intelligence is produced only in partnership between the intelligence providers and the intelligence customers to meet an identified need. Whilst some regions carry out tactical analysis to support local risk assessment, national threat assessments are currently produced in ECB to meet a potential need only. Strategic intelligence can support the ECB policy makers in formulating the Board's high-level aims, objectives, policies and plans, yet it appears to the consultancy team that there still remains the opportunity for ECB senior management to be a customer of strategic intelligence.
By planning of the project activities the ECB relies on the EC viewpoint that successful computerisation will enable a consistent exchange of information between customs administrations and between customs and business community on national level as well on Customs Union level.

In the light of Estonia’s accession process to the EU all the relevant documents (acquis, Customs Blueprints & Gap Analysis, EC Regular Reports, NPAA) have stressed the necessity to take measures for acceleration and simplification of customs clearance through the unification of customs documents and wider use of EDI declaration. Reference has been made also to the necessity for further development of IT applications in order to prepare the national information systems for interfacing with the EU computerised customs and taxation systems and to apply measures for joining the NCTS system.

This project has been initiated in the Estonian Custom Board for integration of the Estonian Customs information system with DG TAXUD computer systems; further development of the declarations processing system and application of simplified customs procedures. Within the framework of this project the Estonian Customs Board is making preparations to join the NCTS and is establishing priorities and time schedule for development of the Customs IT solutions in compliance with the revised customs business strategies to be developed 2003-2006 during the initial phase of the current project.

In 1994 the reform of the transit procedure was started in Europe, the main objective of which was the establishment of new computerised transit system, i.e. change of transit procedure into a paper-free system and ensuring the corresponding legal environment. The changes to the Common Transit Convention entered into force in July 2001. The changed Convention stipulates the legal environment for the New Computerised Transit System (NCTS). NCTS establishes standards for the national systems of the countries, parties to the system, for electronic data interchange (EDI) in customs, taxation and transportation areas. These are the developing standards for enlarging the EU common customs territory. Estonia is interested in implementation and further development of these standards together with other European countries. The development of the IT overall environment in Estonia supports the above-mentioned aim – our IT-industry has acquired necessary skills and know-how and Estonian Government supports application of the IT-solutions in public administration (Government support to e-country conception).

ECB project team has developed User Requirements for minimum functionality of the transit software, taking into consideration all the requirements of the DG TAXUD official detailed specifications. Project team has also considered different scenarios for implementation of the national transit software and produced time schedules to achieve NCTS capability in 2003, (piloting of the system will take place in the first half of 2003) using the national budget for development during 2002. Decisions have been adopted in relation to the system functionality to be achieved in the first
phase of the system development and a list of the Customs IS sub-systems, with which the national transit software must be linked with, has been produced. Testing of the MCC software developed by the European Commission for use by the Member States will be done during the first half of 2002. Competent experts will be involved in the testing process. Final decisions on technical solutions will be made within the framework of the Feasibility Study. Estonia has no intention to develop its national transit software covering MCC functionality by using Phare funds.

Estonia has to develop a national transit system, which should enable on-line Communication between operational sites according to the established standards, i.e. with the transit systems of the other countries, brokers and traders community, banks and financial institutions, port and airport authorities, should enable distribution of reference data (i.e. information exchange with the central databases and statistical services of the DG TAXUD) and check the transactions through different databases. In the course of development the transit system technical solution will be created for EDI declaration, the declaration processing system will be linked to the new national tariff system to be introduced in the nearest future, facilities for simplified customs clearance will be provided and the simplified procedures will be introduced in co-operation with major clients of the Customs Board. Flexible IT-solutions will be created and implemented for selectivity, customs control, generation of statistical reports, on-line queries and client support. The new system must meet the needs of business community for trade facilitation and Customs obligations to prevent corruption and fraud, including preventive selectivity and flexible post-control instruments.

Implementation and adjustment of the data interchange channel Common Communication Network (CCN)/Common Systems Interface (CSI) between Estonia and the European Commission is a prerequisite for the introduction of the EU compatible transit system in Estonia and the EU compatible “Integrated Tariff Management System” as well as of the EU compatible Taxation System (VIES). The future scope of the “Integrated Tariff Management System” as seen by DG TAXUD, will cover all European Customs systems with the exception of NCTS (TARIC, EBTI, TQS, ECICS, IPR, TCO/TCT, Unit Values, DDS and Tariff Suspensions). As the activities related to named computer systems are not covered by the Estonian Computerised Master Tariff project, these activities have to be included into Activities 3 and 4 of the current project fiche.

CCN/CSI is an infrastructure between the applications of DG TAXUD and those of national level in the customs and taxation sector, the main task of which is to forward and exchange data. CCN is by its nature an encrypted network channel together with physical “gateways”, but CSI is a standard interface of protocols and application platforms for exchange of information through the CCN channel. A common network between the European Union and Estonia is the only possibility to ensure the connection and data exchange of the computer systems of the European Commission DG TAXUD and the national information systems. The implementation of the system provides the possibility to exchange information both within and
outside of the European Union. The activities connected with application of CCN/CCI will be effected within the co-financing resources. The Estonian Customs Board and the Estonian Tax Board will install a common data channel.

The Estonian Customs has accepted a decision to develop and implement step by step integrated customs information system covering the basic customs processes alongside with the implementation of contemporary transit and TARIC systems, using simultaneously the ASYCUDA modules that have already been introduced. The Customs IT-system should be linked with taxation, finance and logistics systems. A feasibility study (Activity 3) is planned, which will have to take into consideration what is possible and which tasks should be included in the TOR for the procurement of Integrated Customs Information System. The customs field is wide and complex. There are many procedures, which must work on the same basis throughout the EU. The legislation is the same and its interpretation does not differ from one country to another. Activities for introducing revised Strategic Plan (Activity 2) are foreseen, which will have to take the administrative, legislative and procedural aspects into consideration, conduct business change analysis and produce plans for modernised administrative structures of the organisation.

Considering the nature of the project, no NGOs were consulted during the project preparation process. The project aims at institution building at the central government level and the NGOs are not seen as directly benefiting or having a role in the project’s activities.

3.2. Linked activities:

3.2.1 ASYCUDA

Estonian Customs Board (ECB) introduced the United Nations Conference on Trade and Development (UNCTAD) software Automated System for Customs Data (ASYCUDA) on October 31st, 1999. Phare provided the necessary funding to UNCTAD, in the form of direct contract, for provision of technical assistance to the ECB for the introduction of ASYCUDA. The Agreement between UNCTAD and the Commission Services concluded that UNCTAD would supply ASYCUDA software free of charge and implement the system with Phare financing. Phare financed this contract under the following budget lines: ES-9505.04.02, ES-9505.04.03 and ES-9620.03.01. Within the framework of this project work places were installed for customs officers for declaration processing, IT applications were created for data interchange within the customs administration and customs regulations proceeding from the EU Customs Code were introduced. The functionality of the operational ASYCUDA system covers the following functions:

- Import declaration processing;
- Simplified import operations;
- Trade statistics and management information;
- Accounting and cashier functions;
Selectivity;
Post entry functions;
National transit.

At the moment there are no effective agreements to provide technical support for ASYCUDA. The intention is to set up the Common ASYCUDA Technical Support Centre for all the three Baltic States. Estonian Customs Board has decided to implement the Integrated Customs Information System having considered different development scenarios. Feasibility study to be carried out under Phare 2002 programme shall determine the necessary activities for development and implementation of new IT components. Options considered are: systems development associated with enhancing ASYCUDA++ or porting a suitable Member State system.

3.2.2. Computerised Master Tariff

Phare ES0005-2 Computerised Master Tariff system (MTS) for Estonia (currently in progress). January 2001 – end of 2003. Project will be implemented by combining twinning and technical assistance. By its nature the project of establishment of the Estonian Customs Tariff is a system development project, the aim of which is to establish an electronic Customs Tariff, corresponding to the EU requirements and standards. The data for the electronic Customs Tariff will be received from the EU TARIC system, to which national data will be added and made available to the customs declaration processing system and to the business.

The EU Member States are liable to accept the TARIC data, to interpret the information, and to apply it during the management of their Customs business. This obligation creates the need that computer system exists in each Member States, which are able to satisfy these requirements. Consequently, Estonia needs to develop such national tariff systems also prior to their accession to the EU.

3.2.3 Project preparation facility
ES9912 PPF funds will be used for the preparation of activities no. 2 with the objective of drafting specific ToR and tender dossier.

3.3. Results

3.3.1 Customs Risk-Analysis trainers trained
Trained trainers among customs intelligence staff in the field of risk analysis. Following the training, the officials will participate in preparations for adoption of strategic and tactical decisions in all customs work areas. Thereafter, the 16 trained analysts will carry out training of the customs control and post-control

2 Results 3.3.2, 3.3.3 and 3.3.4 will be achieved in close co-operation with the Estonian counterparts as described in paragraphs 3.4.2-3.4.4 under Activities. For the indicators see ANNEX 1 Logical Framework Matrix
officers and will conduct further training on risk analysis financed from the state budget.

3.3.2 - Customs Business Processes Re-engineering analysis carried out, including production of:

- Estonian Customs Strategic Plan for 2003-2006
- Business Change Management Plan (BCMP) and aligned sectoral strategies and implementation plans;
- Updated Customs IT-strategy (in line with DG TAXUD Guidelines);
- Communication strategy (internal and external communication) to support the new IT solutions;
- Strategies for further development and training of personnel.

3.3.3 Feasibility study and ToR (incl. technical specification) for the procurement of customs information system (ICIS) components, incl.

- Description of functioning working process, organisation and IT-environment, problems/requirements (IT gap and need analysis), development proposals;
- Functional specification for ICIS (information system supporting Customs basic processes) and MIS (Management Information Systems);
- Architectural solution for ICIS;
- Scope of users, training plans for the customs officers and end users;
- Requirements to Help-Desk;
- Scope of work;
- Schedule for the supply of IT components;
- Project organisation and risk analysis;
- Project plans and follow up procedures;
- Objectives and initial basis for the transit system;
- Requirements for system roll-out;
- Requirements for guarantee and service;

Requirements to the supplier and for system development are prepared by the working team of the ECB to be assisted by relevant experts and accepted by Steering Committee by Q4 of 2002.

3.3.4. Integrated Information System implemented:

- ECB able to exchange information with DG TAXUD, with other EU Member States and economic operators in Estonia via information system;

3 More specifically, the results will include: customs information system for basic processes specified; IT components of the system designed and piloted; necessary interfaces created to integrate the system with other effective information systems (in Customs, Tax Board and the TAXUD central systems, client systems) and piloted; initial dataloadings for launching the system components done; user-manuals and Help-Desk in place and piloted; trainers and support-team for each sub-system trained and certified; further development plans for each sub-system are in place; contracts for providing guarantee and maintenance support for developed and piloted systems are prepared and signed between the ECB and the contracting party; customs information system complies fully with EU requirements for transit management, tariff information and simplification and harmonisation of procedures.
• Personnel has acquired all necessary skills to work with new systems;
• Users trained to use the new system;
• Helpdesk functional.

3.3.5. Audit of IT system available
The audit tests system compliance with ToR, with the requirements in the software development contract, technical brief, EC guidelines and standards.

3.4. Activities:

3.4.1. Activity 1, TA contract to procure an off-the shelf training programme – Training of Trainers in Risk Analysis (30 000 EUR)
16 customs risk analysts will be trained for 2 weeks in risk analysis. Training will take place in Estonia.

Target group for training: 16 selected risk analyst trainers. Intelligence officers, whose competence it is to carry out strategic and tactical analyses and to conduct training in risk assessment area. They train the rest of the intelligence staff in the Estonian Customs in the future.

3.4.2. Activity 2, TA contract for business processes re-engineering - (400 000 EUR)
The ENCB produced a “Strategic Plan of the Estonian Customs Board up to the year 2002” that was accepted by the Government of the Republic on 9th March 1999. Subsequently, “IT Strategy of the Customs Board” was produced on 24th November 2000. Activities for preparation the business processes changes have been initiated, analysis of the Swedish and Finnish Customs' accession preparation activities in 1990-1995 have been carried out.

The activities within this component will be undertaken in close co- operation between the Estonian counterparts and the external customs experts:
• Business change re-engineering analysis;
• Producing Customs Strategy 2003- 2006;
• Drafting BCMP and aligned sectoral strategies and implementation plans;
• Updating of the Customs IT strategy;
• Development of the communication strategy;
• Updating of the human recourse development plans.

Profile, tasks and duration of experts:
• Strategic planning expert 12 man/months -

Tasks:
Advise and supervise the business processes re-engineering activities, - with the objective of producing up-dated customs - strategy up til 2006, Business Change Management Plan, aligned sectoral - strategies and implementation plans.

Know-how:
Methods of strategic analysis
Theoretical and practical high level management knowledge of in a EU Customs administration

Experience in:
Top management or 5 years of consultancy work in this area;
Strategic management and planning experience;
Participation in Customs Business Processes Re-engineering - analysis;

- Customs sectoral experts (3 experts for - 6 man/months total)

Tasks:
Production of aligned sectoral strategies and implementation plans;

Know-how:
Specific area knowledge of the EU customs operations and management
Strategic planning methodology;

Experience in:
Management experience in a Customs administration of an EU Member State, min 5 years;
Management and/or consultancy experience concerning changes in the working processes and organisation of the Customs administration by accession to the EU min 5 years.

- IT strategy expert (4 weeks)

Tasks:
Advise and supervise the process of drafting the IT strategy
Expert opinions
Drafting materials for working seminars

Know-how:
IT trends;
General knowledge of the systems integration.

Experience in:
Experience in strategic planning min 3 years;
Experience in developing IT infrastructure min 3 years;
Experience in IT organisation design min 1 year.

- Experts of communication strategy (2 experts for 2 weeks each)

Tasks:
Supervise the drafting process of communication strategies and expert opinions

External communication

Know-how:
Public relations
Knowledge in PR work in Estonia and abroad (media channels).

Experience in:
Good command in Estonian and foreign languages
Team-work skills
Internal communication minimum 3 years;

Know-how:
Management systems, business management;
Information management
Experience in:
Design/facilitation of information flows minimum 5 years.
Total: 20 man/months

3.4.3. Activity 3, TA contract for the preparation and execution of Feasibility Study (400 000 EUR)
Feasibility study, proposals for development of information system supporting customs basic processes (ICIS) and management information system (MIS) and preparation of the ToR for tendering ICIS’s components will be prepared in close co-operation with the Estonian counterparts.
Main tasks of the experts include:
• Mapping of the working process, organisation, the IT environment and the integration needs, analysing problems/requirements (IT gap and needs analysis), making proposals for development;
• Specification of the ICIS and MIS functionality, identification of priorities for the development and implementation;
• Architectural design, incl. financial opinions;
• Preparation of the migration plan;
• Preparation of the ToR;
• Analysis of the organisational changes that might be required and training on working practices under the new system.

Profile, tasks and duration of experts:

• Sub-project manager (3 man-months)

  Tasks:
  Drafting of the project plan, staffing of the project team
  Administration of the supplier’s work
  Co-ordination of the plans with the beneficiary’s project manager
  Handing over the results of the work to beneficiary’s project manager

  Know-how:
  General knowledge of customs and logistics solutions;
  General knowledge of IT applications

Experience in:
  Leading of team-work
  Planning
  Description of work processes and organisation mapping in public sector
  Min 5 years

• Process analysts (Total 5 man-months)

  Tasks:
  Co-ordinating requirements elicitation by outlining the systems' functionality and delimiting the systems.
  Process analysis;

  Know-how:
  Methodology of process analysis (desirably UML);

Experience in:
  Process mapping, 3 years experience in process modelling;
  Experience in Customs sphere or logistical solutions advisable min 3 years.
• Organisation analyst (1 man-month)
  **Tasks:**
  Methodological advice, expert opinions and proposals.
  **Know-how:**
  Organisations in public sector (preferably -from an EU customs organisation);
  Organisational structures.
  **Experience in:**
  Organisation build-up /respective consultancy work min 3 years.

• Data analysts (3 man-months)
  **Tasks:**
  Data description of the EU databases and other effective systems (logical view
  of data objects), problem description and needs analysis;
  Analysis of data transfer, data conversion and standards, proposals for the
  development and implementation of new IT components.
  **Know-how:**
  Methods of data analysis;
  Knowledge of the EU customs data standards
  **Experience in:**
  System integration of distributed databases min 7 years.

• System architect (4 man-months)
  **Tasks:**
  Methodological advice for unification of system descriptions, description of
  problems and needs;
  Expert opinions;
  Identification of the need for technical experts and drafting ToRs for them;
  Preparing the specification for architectural design;
  Preparing the implementation plan.
  **Know-how:**
  General knowledge of B2B applications, data security and system integration
  **Experience in:**
  Team-work management
  Previous experience in project work by at least 3 projects concerning
  specification of the architecture of information systems of the public sector
  min 5 years.

• Technical experts (total 2 man-months)
  **Tasks:**
  Advice, expert opinion and drawing up of necessary specifications concerning
  data security, data communication, data administration, etc.
  **Profile of the expert:**
  Qualified expert with a very good experience in the relevant sector.
  At least 10 years of professional experience in his/her field of expertise.
  The expert shall have a full university degree.
  Fluent in English and computer literate.
3.4.4. Activity 4\textsuperscript{4}, Supply and TA Contract for Procurement and development of software (2,2 MEUR)

Development, roll-out and maintenance of ICIS components by the software supplier in close co-operation with the project team of the ECB\textsuperscript{5}. One option could be to adapt an EU Member State declaration processing system in concordance with results of Activity 3. Main tasks of the contractor\textsuperscript{6}:

a) System specification;
b) Detailed analysis;
c) Functional Detailed PQP (Project Quality Plan) (incl. plans for design, production, training and testing of every sub-system, implementation plans, plans for maintenance);

For every sub-system:
d) Technical Design;
e) Module specifications;
f) Program production;
g) Software Iteration;
h) System Integration;
i) System testing and training (incl. preparation environment, dataloads, documentation, training trainers and support staff);
j) Acceptance testing (Testing and Piloting of sub-systems);
k) Production of training materials and System Specifications and other user manuals;
l) Roll-out activities.

The software supplier will provide guarantee for the developed software and will ensure the maintenance support for the system within three years.

\textsuperscript{4}Software contract with the winner of the International Open Tender. Main contractor administrates his resource pool and is responsible for the timely fulfilment of the sub-project and tasks. The ECB will name the working partner for every sub-system who will be involved in the Strategy process. The overall responsibility for Project Quality Management lies on the ECB’s Quality Manager.\textsuperscript{2} The Project Quality Plan is a part of the ToR. The ECB will work out the methodology of IT developments by the end of 2002, relying on the experience learned from working with Phare projects. Methodology of the TAXUD developments (TEMPO) and Rational’s RUP methodology will be adhered to. This work has been started already and the decision about methodology to be chosen has been taken. ECB will ensure that the special teams are set up for testing and piloting of each sub-system.

\textsuperscript{5}Responsibilities of ECB:

1) Deployment (Training and Roll-Out activities in accordance with the implementation plans of ICIS);
2) Environment (Hardware supplies in accordance with the implementation plans of ICIS);
3) Configuration and Change Management in accordance with the maintenance plans of ICIS.

\textsuperscript{6}The main outputs are:

1.1. Outputs of System Specification (System Configuration, System Functional Specification (activities and data), Testing and Integration Strategy, Training Plan, Data Conversion Plan, Timeframes for sub-systems)
1.2. Outputs of Detailed Analysis (Data Model and Functional Detailed PQP for sub-systems; Plan for System Integration; Changes in linked Systems)
1.3. Technical Design Documentation for Sub-systems, incl. changes in IT environment; Tools for Data Conversion; Plans for Testing and Piloting, Test Specifications; Training Specifications; Manual Procedures Specifications);
1.4. Module specifications and System Specification, incl. training and data conversion modules;
1.5. Training and User Manuals;
1.6. Piloted sub-systems and IS;
1.7. Trained trainers and persons for maintenance of sub-systems;
1.8. Guarantee and maintenance contracts.
3.4.5. Activity 5, TA contract for auditing the IS (170 000 EUR) Quality auditing of the IT applications developed in the course of the project by accredited auditors.

**Tasks of the experts (8 man-months):**
- To counsel the ECB by the software development tendering process and evaluation the conformity of tenders to ToR;
- To counsel the ECB in the contractual process;
- To analyze the conformity of the project documentation presented by the supplier to adequacy of requirements set up by the order;
- To counsel the ECB by evaluation and approval of the results of the technical design;
- To counsel the ECB by acceptance of the software modules, to evaluate the conformity of the technical functions set up but also to the real expectations and good practice of similar systems.

3.5. Lessons learned.

Recommendations set forth in Final Assessment Report for Assistance funded under Customs and Statistics programme (ES-9620) produced by OMAS Consortium in November 2000: Management recommendations - to ensure the sustainability of the Customs programme, the ENCB should consider advanced technical and functional training courses for selected HQ staff and train a selection of managers in the techniques of Project implementation, including planning and estimating, risk assessment, budget control and staff management. Design recommendations - any future assistance should be based upon a coherent system of objectives, planned activities and measurable indicators of achievement, risks to implementation and appropriate Special conditions. Long-term finance and other resource planning and service management issues should be addressed more carefully during the Project initiation stage.

4. Institutional Framework

The Estonian Customs Board (ECB) functioning within the area of responsibility of the Ministry of Finance is the main beneficiary of this project.

Organisational structure of ECB:
Central Administration (HQ) consists of 7 departments – Finance & Administration, IT, Customs Enforcement, Development, Customs, Internal Audit and Legal Departments plus 5 Regional Customs Houses. Total number of officials consists of appr. 1,400 officials, 160 of whom are working in the central administration. Several co-operation partners are involved in the current project. The Estonian Customs Board is the main beneficiary, being responsible for developing the ToRs for the supply tenders and for the overall implementation of the project ensuring the resources needed for administration and implementation of the project. Development Department of ECB (ms Thea Tael) is responsible for development of the new Strategy, IT Department (mr Lauri Laksberg) is responsible for development and implementation of IT applications. Deputy Director General mr Rein Velling is responsible for the contract within the framework of which the Feasibility Study will be effected and the working task for the software supply will be set up. Customs
Department, Enforcement Department and Regional Customs Houses are involved in producing the Requirements to IT applications and in the piloting process of the developed solutions. Enforcement Department (Mr Margus Noormaa) will be responsible for the risk analysis training contract. Beneficiaries will be the Estonian Tax Board and the Ministry of Finance.
Representatives of the Business Community will also be involved in the Project work as piloting organisations.
The Customs Board will be the owner of the project and the developed system and will provide the Project Manager and Quality Assurance Manager.

5. Detailed Budget (MEUR)

<table>
<thead>
<tr>
<th>Phare support</th>
<th>Investments (I)</th>
<th>Institution Building (IB)</th>
<th>Total Phare (I+IB)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td>-</td>
<td>0,03</td>
<td>0,03</td>
<td>-</td>
<td>0,03</td>
<td></td>
</tr>
<tr>
<td>TA service contract to procure an off-the shelf training programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2</td>
<td>-</td>
<td>0,4</td>
<td>0,4</td>
<td>0,01</td>
<td>-</td>
<td>0,41</td>
</tr>
<tr>
<td>TA service contract for assistance in strategic planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 3</td>
<td>-</td>
<td>0,4</td>
<td>0,4</td>
<td>0,23</td>
<td>-</td>
<td>0,63</td>
</tr>
<tr>
<td>TA service contract for the preparation of Feasibility Study and TOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 4</td>
<td>2,2</td>
<td>-</td>
<td>2,2</td>
<td>0,55</td>
<td>-</td>
<td>2,75</td>
</tr>
<tr>
<td>Service and TA Contract for procurement and development of software</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 5</td>
<td>-</td>
<td>0,17</td>
<td>0,17</td>
<td>0,01</td>
<td>-</td>
<td>0,18</td>
</tr>
<tr>
<td>TA service contract for auditing the IS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,2</td>
<td>1,0</td>
<td>3,2</td>
<td>0,8</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Any additional investment financing which may be required during the implementation of the project will be covered by Estonian National Budget.

<table>
<thead>
<tr>
<th>National co-financing (MEUR)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State budget</td>
<td>0,08</td>
<td>0,34</td>
<td>0,35</td>
<td>0,03</td>
<td>0,8</td>
</tr>
<tr>
<td>Local municipality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Financing Institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total national co-financing</td>
<td>0,08</td>
<td>0,34</td>
<td>0,35</td>
<td>0,03</td>
<td>0,8</td>
</tr>
</tbody>
</table>

Activities to be financed by the state budget (in 2002) and through co-financing:
Activity 1. Development of the needed IT infrastructure for interfacing with DG TAXUD central Customs and taxation databases, including the supply, installation
and adjustment of infrastructure components, training of the technical maintenance team and ensuring maintenance of the purchased equipment and supplies.

**Activity 2.** Analysis, technical design and development of the Minimal Functionality of NCTS phase 3.1 will be carried out in 2002 using the national budget.

**Activity 3.** Consultancies, workshops and study visits for strategy process, Feasibility Study and ICIS development.

**Activity 4.** Training and roll-out activities for ICIS in accordance with the implementation plan of ICIS.

**Activity 5.** Implementation of the configuration and change management system for ICIS in accordance with the maintenance plans for ICIS.

6. **Implementation Arrangements**

6.1. **Implementing Agency**

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting in relation to purchase of goods and services funded by Phare.

The Programming Authorising Officer (PAO) is:
Renaldo Mändmets
Deputy Secretary General of the Ministry of Finance
Phone: +372 6 113 545
Fax: +372 6 966 810
e-mail: renaldo.mandmets@fin.ee

The Programming Officer (PO) is:
Andres Kuningas
Head of the International Relations Department
Ministry of Finance
Phone: +372 6113640
Fax: +472 6966811
e-mail: andres.kuningas@fin.ee

The Project Manager is:
Urve Kain
Estonian Customs Board
Phone: +372 6967784
Fax: +372 696 7727
e-mail: urve.kain@customs.ee

A Steering Committee will be set up to monitor the fulfillment of the timeframe of the project and to evaluate the results. Main beneficiaries, representatives of the EC Delegation in Tallinn and the Ministry of Finance will belong to the Steering Committee.
The Steering Committee will meet once per quarter.
Representatives of the companies to whom the supply contracts have been awarded (partner company of the strategic process, partner company developing the technical specification of the information system and the ToR for software supply, partner company dealing with the software development and the auditing company performing technical monitoring of the software developed within the framework of the investments sub-project) may be invited as observers to the steering committee meetings.

Project organisation for the Feasibility Study is shown in the Annex 4: (The number of working groups will be specified in Terms of Reference).

6.3. Non-standard aspects
DIS Manual and Practical Guide will be strictly followed.

6.4. Contracts
Contract 1: Service contract for technical assistance (training component) - 0,03 MEUR
Contract 2: Service contract for technical assistance (technical assistance to carry out customs business process re-engineering) - 0,4 MEUR
Contract 3: Service contract for technical assistance (technical Assistance to carry out Feasibility Study and produce the ToR) - 0,4 MEUR.
Contract 4: Service contract for software development (investment component for developing, roll-out and maintenance of the software) - 2,2 MEUR
Contract 5: Service contract for technical assistance (service Contract for quality audit) - 0,17 MEUR

7. Implementation Schedule

<table>
<thead>
<tr>
<th></th>
<th>Start of tendering</th>
<th>Start of Sub-project activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 4(^7)</td>
<td>01/2003</td>
<td>06/2003</td>
<td>12/2003</td>
</tr>
</tbody>
</table>

7.2. Start of project activity
Expected date of commence of the first contract: 09.2002

7.3. Project Completion
Expected date of last payment under the last contract: 03.2005

8. Equal Opportunity

Equal opportunities for women, men and minorities will be ensured by the Steering Committee during the implementation of the project. The Estonian laws and

\(^7\) The minimum required functionality will be reached by the beginning of 2003 (see also page 5) using Estonian National Funds.
regulations concerning the equal opportunities for women, men and minorities will strictly be followed. Equal opportunity for men and women to participate in the project will be measured by recording the experts and consultants employed.

9. Environment N/A

10. Rates of return.
It is not possible to calculate a precise, arithmetic rate on the investment at this stage of the project, but considering the improvements to be gained in the working culture and speed of the client service and increase in the control efficiency of the transit conveyances across the future external border of the EU as a result of these investments, it is clear that the investment will bring about considerable rates of return for the business environment (rapid clearance, which is possible with modern systems only: fully computerized risk-analysis-based systems and close co-operation with the economic operators) as well as for the Customs Administrations of Estonia and the EU Member States (reduced time and financial expenses of accounting, guarantee administration and circulation of documents on paper, increase in the enforcement efficiency will help to prevent fraud and corruption).

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 the success and indicators of achievement to be met by the system.

11. Investment criteria

11.1. Catalytic effect:

NCTS capability is one of the most essential criteria by Estonia’s accession to the European Customs Union. NCTS establishes standards for the national systems of the countries, parties to the system, for electronic data interchange (EDI) to be used in transportation, customs clearance and taxation areas. A common network between the European Union and Estonia is the only possibility to ensure the connection and data exchange of the computer systems of the European Commission DG TAXUD and the national information systems. The implementation of the system gives the possibility to exchange information both within and outside of the European Union.

11.2. Co-financing:

The Estonian Customs Board shall cover the costs needed for implementation of the IT infrastructure (hardware and data communication). Financial assets for co-financing have been planned in the state budget for the period of 2002 – 2005, including the supply, installation and adjustment of the infrastructure for this project as well as the sums covering the works to achieve NCTS capability. Costs for the training needed for implementation of IT applications shall also be covered from the budget of co-financing.

11.3. Additionality:
Phare grants do not displace other financiers.

11.4. Project readiness and Size:

Project costs do not exceed the required minimum of investment projects.

- Customs officers have learned to use IT applications in their work. Necessary prerequisites have been created for the development and implementation of modern integrated customs information system: IT infrastructure, trained customs officers. IT friendly policy of the Estonian Government, rapid development of IT applications in Estonian banking and financial sector and logistics, keen interest of Estonian companies in further development of IT applications in transport, customs and taxation areas, including www-solutions and standardisation of data interchange to ensure electronic business management and avoidance of repeated presentation of the data, may be considered a favourable environment for the project. Enlargement and development of the European Union and Estonia’s commitment for further development in the accession process and as a fresh Member State of the EU, globalisation and fast development of business processes require for the continuous development of IT applications supporting these processes. It will be difficult to meet these requirements relying only on ASYCUDA. Estonia needs know-how to run the software, plan and implement the migration process.
- Computerised Master Tariff project is in progress.
- A project was initiated in Customs in April 2001 to develop the transit software in course of which:
  - In-depth study of the NCTS documentation and Common Transit Convention has been carried out;
  - Decisions of the Central NCTS project team, project plans and solutions of other pilot states (Switzerland, Austria, Czech Republic, Norway, the Netherlands) are being constantly informed about;
  - User Requirements for transit software have been developed, functional scope for transit software has been confirmed by the project management team, functionality of the first stage, completion date of the first stage and priorities for development have been decided upon;
- Preparatory project has been initiated in the course of which:
  - The decision has been adopted to update the IT strategy and implement the new IS components;
  - Work is going on to establish the requirements for IS architecture and IT development methodology (Quality Plan). General requirements to the IS architecture have been agreed upon and a decision made concerning the development methodology, trainings have been carried out to implement the methodology, this methodology is applied in the Computerised Master Tariff (ECMT) project.
  - Initial mapping of processes and system architecture (Pre-Feasibility Study) has been started within the framework of the ongoing projects (ECMT and ENCTS), sub-systems and priorities are being identified by 01.06.2002.
11.5. Sustainability:

This project together with the Computerised Master Tariff project will create a complex environment for implementation of the EU standards for Estonia’s accession process and for future development of Estonia as an EU Member State.

By implementation of the two above-mentioned projects the Estonian Customs Board will enable to establish the EU compatible business processes, organisational structure and IT environment, to introduce the first new ICIS components inside this environment and to specify the ICIS development plan. Employees of the ECB involved in the project work will acquire the necessary know-how and skills of applying the EU standards, Customs support team will be set up and local IT-companies will be able to offer the ICIS support.

Whilst it is recognised that IT systems are being constantly enhanced, modified and redeveloped it is essential that the maintenance of the delivered software will be undertaken by local software companies. Software development includes provision for 3 years maintenance of the delivered software, later maintenance will be state funded.

Measures applied in the course of project implementation will ensure the efficient control over the movement of goods across the future EU eastern border will improve the quality of customer service and facilitate the development of Estonia’s export potential.

ECB uses the trained risk analyst officers for delivering - further training to the rest of the intelligence staff in the Estonian Customs.

11.6. Compliance with state aids provisions

11.7. Contribution to the National Development Plan

12. Conditionality and sequencing

12.1. Activity 1, Contract 1

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start and Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start-up and planning activities, tender preparation</td>
<td>Q1.2002 - Q2.2002</td>
</tr>
<tr>
<td>2. Tender and contracting process</td>
<td>Q2.2002 - Q3.2002</td>
</tr>
</tbody>
</table>

12.2. Activity 2, Contract 2

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start and Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start-up and planning activities, tender preparation</td>
<td>Q1.2002 – Q2.2002</td>
</tr>
<tr>
<td>5. Approval of the plan by management of the ECB</td>
<td>Q2.2003</td>
</tr>
</tbody>
</table>
8. Support for Implementation Q4.2003

**Activity 2: Task 3 (Description of the working environment, work processes and organisation and the proposals for development) of the Activity 3 must be completed before starting the task 3 of the Activity 2.**

The Strategy is sent to the Commission for assessment.

### 12.3. Activity 3, Contract 3

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start and Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start-up and planning activities, Tender Preparation</td>
<td>Q3.2001 – Q1.2002</td>
</tr>
<tr>
<td>5. Analysis organisational changes and training on working practices</td>
<td>Q4.2002 – Q2.2003</td>
</tr>
</tbody>
</table>

**Conditionality:** TOR for the Activity 4 must be completed by Q4.2002. TOR should be completed during the feasibility study carried out in 2002 and formally approved by DG TAXUD before tender for activity 4 can be launched.

### 12.5. Activity 4, Contract 4

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start and Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up and planning activities, Tender Preparation</td>
<td>Q3.2001 – Q4.2002</td>
</tr>
<tr>
<td>Tender and Contracting Process</td>
<td>Q1.2003 – Q2.2003</td>
</tr>
<tr>
<td>System specification in parallel with the first phase of implementing procedures</td>
<td>Q2.2003 – Q3.2003</td>
</tr>
<tr>
<td>Detailed Analysis and Functional PQP</td>
<td>Q3.2003</td>
</tr>
<tr>
<td>Design, production and roll-out of sub-systems in two phases</td>
<td>Q4.2003 - Q3.2004</td>
</tr>
<tr>
<td>Maintenance and guarantee</td>
<td>Q3.2004</td>
</tr>
<tr>
<td>Final Report</td>
<td>Q4.2004</td>
</tr>
</tbody>
</table>

### 12.6. Activity 5, Contract 5

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start and Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up and planning activities, Tender Preparation</td>
<td>Q1.2002 – Q2.2002</td>
</tr>
<tr>
<td>Quality Auditing activities</td>
<td>Q4.2002 – Q3.2004</td>
</tr>
<tr>
<td>Final report</td>
<td>Q4.2004</td>
</tr>
</tbody>
</table>
**Phare log frame**

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR</th>
<th>Programme name and number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project title: Integration of the Estonian Customs information system with the DG TAXUD computer systems and modernisation of basic customs procedures.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contracting period expires$^8$:</th>
<th>Disbursement period expires$^9$:</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2004</td>
<td>July 2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Phare budget:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accession of Estonia to the EU Customs Union</td>
<td>Performance of the Estonian Customs is compatible to the EU requirements</td>
<td>EC regular Progress Reports against the BCMP IT gap and needs reviews on the quarterly bases</td>
<td>3.2 MEUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic monitoring and control over the movement of goods in accordance with requirements for accession to the EU</td>
<td>1. IT applications enable establishment of operational interconnectivity to the DG TAXUD central services in 2003. 2. By end of the first half of 2003 NCTS is piloted, by end of 2003 ECB is able to connect NCTS and exchange transit declaration data via NCTS; 3. IT solutions are introduced for application of EDI declaration and risk analysis nationally by end of the project, (with quantification dependent on Customs Operational Plan in years 2003 and 2004); 4. Customs Integrated IS is fully functional by the end of the project.</td>
<td>• Final project reports; • DG TAXUD’s conformity tests; • Quarterly Project monitoring reports; • DG TAXUD annual Customs blueprints; • DG TAXUD’s Transit Computerisation Project status reports starting from 2003.</td>
<td>Customs Board, Tax Board and Ministry of Finance are actively committed to the project. Sufficient availability of qualified labour and retention in Customs IT. DG TAXUD’s IT strategy in CCs to be decided prior to start of the projects.</td>
</tr>
</tbody>
</table>

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$^8$Contracting period expires 2 years after the signature of the Financing Memorandum.  
$^9$Disbursement period expires 3 years after the signature of the Financing Memorandum.
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customs risk-analyses trainers are trained.</td>
<td>1. 16 trained officials in the field of Risk-Analysis by Q4 2002; own financing for further training of 15 officials in every half year.</td>
<td>• Enforcement strategy; • Training reports.</td>
<td>• Identification of potential trainers is made by ECB; • Training needs analysis is undertaken by the ECB; • Preparation work for sectoral strategies/operational plans initiated and BPR work-groups set to work in Q1 2002; • Retention of sufficient strategy-assessment.</td>
</tr>
<tr>
<td>2. Business process re-engineering analyses are carried out. 2.1. Business change management plan, strategy plan, aligned sectoral strategies and implementation plans are produced.</td>
<td>2.1. Customs Strategy until 2006 is approved by management of the ECB in the first half of 2003. 2.2. Business Change Implementation plan is completed by Q3 2003; 2.3. Aligned sectoral strategies are approved by the Customs Council by Q3 2003 2.4. Strategic plan 2003-2006 reviewed and adjusted after accession, if needed, by Q3 2004</td>
<td>• Regular reports of the 10 BPR working groups established on regional and central level; • Business Change Management Planning document; • ECB protocol documents. • Drafts of aligned sectoral strategies and implementation plans; • Feasibility Study approved by Customs management; • Test results; • Pilot results; • Steering Committee minutes and agreements; • Approval of system by the owner – i.e. the Customs Board; • External quality assurance reports;</td>
<td></td>
</tr>
<tr>
<td>3. Feasibility Study and TOR (including technical specification) for the procurement of Integrated Customs Information System (ICIS) components.</td>
<td>3.1. Description of the working environment, work processes and organisation, IT gap and needs output and the proposals for development are ready by Q4 2002; 3.2. TOR is ready by Q4 2002.</td>
<td>• Contractors produce descriptions, proposals and specifications on time; • ECB’s project team for Strategy Process and Software production is actively involved in terms of time and intellectual input; • System end users are trained by ECB; • Contractors produce IT system on time; • Establishment of the helpdesk in line with recommendations is undertaken by ECB; • ECB will develop new applications on the basis of present infrastructure, necessary hardware supplies will be funded from co-financing; • Audits carried out to agreed TOR and on time.</td>
<td></td>
</tr>
<tr>
<td>4. ICIS is implemented: 4.1. ECB is able to exchange information with DG TAXUD, other EU Member States and economic operators in Estonia via new information system; 4.2. HR development implementation plan in place for use and maintenance of the systems; 4.3. Staff is trained to use new systems; 4.4. HelpDesk is functional.</td>
<td>4.1. Testing and piloting will start in the first half 2003; 4.2. System fully functional by final quarter of project; 4.3. Helpdesk staffed and ‘live’ by final quarter of project; 5.1. Guarantee and maintenance contract is assigned. 5.2. System complies with TOR, requirements in the service contract</td>
<td>• DG TAXUD approves TOR for the procurement of Integrated Customs Information System (ICIS).</td>
<td></td>
</tr>
<tr>
<td>5. Audit of IT systems available.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Cost (EUR)</td>
<td>Assumptions</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1. Strategic intelligence analysis training administered by the accredited specialist training team.</td>
<td>1. Service contract for technical assistance (training).</td>
<td>1.03 MEUR</td>
<td>1. The contractors meet obligations as to TOR in a timely fashion.</td>
</tr>
<tr>
<td>3. Execution of feasibility study (incl. preparations for strategy process, proposals for development of the information system supporting customs basic processes (ICIS) and management system (MIS)) and preparation of the TOR for tendering ICIS’s components.</td>
<td>3. Service contract for technical assistance.</td>
<td>0.4 MEUR</td>
<td></td>
</tr>
<tr>
<td>4. Development, rollout and maintenance of the Integrated Custom Information System’s (ICIS) components.</td>
<td>4. Service contract on software development.</td>
<td>2.2 MEUR</td>
<td></td>
</tr>
<tr>
<td>5. Quality auditing of the IT applications developed in the course of the project by accredited auditors.</td>
<td>5. Service contract for technical assistance.</td>
<td>0.17 MEUR</td>
<td></td>
</tr>
<tr>
<td><strong>Preconditions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Board produces TORs for service contracts.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre Feasibility Study is completed.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**TIME IMPLEMENTATION CHART**

**Project No.: ES**  
**Project Title:** Integration of the Estonian Customs information system with DG TAXUD computer systems and modernisation of basic custom procedures.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1 (IB)</td>
<td>T T T C</td>
<td>I I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TA service contract (training component)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2 (IB)</td>
<td>T T T T C</td>
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## CUMULATIVE CONTRACTING SCHEDULE (by quarters)

### ANNEX 3a

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### CUMULATIVE DISBURSEMENT SCHEDULE (by quarters)
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Annex 4

Steering Committee
- Representatives of the Beneficiary (Estonian Customs Board)
- Representative of the Ministry of Finance
- Representatives of the European Commission
- Representatives of the Contractor

Project Team
- Project Manager of the Beneficiary
- Project Manager of the Contractor
- Assistant
- Quality Assurance Manager
- Project Team
  - Managers of Working Groups
    - Working group no 1
    - Working group no 2
    - Working group no 3
    - IT Working group
- Expert Group