STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1. Désirée Number 2002/000-579.01.01

1.2. Title Reinforcement of the Administrative and Operational Capacity of the Estonian Customs Board (ECB)

1.3. Sector Customs

1.4. Location Estonia

2. Objectives

2.1. Wider Objective(s)

Application of the acquis in the area of ‘Customs Union’

2.2. Project Purpose

Reinforcement of the administrative and operational capacity of the ECB to enable it to fully implement the Acquis

2.3. Accession Partnership and NPAA Priority

Accession Partnership (November 2001): Reinforce administrative and operational capacity including border control; develop capacity in the field of revenue collection and on all customs procedures related to tariffs; improve co-ordination between the relevant bodies as regards enforcement and revenue collection of duties; improve the capacity of customs laboratories.

NPAA (2002) Chapter 25 – Customs Union

25.1. Implementation of the Customs Code, including training of customs officials and customers for implementation of the code, Readjustment of customs information systems, translation/publication of the documentation on classification and origin of goods, uniform application/simplification of customs procedures and risk assessment;

25.3 – Training on implementation of tariff measures for customs officials and for business community according to the Government action plan deadlines.

25.11 – Implementation of the Action Plan for bringing the border control into compliance with the EU requirements Transfer of the know-how, Training the customs officials, Bringing the technical equipment into conformity with the EU requirements (mobile x-ray equipment hidden survey cameras, radio communication systems, night observation instruments, land and water transport means

25.13 – Increasing the Customs enforcement capacity and the quality of client service
3. Description

3.1. Background and Justification

The ECB’s medium-term strategy 1999-2002 (adopted by the Government on March 9th, 1999) is based on the Gap Analysis project carried out in 1998-1999 on the basis of the ‘Customs blueprints’ produced by the EU Commission and EU Member States’ customs experts in relation to 13 key areas of customs operation. Since 1999 the gap analysis has regularly been undertaken and serves as a basis for preparing the annual development plans.

The medium-term strategy is focused on preparations for EU accession and encourages the necessary reorganisation of the ECB and its operations so that the ECB will contribute to trade facilitation rendering high quality services and acting as a reliable partner among other European customs administration. Six strategic aims have been highlighted in the strategy:

⇒ Develop and maintain a steady organisation supported by contemporary management methods and manned with professional and motivated officials with high ethics and clearly defined responsibilities and authorities.

⇒ Develop modern infrastructure with contemporary equipment that supports customs activities in general and contributes to improved work results through application of up to date technology and equipment.

⇒ Simplify and unify systems, control measures and customs procedures through introduction of modern customs technology and thereby ensure safe operation of systems, faster and simpler customs clearance, better customer service, faster border crossing, increased income to state budget and more reliable statistical information.

⇒ Develop investigation and surveillance activities into a strong law enforcement agency.

⇒ Ensure implementation of Customs legislation and dissemination of the necessary information internally and externally.

⇒ Achieve international recognition as a reliable and professional partner, developing international co-operation and relations with the customs authorities and business circles of other countries.

The present Strategic plan 1999-2002 is currently being reviewed and updated including the Customs Border Management Strategy. A new strategy for 2003-2006 will be finalised with the support of the technical assistance under the Phare 2002 (fast track- project), Activity 2 and a Change Management plan will be produced together with area strategies drafted and elaborated thereof. According to the Phare 2002 (fast track) project plan it is assumed that the 2003-2006 Strategic Plan be submitted to the Customs Council for adoption in the first half of 2003.

In January 2002 the ECB initiated preparations for the Business Processes Re-engineering activities with the assistance of the Danish Customs experts. By May 2002 more than 40 customs processes have been mapped. The next phases of the Business Processes Re-engineering activities will take place in June 2002.

These basic documents: The Strategic Plan 2003-2006, The Customs Border Management Plan, The Basic Processes Re-engineering Plan and the Change Management plan, containing drafts of sub-strategies in the main customs areas like post clearance control, investigation and surveillance, will form the basis for further qualitative changes in these key areas.

A thorough review of development priorities based on the gap analysis was conducted in November 2001 with the objective to identify the remaining gaps. The outcome was further discussed with the
Finnish customs experts (provided via bi-lateral assistance) in December 2001 and March 2002 and with the Danish experts in January and March 2002. Weaknesses and strengths were discussed, "problem trees" were produced and objectives for improvements were set in priority order during these workshops.

Shortcomings against the Blueprints and the improvement needs in relation to the administrative and operational capacity, including border control and the technical capacity of the ECB to enforce the *acquis*, were identified in the following areas to be addressed under the current project:

1. Approximation of national customs legislation to the *acquis* and ensuring implementation through intensified training.

2. Reinforcement of internal and external communications system ensuring better service to clients and uniform application of customs procedures;

3. Modernisation of border and inland control and improvement of post control function.

4. Improvement of customs investigation and surveillance system;

5. Feasibility study (pre-investment assessment of needs) to be conducted by Eurocustoms experts for equipping the customs posts of the future EU external border with modern customs inspection tools and providing reinforced equipment for newly developed functions (customs surveillance and audit) followed by procurement of identified equipment.

6. Logistical support to project implementation

7. Procurement of control and surveillance equipment

A more detailed information on background and justification will follow corresponding to the order of the above list:

### 3.1.1. Customs legislation and facilitation of trade

A new National Customs Code will enter into force from 1 July 2002. Today in Estonia not all the customs procedures have been applied in conformity with the EU requirements and ECB has little experience in the area of collection of customs duties and implementation of commercial policy measures. As a prerequisite for the uniform application of customs procedures and enhanced quality of services, ECB must prepare for the final adoption of the EC Customs Code through review and analysis of the existing 2nd and 3rd level legal acts and respective implementation regulations covering, *inter alia*, customs procedures with economic impact, import for free circulation and application of simplified procedures with the view of EU compatibility, thus eliminating the gaps in implementing provisions that will still remain after introduction of Estonia’s new Code in July 2002 (adopted by Parliament in October 2001). Expert assistance is meanwhile needed for identifying the extent of the gaps in effective customs legislation and in producing the action plan for eliminating these shortcomings and producing up-dated training modules for the operational staff. In 2002 up-dating of training materials in the *already harmonised areas* will be completed, the trainers and the operational staff will be trained prior to the initiation of the current project. In 2003, under the current project, the training modules will be further elaborated during the process of drafting the missing secondary and third level legislation, the participating team members will be further trained as teachers guided and supervised by the LTA and STAs through direct transfer of knowledge and skills based on interactive learning methodology. Training of operational staff will be completed by December 2003, as a regular part of the customs in-service training system. Monitoring and follow-up activities are foreseen in 2004 during which necessary adjustment and amendments, if needed, will be proposed and implemented.
3.1.2. Improvement of internal and external communication system

Legal powers: The Public Information Act was enacted on 1 January 2001. At present the internal communication system does not encourage top-down/bottom-up nor inter-functional communication although the staff has access to information through the Intranet and hard copy. The external communication also needs reinforcement enabling provision of timely and accurate information for the business community and encouraging higher degree of voluntary compliance by trade professionals and the public. Review and up-dating of communication strategy, implementation plan and client service standards and policy is foreseen with the objective of ensuring uniform application of customs procedures and equal treatment of clients through establishing a core team of trainers and experts in communication/PR issues. Information for general public and trade will be produced and made available in the Internet, information bulletins will be published and regular information days organised, a help-desk and an information centre (call-centre) will have to be created and the staff trained. Need for additionally trained trainers have been identified for clients and staff.

3.1.3. Strengthening of border and inland control and improving post-control function

Re-orientation of enforcement practice and management structure from the present emphasis on detection has been foreseen following the gap analysis. The objective is to modernise the enforcement procedures, to develop and implement modern control methods, reducing time-consuming physical controls and allowing an increased role for post-clearance controls. Limited knowledge and skills have been identified in the new functional areas like export-subsidies-related control of agricultural products, control of excise warehouses and use of mobile teams in the protection of society, fight against terrorism and serious customs offences. Post-clearance-control function should be extended to EU compliant company audits covering, inter alia, trade in agricultural products and protection of EC own resources. At present there is no knowledge of requirements to amend the existing legislation related to further developments in customs audits area. The existing training materials are inconsistent and need revision, competent trainers shall have to be trained and contemporary training modules developed. Best EU practice and enhanced co-operation of all law enforcement structures together with in-depth training and appropriate tools should be developed. Co-operation with other law-enforcement agencies - Border Guards, Veterinary and Food Administration, the Plant Production Inspectorate, and the agencies in the area of government of the Ministry of Internal Affairs, like the Central Criminal Police Board, is active and improving. Co-operation Agreements between ECB and the Veterinary and Food Inspectorate and the Plant Production Inspectorate were concluded in April 2001; Co-operation Agreement with the Board of Border Guards was concluded in November 2001. Communication networks are being established between the ECB and other services enabling regular and timely information exchange. The integrated border management strategy will be approved in 3rd Quarter of 2002, and the list of needed equipment will be reviewed as an independent activity prior to investment.

3.1.4. Establishment of customs investigation and surveillance system

In 1998 the surveillance powers (including discreet surveillance operations) were allocated to the ECB, the recent gap analysis showed that the initially created investigation structures have proved insufficient and ineffective in fight against organised crime. The existing Surveillance Act needs to be reviewed as well as amendments to the Act produced. Compliance with requirements provided, inter alia, by the Naples II Convention and by the Schengen Convention will have to be developed and contemporary surveillance equipment purchased in order to become a stronger power in fighting against organised crime, smuggling and corruption. ECB has recently created a new structure – Investigation Department - that is mostly staffed with surveillance officers. Theoretical awareness and knowledge has already been obtained in basic investigation and surveillance areas, therefore reinforcement of practical skills and modern techniques have to be developed through extensive in-service training and traineeship in a Member State. An area strategy and concerted implementation guidelines for the medium term should be reviewed. A proposal for amendment of the current Surveillance Act should be drafted, where needed.
3.1.5. Feasibility study (pre-investment assessment of needs) for supply of equipment for border control, investigation/surveillance and post-control functions

The feasibility study by Eurocustoms will produce a revised pre-investment needs assessment report of the existing customs control equipment and identification of the new equipment needs for strengthening the inland and border controls (Annex 6, Terms of Reference). The results of the pre-investment survey shall be approved by ECB, the Project Steering Group and the Commission services before the investment can take place. A preliminary priority list of new equipment required for border control, surveillance and post-control functions has been prepared (Annex 5) and will have to be assessed and revised during the feasibility study.

DG TAXUD Guidelines on Border Crossing Posts - Best practices (DG TAXUD/JML/17-18 May 2001, Section 3 Equipment) recommend that that the main external border crossing points be equipped with mobile x-ray units and stationary x-ray scanners for goods. Customs Administrations of other European countries use such modern x-ray equipment for examining the trucks or sea containers with the goods still inside. The use of such equipment allows for an accelerated border crossing and also helps to prevent smuggling of large quantities of goods. Physical inspection of the existing X-ray equipment in inland and border offices has been carried out in May 2002 by the Finnish Customs experts as the first initial stage of harmonising the minimum equipment requirements and standards for the external border with Russia. Accordingly, a key priority for ECB is to purchase and operate 2 such modern x-ray systems, one for use on the Estonian-Russian border Narva border crossing point and another in Tallinn seaports.

3.1.6. Logistical support

Logistical support covers the recruitment of an assistant to the LTA, logistical support to the project activities including translation/interpretation services, design and publishing of communication materials.

3.1.7. Procurement of control and surveillance equipment.

The results of the pre-investment assessment of needs shall be approved by the ECB, Project Steering Committee and Commission services before the investment can take place.

3.2. Linked Activities

- Short term Eurointegration Projects (in customs enforcement areas in 2000 and 2001): Customs control, Third Pillar Customs Issues, Customs Intelligence and Information and Customs audit. Experts who undertook the aforementioned assignments reviewed the current situation, gave recommendations for future development and came to a common conclusion that Estonian Customs Board has to increase its enforcement capacity1;

- Phare Multi-Country Customs Programmes MCP-2 extension (in 1999) and MCP-3 (in 2000): Workshops, study visits and training events in different customs work areas

- EU external border – Cross-border co-operation Work Group (EU, Phare, NIS countries): Work commenced in 1999 with the objective to identify uniform requirements for border posts on the EU external borders and evaluate the compatibility of the existing border posts to these requirements. The preparation work is on-going, the ECB has agreed with the Finnish Customs on a joint working group for identification of requirements on the Eastern Border with Russia.

Ongoing Projects & Programmes (Customs)

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1 Mission reports EUIP 99/F/79-81, 01/F/292
Phare ES0005-2 Computerised Master Tariff System for Estonia: The aim of the project is to establish an electronic customs tariff system. The Swedish Customs Administration is the Twinning partner in 2002 - 2003.

Phare 2002 (I): Integration of the Estonian Customs Information system with the DG TAXUD Computer Systems and Modernisation of Basic Customs Procedures; The aim of the project is to establish electronic monitoring and control over the movement of goods in accordance with requirements for accession to the EU. Expected results: Estonian Customs introduces modernised business processes and updated Customs Business Strategies; ICIS implemented; Fully operational and tested IT system available; Customs Risk-analyses trainers are trained.

Customs 2002: EC Programme: seminars, exchanges of officials, working groups, meetings (Estonia has participated, to a limited extent, in the customs Community Programme since 1997; Preparations are in progress with the aim to have full participation for Candidate Countries by July 2002).

Bilateral Assistance Programmes: Finnish/Estonian Bilateral Assistance Programme: regional operational co-operation between the Tallinn and Helsinki seaports and airports have given remarkable results. Preparations have been initiated for producing up-dated border management plan and conducting a Feasibility Study for the current project Contract no 2 involving short term expertise under the framework of Project Preparation Facility. Continuing input into up-dating and modernisation of training structures and design of training modules is going on under the same bilateral programme.

Danish Pre-accession programme FEU – ongoing (2001-2002) Seminars, consultancies, study-visits: mainly introducing EU Customs legislation; regional co-operation between two Danish and two Estonian Customs Houses. The programme also provides intensified consultancy in the following areas which were omitted from the previous scope of the current project: traditional own resources and the internal audit function.

Participation in the Netherlands’ Pre-Accession programme PSO in the Ministry of Interior – ongoing (2001-June 2002): Project “Fight against economic and financial crimes in Estonia”: Customs Board has participated in 2 seminars and 2 study-visits (subjects: investigation, risk-analysis and anti-corruption). The Investigation Department of ECB was established as a result of this project.

MCP Drugs programme commencing in the autumn 2002. Identification missions are due in June 2002.

3.3 Results:

Contract 1

All the components contain technical advice and training. Training may be complemented by some study visits in EU Member States, if needed.

3.3.1. Customs legislation and facilitation of trade:

- 2nd and 3rd level legal acts and operational instructions are produced/amended in compliance with the EU requirements including the improved system of simplified customs procedures;
- Core team of teachers are trained in country and in a Member State, training modules are updated tentatively in the following areas:
  - tariff classification and tariff measures;
  - customs valuation;
  - preferential and non-preferential origin
3.3.2. Improvement of internal and external communication system:

- Communication strategy is up-dated;
- instructions and information packages are published or/and electronically available for professional traders and simplified instructions to the general public;
- a help desk and information centre are established;
- trainers are trained;
- awareness seminars for management and the business community are conducted enhancing voluntary compliance by trade and public;
- instructions and manuals for customs operational staff are produced and published.

3.3.3. Strengthening of border and inland control and post-clearance control systems:

- Border and inland control management plan is revised, trainers and key staff are trained in modern control techniques based on risk analysis;
- internal instructions to staff and guidance materials and training manuals are produced and published under component 3.3.2;
- Customs *ex post* audit strategy is up-dated;
- 14 lap-top computers are purchased for the auditors.\(^2\)

3.3.4. Establishment of investigation and surveillance function:

- area strategy is up-dated;
- amendments to the Surveillance Act are proposed;
- Investigation and surveillance core team is trained, including the trainers;
- 6 lap-top computers are purchased for the investigators.\(^3\)

3.3.5. Feasibility study (pre-investment survey) of border control and investigation equipment is producing a revised list of equipment and technical specifications for tendering.

3.3.6. Logistical support (including local travel) is provided, project assistant, interpretation and translation services as part of the Eurocustoms contract. These services are designed to ensure that the LTA and the STAs can carry out their visits and tasks efficiently including the training activities and awareness seminars to staff and clients. The logistical team will share the offices provided by LCD for the LTA. Part of this component could be procured locally.

Some training equipment/software may be purchased to support the activities of the advisors if necessary. Additional items may be procured where a particular need exists with prior approval of the EC delegation.

**Contract 2**

3.3.7. Customs control and surveillance equipment is procured, delivered and installed in locations where the facilities have been created, following the results and recommendations of the analysis conducted by the team of experts under section 3.3.5 of Eurocustoms contract as a Feasibility study (pre-investment needs assessment), performance monitoring system is established in line with best practice present in a Member State; maintenance staff and users are trained.

3.4. Activities - general overview

The seven sets of activities leading to specific outputs from the project are split into two contracts:

1. Harmonisation of customs legislation;

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\(^2\) to be procured under Contract 2  
\(^3\) to be procured under Contract 2
2. Improvement of internal and external communication;
3. Strengthening of border and inland control;
4. Development of investigation and surveillance system;
5. Feasibility study (pre-investment survey of border control and investigation equipment)
6. Logistical support
7. Procurement of control and surveillance equipment

Five activities (1-5) and the logistical support (6) are contracted to the Eurocustoms Consortium; activity 7 is contracted as an international tender.

**Contract I** incorporates the activities 1-6 and seeks to improve the ECB operational capacity through provision and transfer of know-how, harmonisation of legislation, and training using a pool of external and short term technical experts and a long-term expert. The long-term expert will have involvement in all TA activities. A feasibility study will provide revised specifications for border and investigation equipment tender and the logistical support enables timely and efficient implementation of the whole Contract.

**Activities to be carried out under Contract 1 to achieve the desired results:**

### 3.4.1. Customs legislation and facilitation of trade

The activities have tentatively been divided as follows:

1. Review and analysis of the existing 2nd and 3rd level legal acts and respective implementation regulations covering, *inter alia*, customs procedures with economic impact, import for free circulation and application of simplified procedures with the view of EU compatibility. Specified elimination of the shortcomings will be produced.

2. Drafting of missing implementation regulations, administrative and operational instructions for customs officers, traders and business community in these areas.

3. Training of trainers, compiling of training modules, and training of customs officers.

### 3.4.2. Improvement of internal and external communication system

1. Review of the Communication Strategy and analysis of the current status of external and internal communication system, recommendations of internal communication flow inside ECB.

2. In-service training in the following specific areas like working with difficult clients; handling of appeals; improving the image of the customs etc.

3. Advice and assistance in the preparation of handbooks, instructive materials, explanatory notes, presentations, awareness seminars, etc..

### 3.4.3. Strengthening of border and inland control and post-clearance control systems:

1. Analysis and recommendations on the improvement of the customs control management systems and procedures including, *inter alia*, the operational manuals.

2. Deliver a training session in Tallinn on management, reporting and quality assurance systems in customs control work area.
3. Train the trainers and up-dating the training materials in the following areas, post clearance control of customs value; post clearance control of origin; authorised processors; agricultural products and export subsidies.

3.4.4. Establishment of investigation and surveillance function:

1. Analyse the structure, work procedures, tasks and reporting of the investigation unit.

2. Propose recommendations on the improvement of the work of investigation units: work organisation human resource development.

3. Training of trainers and investigators.

3.4.5. Feasibility study of the border and investigation equipment (draft Terms of Reference is attached, Annex 6), carried out by the Eurocustoms experts.

3.4.6 Logistical support, as a component of the Eurocustoms contract which could partly be subcontracted locally. An assistant to the LTA is recruited, logistical support to the project activities provided: in-country project related travel, translation and interpretation services, design and publishing of internal and external communication materials, ad hoc office supplies. Also, training equipment/software to support the experts' activities like training, seminars, and the presentation equipment, if needed.

CONTRACT I (total budget: 2.0 mio euro, including 0.5 mio as national co-financing). The whole contract will be carried out by the Eurocustoms Consortium.

**Contract II** is a joint procurement component (activity 7 - procurement of control and surveillance equipment) which is divided into appropriate lots. Delivery and installation of equipment, establishment of performance monitoring system, and training the maintenance staff and users is included.

The initial needs assessment is reflected in Appendix 4. An in-depth survey and a feasibility study will be completed and technical specifications produced the Eurocustoms experts (activity 5). A centrally co-ordinated installation and training plan of maintenance teams and users will be drawn up for effective implementation by the ECB. Specific training is included in the respective lots.

CONTRACT II (total budget: 2.0 mio euro, including 0.5 mio as national co-financing)
4. Experts

A pool of experts should be proposed by Eurocustoms providing short term (STA) and long term (LTA) technical assistance will be provided to help plan, draft and co-ordinate the 2nd and 3rd level legislation ensuring proper functioning in the Customs Union. Special focus is given to the uniform application of procedures related to customs duties and preparation of operational instructions for customs officers and economic operators through intensified training the trainers and key personnel involved in the project teams enabling re-structuring of the customs enforcement system and improvement of investigation and surveillance function.

The long term advisor should be involved in all the main project activities. The long term advisor and short term advisors should review and analyse the existing gaps in legislation based on the up-dated list of needs with a view of EU compatibility and assist in preparing drafts of missing secondary level legislation. The advisors should also provide management and internal and external communication advice. Training should be provided to the key personnel of the ECB (including management training) and of various border and inland posts. Training needs in general should be reviewed and additional training needs identified, including the implementation of the international conventions (e.g. Kyoto), SAD, Common Transit, application of customs duties and tariff measures. Relevant training materials should be drafted.

Table No 1: Indicative inputs of the advisers in man-months (to be further elaborated)

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<thead>
<tr>
<th>Activity</th>
<th>LTA ‘s</th>
<th>STA's</th>
<th>Total mos</th>
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<tbody>
<tr>
<td>1. Harmonisation of 2nd and 3rd level legislation</td>
<td>24*</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>*(involved in all activities)</td>
<td></td>
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<td>2. Consultation and training</td>
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<td></td>
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<tr>
<td>Management and external/ internal communication</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>*(including co-ordination and specialist inputs)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Border &amp; inland control including</td>
<td>7</td>
<td>7</td>
<td></td>
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<tr>
<td>Post clearance control</td>
<td>3</td>
<td>3</td>
<td></td>
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<tr>
<td>Investigation and surveillance</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Feasibility study for Procurement of control and surveillance equipment</td>
<td>5</td>
<td>5</td>
<td></td>
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<tr>
<td>*(creation of performance monitoring system and training of users and maintenance team of the control equipment)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total:</td>
<td>55 man months</td>
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</table>

Profile of the long-term advisor (LTA).

→ The long-term advisor (24 months) has the overall responsibility for the project. He/she should have a proven experience (min. 10 years) mainly in customs procedures and/or other customs related matters relevant to this project. The LTA should be supported by a pool of
specialist short term advisors (STA) with specific knowledge and skills needed for the various areas covered by this project (e.g. legislation, training function, customs intelligence and enforcement, customs tariff, post clearance control, border control, inland control, internal and external communication, customs external relations with the business community and other governmental agencies, identification and analysis of customs service needs in terms of the procurement of specialised and inspection equipment etc.)

The LTA will co-ordinate the inputs of the STAs, training and study-visits (co-financing of study-visits in EU by ECB is essential) and will himself/herself provide substantial TA input in customs procedures and simplifications area of activities. He/she should have excellent inter-personal skills, organisational and motivation capacities and experience in a large scale project management. The LTA will work closely with the management and staff of ECB and is requested to provide significant input in training, including on-the-job training, particularly in regard to planning and management functions. The LTA will be provided with an office and communication equipment as a contribution in kind; local travel and visits of different border and inland offices is foreseen.

Profile of short term advisors (STA)

A team of STAs consists of approximately 15 experts covering various customs specialist areas providing consultancy and training. The STAs should have experience at a senior or middle management level in the Government or relevant agency in a Member State and a minimum of 10 years of experience in the relevant areas.

Specialist legal advice: The STAs should have experience of the drafting and implementation of 2nd and 3rd level legislation.

Consultation and in-service training inputs covering specialist technical and management issues, inter alia, in at least the following areas: customs procedures, customs tariff, tariff classification, external and internal communication, service standards, border and inland control, investigation and undercover surveillance, border control and investigation equipment and post-clearance-control. The STAs should be able to assist in the practical day-to-day activities at the operational and management levels, deliver on-the-job training and seminars.

All the STAs should be fluent in English and able to provide professional training in the identified areas as well as advice and consultancy.

5. Lessons Learned

Assessment of the recent years' experience in implementation of the Phare projects has been planned to take place in June 2002. The Ministry of Finance has been satisfied with the implementation and results achieved through previous projects so far. Transition from the centralised implementation system to the DIS has not been an easy experience, though a gratifying one.

The Sectoral Monitoring Reports for Finance sector have not indicated any serious mistakes in project management.

Previous recommendations, with relevance to this Project, as set forth in Final Assessment Report for Phare assistance funded under the Customs and Statistics programme (ES-9620) produced by the EC's OMAS Consortium in November 2000 (R/ES/CUS/00028) include:

- Management recommendations: ECB 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.

In order to implement the recommendations, the ECB has strengthened the project management team with two new specialists, short-term advisors have provided consultation through bi-lateral assistance schemes and the TAIEX programme. Additional resources for project implementation have been included in the annual plans and entered into relevant budget lines. A full-time project manager will be hired by July 1st 2002.

6. Institutional Framework

Estonian Customs Board (ECB) functioning under the administration of the Ministry of Finance is the beneficiary of the project.

The organisational structure of ECB – Central Administration (HQ) and 5 regional Customs Houses – and information on the total staff number is 1,400 officials, is provided in Annex 7.

HQ consists of 8 departments – Finance & Administration (26 people); IT (25 people); Customs Enforcement (26 people); Development (32 people); Customs (50 people); Internal Audit (5 people); Investigation (39 people); and Legislative Department (11 people).

The main task of Finance and Administration Department is to plan for the pecuniary assets to cover the budgetary expenses, to manage the use of allocated monetary assets, to take account of assets and funds, to make procurements and to render technical assistance to the Customs Board.

IT Department’s main task is to arrange and further develop the IT service rendered to the structural units and to converge and process necessary data for foreign trade statistics.

Customs Department administrates all customs procedures, revenue collection and accounting. In addition, it ensures a well-functioning customer service and develops good co-operation with business circles.

Customs Enforcement Department’s main task is to work out and introduce the measures ensuring compliance with Law and other legal acts under Customs direct control and responsibility.

Development Department’s main task is to ensure the co-ordination of working out the Customs development strategies and to produce the development programmes and plans, to co-ordinate international co-operation, to work out and introduce policy in personnel and training.

Investigation Department is responsible for performing pre-court investigation on customs offences and applying penal sanctions on offenders of the customs regulations.

There are 5 Regional Customs Houses: Tallinn CH (607 people); Kagu (south-eastern) CH (174 people); Edela (south-western) CH (164 people); Kirde (north-eastern) CH (158 people); Tartu CH (103 people).

Purchased control equipment will be delivered and installed in border customs offices of the regional Customs Houses, special surveillance and investigation equipment will be for the use of the Investigation Department of Customs Board and the regional Customs Houses, training of the maintenance teams and users are carried out centrally. (Annex 4)

The Customs Board is managed by the General Director. In the absence of him the Deputy Director General substitutes for him. Departments are managed by the Heads of the Departments in direct subordination to the DG. Heads of Departments lead the work of its structural divisions through the Division Heads.
Customs Council is a co-ordinating body permanently functioning in the Customs Board. The General Director of the Customs Board is the Chairman of the Council, Deputy DG and the Department Heads of the Customs Board and the Heads of Customs Houses are the permanent members of the Council. The Customs Council is to approve the development strategy of the customs organisation and to co-ordinate all the activities supporting the implementation of the strategy. The bodies directly involved in the project: the Customs Department and its six division; the Enforcement Department and its control and post control divisions; the Investigation Department; the Development Department and its 3 divisions; the respective structural units of five Customs Houses.

7. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Contract 1</th>
<th>Harmonisation of legislation, training and consultations, Logistical Technical Support (contracted partly locally)</th>
<th>Phare Support (MEUR)</th>
<th>National Cofinancing (all in 2003)</th>
<th>IFI</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Investment</td>
<td>Institution</td>
<td>Building</td>
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</table>

For the Contract 1 the national co-financing provided by the ECB will include, travel cost of study visits and traineeship activities.

Contract 1 was initially planned as a twinning exercise. Preliminary communications showed that none of the member states (Finland, Sweden, Denmark, Netherlands, Belgium etc) were interested in the whole package of Twinning Services. The main reason was already previously established twinning commitments. Some interest was shown to certain components of package provided that no leading or substantial part in management of twinning be requested. Such a fragmented approach to twinning was rejected by the ECB as risky for implementation. ECB suggests that Eurocustoms Consortium could be the deliverer of the whole TA package pulling together the necessary experts’ resources across the EU customs administrations, both long term and short term experts, managing and co-ordinating the activities (Contract 1). The ECB is of the opinion that the Eurocustoms’ solution will be the best contribution to successful outcome of the project.

The Contract 2 will be contracted using the joint procurement procedure (incl. Phare support and national co-financing).

8. Implementation Arrangements

8.1. Implementing Agency

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. Responsibility for technical preparation and control will remain with the beneficiary: ECB.

CFCU: Mr Kristjan Laurits, phone. +372 6113535, fax +372 6113041
8.2. Implementing arrangements

As the Twinning arrangements can not be considered feasible for implementation of the project, then the best solution will be using the experts of the Member State administrations through the Eurocustoms Consortium. The Eurocustoms consortium should be contacted as a service provider through a direct agreement under the non standard clause.

The Steering Committee for the Phare 2000 and 2002 National Projects has been already established and shall take responsibility for implementation also the current project. The Steering Committee is chaired by the DG of ECB, the representatives of the MoF and EC Delegation are participating in the Steering Committee meetings that will take place quarterly to consider the interim reports, discuss the recommendations or any corrective action. A new Director General shall be appointed by the Minister of Finance in June 2002, and special focus on achieving accession readiness and the necessary administrative capacity is expected and supported by the entire administration. Mr. Rein Velling, Deputy Director General, has been appointed the Project Director. Preparations for establishment of dedicated project teams including selection of the official responsible for day-to-day management and co-ordination of the project components have been initiated in parallel to the lengthy and intensive drafting of the current project fiche.

A full-time dedicated project manager shall be selected from among the best managers in the customs administration and recruited by July 1, 2002. The Customs Council, which is responsible for setting the strategic directions, and approving all the basic strategic and management documents which serve as the basis for all international and internal development projects, is fully responsible for all the implementation issues of this project and it will also approve the project teams.

If any changes should take place to the lists of experts, it will be agreed between the ECB and the Eurocustoms Consortium by a letter or an e-mail to avoid any delay in implementing the planned actions.

8.3. Reporting

Reports by the experts should be presented quarterly and include:

- a reminder of the objectives and main components of the project;
- a summary of the work done during the period;
- an assessment of the effectiveness and the benefits of actions during the period;
- identification of obstacles and other issues threatening the overall success of the project or the timely delivery of planned actions;
- recommendations arising from the above.
The final report should follow the above mentioned approach in reporting overall success and recommendations.

8.4 Non standard clauses

For the purpose of this project, a direct contract will be awarded to Eurocustoms under a negotiated procedure, as the project activities under contract 1 aim at institutional reinforcement of the Estonian Customs administration and are not motivated by economic or commercial considerations.

9. Implementation Schedule (Indicative)

<table>
<thead>
<tr>
<th>Contract</th>
<th>Start tender/call proposals</th>
<th>Start of contract activity</th>
<th>Completion of contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td>October 2002</td>
<td>December 2002</td>
<td>September 2005</td>
</tr>
<tr>
<td>Contract 2</td>
<td>May 2003</td>
<td>August 2003</td>
<td>September 2005</td>
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</table>

10. Equal Opportunity

Equal opportunity for men and women to participate in the project will be guaranteed.

All contractors will be required to provide regular monitoring data recording the participation of men and women in terms of experts/consultants employed and trainees participating in funded actions (as an integral component of all project progress reports and as a pre-condition for ECB’s approval of disbursement of funds).

Such monitoring data will be reported to the Project Steering Committee and in Monitoring & Assessment Reports prepared during the implementation of the project.

11. Environment

N/A

12. Rates of Return

It is not possible to calculate the precise 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, it is clear that the investment will bring about considerable rates of return for both – the Customs administration of Estonia and the business community.

13. Investment Criteria

13.1. Catalytic effect:

Accession preparations have proceeded steadily, but without external technical assistance the speed of developments will not yield the necessary optimal results. Without the support of Phare programme it would be like inventing slowly and expensively the wheel again.

13.2. Co-financing:

National co-financing to support the investments (supply of control and surveillance equipment) will be 1,0 MEUR altogether.
Date of Draft: 21.06

13.3. Additionality:

Phare grants do not displace other financiers.

13.4. Sustainability:

This project together with the Computerised Master Tariff project and with the project of integration of the Estonian Customs information system (ICIS) with the DG TAXUD computer systems 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.

13.5. Compliance with state aids provisions

N/A

13.6. Contribution to National Development Plan

N/A

14. Conditionality and Sequencing

14.1. The Customs Border management strategy is completed and approved by the Customs Council in October 2002.

14.2. The training needs are clarified in detail by September 2002 following the implementation of the new Customs Code as from July 1, 2002; the training needs shall be revised in the course of the project as feasible.

14.3. The equipment needs are clarified by a pre-investment study, a revised list of equipment and technical specifications for tendering shall be produced. Technical Specifications and Tender Dossier are approved by Commission services before the start of the tendering procedure.

14.4. The feasibility study (pre-investment survey) will be prepared by the Eurocustoms Consortium.
ANNEXES TO PROJECT FICHE

1. Logical Framework Matrix
2. Detailed Implementation Chart (indicative)
3. Cumulative Contracting and Disbursement Schedule (indicative)
4. Overview of the existing customs control equipment
5. Priority list of required control and surveillance equipment
6. Draft Terms of Reference for the Feasibility Study
7. Organisational Structure of Estonian Customs Board
# Annex 1: Logical Framework Matrix

## Reinforcement of the Administrative Capacity of the Estonian Customs Board (ECB)

<table>
<thead>
<tr>
<th>Programme number:</th>
<th>Contracting period expires: 30.11.04</th>
<th>Disbursement period expires: 30.11.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget: 4.0 MEUR</td>
<td>Phare budget: 3.0 MEUR</td>
<td></td>
</tr>
</tbody>
</table>

## Overall Objective

- Application of the acquis in the area ‘Customs Union’

## Objectively Verifiable Indicators

- Second and third level Customs legislation compatible with the relevant EU legislation
- ECB and EU commissioned post implementation audit of project deliverables

## Sources of Verification

## Project Purpose

- Reinforcement of the administrative and operational capacity of the ECB to enable it to fully implement the Acquis

## Objectively Verifiable Indicators

- Revised customs legislation drafted
- Reinforced administrative & control systems in place, uniform application of customs procedures achieved
- Equipment procured
- ECB regular reports to the EC (via MoF) and EU commissioned post implementation audit of project deliverables
- Final Project Report

## Sources of Verification

## Assumptions

- Government support and state budget available

## Results

- Customs legislation and facilitation of trade: 2nd and 3rd level legal acts and operational instructions are produced/amended in compliance with the EU requirements including the improved system of simplified customs procedures, core team of teachers are trained in country and in a Member State, training modules are up-dated ensuring proper implementation of the legislation.

- Communication strategy is up-dated client service standards reviewed and policy up-dated, instructions and information packages are published or/and electronically available for professional traders and simplified instructions to the general public, a help desk and information centre are established, PR officers and trainers are trained, seminars for management and the business community are conducted enhancing

## Objectively Verifiable Indicators

- Customs legislation fully compatible with the EU requirements, trainers and operational staff trained
- Reduced complaints from public and business community, speedy settlement of disputes, well functioning information channels for customs staff, general public and trade community
- Better trader compliance and uniform application of customs procedures achieved, reduced number of involuntary customs offences, key staff and trainers trained, CAP rules implemented; protection of society is enhanced (against drugs, terrorism, prohibited, dangerous and dual use

## Sources of Verification

- ECB annual reports, STA’s mission reports, training reports
- Public opinion & traders satisfaction with customs services, staff surveys within ECB, STA’s mission reports
- ECB annual reports, STA’s mission reports, training reports
- ECB annual reports, STA’s

## Notes

- The Customs Border management strategy is completed and approved by the Customs Council in October 2002.

- The training needs are clarified in detail by October 2002 following the implementation of the new Customs Code as from July 1, 2002; the training needs shall be revised in the course of the project as feasible.

- The equipment needs are clarified through a feasibility study under PPTMF carried.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>voluntary compliance by trade and public. - Border and inland control management plan is revised, trainers and key staff are trained in modern control techniques based on risk analysis, internal instructions to staff and guidance materials are produced and published. Customs <em>ex post</em> audit strategy is up-dated, training manuals are up-dated, trainers are trained and lap-top computers are purchased for the auditors - Customs investigation and surveillance strategy is up-dated, trainers and investigators trained - Logistical support throughout of the project is provided, supplies and services including purchase of training equipment / software, translation and interpretation services, local travel and training/presentation equipment is delivered. - Feasibility Study for control and investigation equipment component</td>
<td>mission reports, training reports - Equipment audit - required number of investigation and surveillance staff trained, preparations completed for implementation of Surveillance Act - Equipment purchased and used appropriately</td>
<td>out by EU experts; Technical Specifications and Tender Dossier are produced by October 2002 before the investment takes place. - Review of second and third level customs legislation, drafting of missing implementation regulations and operational instructions to ensure the uniform application of customs procedures - Review of the communication strategy, development of implementation plans and client service standards, publishing of operational instructions and information for traders and public - Up-dating of border and inland control</td>
</tr>
<tr>
<td>Strategies and implementation plans, drafting internal instructions and guidance for business community, training of trainers</td>
<td>- Contract for technical assistance</td>
<td>- Contract for technical assistance</td>
</tr>
<tr>
<td>Updating of investigation and surveillance strategy and implementation plans, training of the core team and trainers</td>
<td>- Contract for technical assistance</td>
<td>- Contract for technical assistance</td>
</tr>
<tr>
<td>Feasibility Study, revision of priority list of equipment, production of technical specifications and assisting in tendering</td>
<td>- Contract for technical assistance</td>
<td>- Contract for technical assistance</td>
</tr>
<tr>
<td>Provision of the logistical support for the TA experts</td>
<td>- Contract for technical assistance</td>
<td>- Contract for technical assistance</td>
</tr>
<tr>
<td>Procurement of control and surveillance equipment</td>
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**Preconditions**

None
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<td>C</td>
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<tr>
<td>Inception phase (IR = Inception Report)</td>
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<tr>
<td>Progress Reports (FR = Final Report)</td>
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<tr>
<td>Survey structural, legal &amp; technical</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>organisation (work efficiency; reporting</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>systems; risk analysis; enforcement &amp; control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>etc.); detailed recommendations</td>
<td></td>
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<tr>
<td>Develop legal &amp; procedural enforcement</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>systems (declarations/clearance; investigation;</td>
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</tr>
<tr>
<td>surveillance; post-control etc); review</td>
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<tr>
<td>Review border management strategy; INV</td>
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<tr>
<td>needs analysis on basis of est. trade flows</td>
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<tr>
<td>Develop information provision for traders</td>
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<tr>
<td>Training for ‘core’ customs staff</td>
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<tr>
<td>Training of trainers</td>
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<td></td>
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<tr>
<td>Investment in Regulatory Infrastructure</td>
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<tr>
<td>Finalise Tech. Specs. (EST; bi-lateral assist.)</td>
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### Cumulative Contracting Schedule (MEUR)

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<td>of the Estonian Customs Administration</td>
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<tr>
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### Cumulative Disbursement Schedule (MEUR)

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<th>1Q/05</th>
<th>2Q/05</th>
<th>TOTAL</th>
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</table>
Annex 4

Overview of the existing customs control and surveillance equipment, justification for purchasing modern equipment needed for ECB to carry out surveillance operations and efficient customs control inland and on the borders plus indicative distribution plan of the supplies.

Section 1 – Control equipment presently in use compared with daily traffic flows of customs border posts:

**Tallinn CH:**
Passenger terminals in Tallinn seaport: 7 x-rays for baggage and hand luggage; 3 drugs detection dogs, 2 endoscopes

Daily traffic flow in the port 2100 vehicles and 14000 passengers, in the airport 1500 travelers

**Kirde (North-eastern) CH:**
Border – crossing points in Narva road and railway: 2 radiation monitors, 1 drugs detection dog

Narva road border post: 3 x-rays for baggage and hand luggage; 3 axle weigh-bridges, one video-system

Daily traffic flow on road 980 vehicles and 6400 travelers, on rail 400 travelers

**Kagu (South-eastern) CH:**
Murati border post: 1 mobile x-ray for baggage and hand luggage; radiation monitor

Daily traffic flow 260 vehicles and 250 travellers.

Koidula border post: a video system, x-ray for baggage and hand luggage, axle weigh-bridges, a radiation monitor

Daily traffic flow 730 vehicles and 900 travellers.

Luhamaa border post: video system; x-ray for baggage and hand luggage, axle weigh-bridges, radiation monitor

Daily traffic flow 670 vehicles and 700 travellers.

Valga border post: a video system; x-ray for baggage and hand luggage, axle weigh-bridges, a radiation monitor

Daily traffic flow 590 vehicles and 3900 travellers.

In addition – 3 drugs detection dogs used in this customs region.

**Edela (South-West) CH:**
Ikla road border point: 2 x-rays for baggage and hand luggage, 2 axle weigh-bridges, radiation monitor, video system.

Daily traffic flow 1800 vehicles and 3900 travellers.

Customs Administrations of other European countries use modern x-ray equipment for examining the trucks or sea containers with the goods still inside. The use of such equipment allows for an accelerated border crossing and also helps to prevent the smuggling of large quantities of goods.

It is also very important to have contemporary video systems in border posts, with the later use of videotapes or memory device for risk assessment purposes and as evidence for investigation. Such equipment is absolutely necessary in all Estonian seaports and on eastern borders, which in future will be regarded as the EU external borders.
In relation to drugs control, customs officers on borders do not have the necessary modern control equipment at their disposal.

At present ECB has the following surveillance equipment: 2 Sony video cameras (one of which is digital), 1 photo camera, 1 dicta-phone and 4 radio communication stations.

To carry out discreet surveillance operations and to keep track on the controlled deliveries in an efficient way, it is necessary to purchase additional equipment (an indicative list of equipment is provided in Annex 5).

Investigation work and surveillance operations are normally carried out throughout Estonia not in restricted areas or certain customs regions only. The new equipment to be procured is therefore used by Investigation Department of ECB all over Estonia, not distributed by Regional Customs Houses.

Section 2 - Control equipment needed for strengthening inland and border control on the future EU external border and indicative distribution of the supplies (indicative list):

1. Mobile x-ray units – 1 set of equipment needed for Narva, and Koidula/Luhamaa border posts on the border between Estonia and Russia and one in Tallinn CH for the control work carried out in 4 major seaports around Tallinn, total 2 sets;
2. X-ray equipment (locally stationed) – 2 units for hand luggage, one to be stationed in Narva railway and another in A-terminal of the Tallinn Passenger Port; plus 1 unit for screening the goods on Europallets to be used in Muuga Port;
3. Drug detectors – 5 pieces, 4 of which will be used on land border posts on Narva road and railway and in Koidula and Luhamaa border post on the border with Russia. One drug detector is urgently needed in the Tallinn Airport;
4. Endoscopes – 5 pieces, 4 of which are needed for land border posts on Narva road and railway and in Koidula and Luhamaa border post on the border with Russia. One endoscope will be used in Tallinn CH for servicing the 4 major seaports around Tallinn;
5. Motor vehicles for specific use (15 cars) to carry out inland customs control in excise warehouses, for performing enforcement operations at processors engaged in processing of agricultural products pursuant to CAP regulations, for conducting specific enforcement and investigation operations (customs surveillance operations, escorting services, prompt reaction in crime detection) and for enforcement operations carried out in small seaports and airports all over Estonia. The cars should have the universal body and equipped with a small collapsible table for making out documents, a hands-free mobile phone system, storerooms for keeping lap-tops and tool kits. The cars will be distributed to the following Customs Houses:
   - Kirde (North-East) CH – 3 cars to be used for servicing the border posts on Narva road and railway, inland control of traders and excise warehouses and for control of 2 small ports in the customs region;
   - Kagu (South-East) CH – 3 cars to be used for servicing the 2 road and 1 rail border post, for inland control of traders and excise warehouses in the customs region;
   - Tallinn CH – 5 cars for carrying out customs service in Tallinn international airport, 4 major and 14 small ports, in excise warehouses and carrying out inland control of traders in Tallinn customs region;
   - Edela (South-West) CH – 3 cars for performing customs service in 12 small ports located in four islands of Estonia (for servicing of yachts and pleasure boats mainly), for control of airport on the islands, excise warehouses and traders of the customs region;
   - Tartu CH – 1 car for performing customs service in the airport, small ports on lake Peipus (yachts and pleasure boats), for control of excise warehouses and inland control of traders of the customs region.
6. Axle weigh-bridges – 4 units to be used in Luhamaa border post (the future EU external border) to replace the existing totally depreciated weigh-bridges of old design used there at present.
7. **Laptop computers** – 14 units to be used for customs control performed out of office (on the roads, in warehouses and traders' premises, small seaports and airports) and 6 units for the investigators.

8. **Digital video cameras** – 8 pieces to be used in Regional Customs Houses and land border posts on the future EU external border for recording the major violations and offenders, for pictures taken of endangered species (suspected violation of CITES Convention) or of goods of cultural value to be sent to the experts for their classification decisions.
## Annex 5  Priority List of Required Control and Surveillance Equipment

<table>
<thead>
<tr>
<th>Specification</th>
<th>Total quantity</th>
<th>Approx. unit price (EUR)</th>
<th>Total (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Digital Video Cameras (4 – for investigation service and 4 – for control service)</td>
<td>8</td>
<td>2238</td>
<td>17 904</td>
</tr>
<tr>
<td>2. Photo Cameras (for investigation service)</td>
<td>5</td>
<td>1918</td>
<td>9590</td>
</tr>
<tr>
<td>3. Objectives (300 mm- for investigation service)</td>
<td>5</td>
<td>1598</td>
<td>7990</td>
</tr>
<tr>
<td>4. Digital Video System (direct and drive system) with Night Cameras (for investigation service)</td>
<td>3</td>
<td>19 182</td>
<td>57 546</td>
</tr>
<tr>
<td>5. Audio Monitoring with Cellular Phone Dual Band – for investigation service</td>
<td>4</td>
<td>4476</td>
<td>17 904</td>
</tr>
<tr>
<td>6. Dicta-phones- for investigation service</td>
<td>7</td>
<td>639</td>
<td>4473</td>
</tr>
<tr>
<td>7. Set of Radio-communication Stations with Auxiliary Devices- for investigation service</td>
<td>2</td>
<td>9590</td>
<td>19 180</td>
</tr>
<tr>
<td>8. Night Binoculars- for investigation service</td>
<td>5</td>
<td>639</td>
<td>3195</td>
</tr>
<tr>
<td>9. Video Recorders with Accessories- for investigation service</td>
<td>4</td>
<td>1598</td>
<td>6392</td>
</tr>
<tr>
<td>10. GPS Surveillance System with additional surveillance devices to be installed – for investigation service</td>
<td>1</td>
<td>95 908</td>
<td>95 908</td>
</tr>
<tr>
<td>11. Motor vehicles of specific use for control service (to be equipped with a small collapsible table, a hands-free mobile phone system and storerooms for lap-tops and tool kits)</td>
<td>6</td>
<td>19 182</td>
<td>115 092</td>
</tr>
<tr>
<td>12. Motor vehicles of specific use for investigation service (to be equipped with a hands-free mobile phone system, facilities to keep lap-tops and to install flashing rotary light, video systems and projectors)</td>
<td>4</td>
<td>19 182</td>
<td>76 728</td>
</tr>
<tr>
<td>13. Surveillance Information Analyst Program – for investigation service</td>
<td>1</td>
<td>6394</td>
<td>6394</td>
</tr>
<tr>
<td>15. Lap-tops with printers (14 for control service plus 6 for investigation service)</td>
<td>20</td>
<td>3197</td>
<td>63940</td>
</tr>
<tr>
<td>16. Mobile X-ray vehicle monitoring system - a first priority need for control service</td>
<td>2</td>
<td>529 260</td>
<td>1 058 520</td>
</tr>
<tr>
<td>17. Automatic licence plate recognition system</td>
<td>1 with applications in 3 border points</td>
<td>245 000</td>
<td>245 000</td>
</tr>
<tr>
<td>18. Portable Search kit – flexible endoscope (water and fuel proof) – for control service</td>
<td>5</td>
<td>15 500</td>
<td>77 500</td>
</tr>
<tr>
<td>19. X-ray scanners for hand luggage (for control service)</td>
<td>2</td>
<td>15 985</td>
<td>31 970</td>
</tr>
<tr>
<td>20. X-ray unit for Euro pallets (for control service)</td>
<td>1</td>
<td>31 969</td>
<td>31 969</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td>~2 000 000</td>
</tr>
</tbody>
</table>
Annex 6

TERMS OF REFERENCE

Identification of customs control and investigation equipment

1. BACKGROUND

The new EU customs strategy prepared by the EC foresees unification of the EU external border control equipment along the entire future border with the third countries. The Member States have already initiated their respective preparations for identifying the unified needs and the technical standards according to the principles of Guidelines on Border Crossing Post (DG Taxud/JML/17-18 May 2001). The Estonian Customs has identified a preliminary list of control and investigation equipment to be procured under the Phare 2002 (slow track) project and a feasibility study needs to be conducted with the objective of determining a unified approach to the standards on the future eastern border of the EU, analysing the situation in place, recommending an optimal solution, preparing a revised list, producing a tender dossier and assisting in tendering the equipment.

The Finnish Customs Administration has initiated an internal project with the objective of identifying the need and technical standards, and have confirmed their commitment to share their results with the Estonian Customs. They have also consulted the Lithuanian Customs on the same matter and have expressed interest in discussing with the Baltic counterparts the aspects related to the border issues with Russia. With reference to the above, the Estonian Customs deems it favourable, if the Eurocustoms Consortium could provide for conducting the current feasibility study experts, who are familiar with the specific conditions on the eastern border with Russia.

2. DESCRIPTION OF THE ASSIGNMENT

Beneficiary(ies)
- European Union – strengthening of EU external border;
- Republic of Estonia – through a strong border the reputation of Estonia will strengthen internationally;
- Estonian Customs Board – helps to increase the administrative capacity of Estonian Customs in fulfilling its tasks;

Requested services

I. Overview and assessment of present equipment according to the following grouping (the equipment pointed at 1-8 is for control; 1st, 5th and 9th-12th are for investigation and surveillance):
1. X-ray equipment,
2. Axle weigh-bridges,
3. Radiation monitors,
4. Narcotics Detection System,
5. Audio-video surveillance systems for investigation/undercover operation and stationary,
6. Video systems at border facilities,
7. Radio-communications,
8. Motor vehicles of specific use for investigation/control services,
9. Personal computers and lap-tops,
10. GPS surveillance system,
11. Endoscopes and other small scale equipment.
12. Investigation equipment.

II. Analysis phase
1. Comparison of current situation with an EU member state which has similarly an external border with Russia, following the guidelines criteria provided by the EU Commission in line with the Guidelines on Border Crossing Post (DG Taxud/JML/17-18 May 2001).
2. Evaluation of technology and effectiveness of use and maintenance, and conformity with the EU standards;
3. Identification of gaps in the present border control and investigation equipment capacity.

III. To elaborate the technical specifications, including cost/benefits analysis for all the identified needs with an assessment of the individual costs for the equipment to be purchased, and to assist the ECB in tendering the equipment.

Expected results
I. Assessment report of the present capacity of control and investigation equipment is completed.

II. Recommendations, separately, on the equipment needs for border and inland control, and customs surveillance, in order to ensure the fulfillment of the functions established as best practice in a EU member state.

III. Recommendations (best practice) for unified approach in resource capacity among other law enforcement structures in a member state or/candidate country, including distribution of administrative responsibilities between a customs administration and a public administrative body concerning management and maintenance of customs control and surveillance equipment.

IV. Improved performance and maintenance monitoring and evaluation system described.

V. A tender dossier prepared for an international procurement tender.

VI. Assisting in evaluation of the bids

3. EXPERTS PROFILE

- Experts: one team leader and two short term experts:

  1. Team leader:
     - Category 1: ten years of know-how and experience in customs work area;
     - Legal or economic higher education and practical experience in the related day-to-day customs work;
     - Experience in high level organisational management and performance evaluation;
     - Experience in preparing tender dossiers for international open tenders for supply of equipment and in writing the assessment reports.

  2. Short term expert no 1:
     - Category 3: five years of know-how and experience in customs work area;
     - Profound knowledge in customs related equipment and facilities management;
     - Involvement in a similar project in a member state or a candidate country (at least one of the team members);
     - Specific knowledge in border control capacity on the Russian border is considered as an asset.

  3. Short term expert no. 2:
     - Category 3: five years of know-how and experience in customs work area;
     - Profound knowledge in customs related equipment and facilities management, specifically the surveillance equipment;
     - Involvement in a similar project in a member state or a candidate country is advisable;
     - Specific knowledge in customs surveillance powers and capacity is considered as an asset.

- Working languages
  English, Finnish or/and Estonian

4. LOCATION AND DURATION

- Starting date: (after signing the contract) 2003 I quarter.
- Finishing date of the assignment 4 months after signing the contract

- Location of assignment
  Estonian border crossings Tallinn, Narva, Koidula, Valga, Ikla

5. REPORTING

- Content, language, format and number of reports
  Final report: Summary of the condition of Estonian border crossings and inland control equipment, including the surveillance equipment, and recommendations on organising customs control in the EU environment through modern equipment. The Final Report shall contain a tender dossier for the Phare 2002 (slow track) investment component. In English, in Microsoft Word format.
- Date of submission: 01 June 2003.
Annex 7  
Organisational Structure of the ECB

MINISTRY OF FINANCE

CUSTOMS COUNCIL

CUSTOMS BOARD
DIRECTOR GENERAL

Deputy Director General

REGIONAL CUSTOMS HOUSES (5)
1200 people

TALLINN CH – 600 people
NORTH-EAST CH – 160 people
SOUTH-WEST CH – 170 people
SOUST-EAST CH – 170 people
TARTU CH – 100 people

CUSTOMS DEPARTMENT
50 people

Tariff Division – 13 people
Revenue Division – 7 people
Import Division – 7 people
Transit Division – 8 people
P.W.E.I. Division - 6 people
Excise Division – 7 people

ENFORCEMENT DEPARTMENT
26 people

Control Division – 11 people
Post - Control Division – 8 people
Intelligence Division – 6 people

INVESTIGATION DEPARTMENT
39/24 people

Criminal Division – 11/7 people
Tallinn Regional Division – 9/5 people
North -East Regional Division – 4/1 people
South -West Regional Division – 6/5people
South- East Regional Division – 6/2 people

FINANCE AND ADMINISTRATIVE DEPARTMENT
25 people

Finance Division – 8 people
Administrative Division – 12 people
Clerical Office – 4 people

IT DEPARTMENT
25/19 people

Statistics Division – 6 peop
Computer Systems Division – 8/5 peop
Information Systems Division – 10/7people

DEVELOPMENT DEPARTMENT
32 people

Planning Division – 6 people
Training Division – 8 people
Personnel Division – 6 people
International co-operation Division – 7 people
Public Relations Division – 4 people

INTERNAL AUDIT DEPARTMENT
5/4 people

INTERNAL DISCIPLINE DIVISION – 4/3 people
Legal Assistance Division – 6/5 people

LEGAL DEPARTMENT
11/9 people