1. **Basic Information**
   1.1 DéSirée number: PL01.02.07  
      **Twinning number:** PL/IB/2001/FI/03
   1.2 Title: Customs organisation
   1.3 Sector: Internal market
   1.4 Location: Poland

2. **Objectives**
   2.1 **Wider Objectives**
   Wider Objectives have been defined in “the Business Strategy of the PCA until 2002”, endorsed by the Polish government. These objectives had been set out through a specific analysis of the current state of the customs administration in the context of the DG Taxud inspired, pre-accession “Blueprints”. Adaptation of the Customs Administration to the EU requirements as they are set up for the Member States (MS); Removing bureaucratic barriers in international trade; Efficient and effective collection of customs and tax duties; Realisation of the State’s customs policy and supervision over trade in goods which are subject to prohibitions and restrictions.

   2.2 **Immediate Objectives**
   Preparing Polish Customs Administration to perform the tasks resulting from Common Agricultural Policy (CAP). Organisational arrangements of the Customs Administration for functioning at the future EU external border by equipping the customs administration with instruments assuring collection of customs duties and taxes efficiently and effectively for the fight against customs offences. Assurance of conditions which encourage highly skilled staff join the Customs Administration and improvement of the personnel management system by further development of training and technical training support. (Continuation and extension of sub-project No 1 within the framework of the Phare 99’ programme). Assurance of technical and organisational compatibility of Polish customs with the EU –communication and technological adjustment – by extending CCN-CSI interface platform to other than NCTS IT systems which automate various customs functions. Assurance of application by customs administration of legal regulations in a way which is uniform and consistent with the practice of EU Member States by preparation, printing and dissemination of complete and updated set of handbooks and instructions concerning customs regulation. Assurance of application by customs administration of EU standards in the area of the project management, quality assurance and training. Identification of suitable project management methodology and its adaptation to the specific needs of the PCA.

   2.3 **Accession Partnership and NPAA priority. Contribution to the National Development Plan**
   The project is in the line with AP’s and NPAA’s priorities and “Business Strategy of the Polish Customs Administration until 2002”. AP defines the short-term priority (under the heading Internal Market, Customs, item 3.1) as “implement modernization strategy for the customs administration including regional levels, harmonise application of Customs Code” and medium term priority (Internal Market, Customs, item 3.2) as “reinforce administrative and operational capacity; strengthen integrated border control, develop integrated tariff”. According to section 25.1p. of The NPPM in the negotiation position in the area of Customs Union, The Polish Government has declared that Poland will achieve before the end of 2001 full capacity to apply the Communities Customs legislation in the way which is not less effective than customs administration of the EU Member States. Adaptation of legal regulations (harmonising of Customs Code and regulations relating to exemptions from customs duties, adopting of Istanbul Convention’s annexes) and structural and institutional adaptation (implementation of IT system, development of infrastructure and reinforcement of staff and personnel).

3. **Description**
   3.1 **Background and justification**
   The PCA will play a key role in Poland’s integration with EU. A significant part of the Polish border is to become external border of the EU. As the new eastern border of the EU, with five borders with five countries to control, as a major transit route and with a rapidly expanding economy the PCA needs to improve efficiency as a customs service. As a result the Treaty on European Union draws specific attention to the transformation on the customs system towards that functioning in the EU member states. The preparation for EU membership is currently regarded as the first priority of the Polish Government’s policy, which in turn determines the Customs Administration main areas of activity. In the
Customs sector the accession process involves meeting the minimum EU standards in 13 areas indicated by the European Commission (the Customs "Blueprints"). After adoption of the new Customs Code, further activities towards full alignment of the legislation concerning customs issues and improvement of the infrastructure have been undertaken. The PCA has adopted the strategy for the Customs service development till the year 2002 and has currently developed the IT strategy. The latter document has been adopted by PCA’s Board on 17th April 2000. According to the assumptions of these strategies, it is expected that by the end of the year 2002 Polish customs service will be fully prepared for accession, to remove the EU internal borders and to effectively protect the external boundary. The Polish Customs Administration recognises that the priorities for the customs service in the PCA Business Strategy, the AP and the NPPM focus on adoption of the Acquis through the alignment and application of legislation and economic (tariff) policies and procedures, through strategic planning, computerisation, supporting customs control system, training and modernisation of the technical infrastructure. To achieve this, the PCA will comply with all obligations agreed with the EU and shall introduce all EU standards in relation to legal regulations, exchange of information, organisational arrangements, procedures and human resources policy. Amongst the most important tasks the PCA recognises preparation of the customs service to maintain effective customs control on behalf of the EU, sufficient collection of revenue, fight against fraud and other customs offences, facilitating simultaneously legal trade, transit and international exchange. The project is divided into six sub-projects to provide a clear description of the work required in relation to each immediate objective and to simplify the management of the project overall. It has to be mentioned that the preparation of PCA to operate as a future EU member state’s customs organisation shall be accomplished by the end of year 2002. Accordingly the current Phare project ends the financial support of the EU commission for customs service. Therefore, proposed project activities are aimed at assisting Polish Customs to prepare for independent, proper and sufficient operation at the moment where EU support and assistance is to be terminated (accession). Finally, as result of realisation of the PCA's Business Strategy, including Phare projects' activities, EU standards towards Customs sector shall be met by the above mentioned date.

**Sub-project no. 1: Preparation of the Polish Customs Administration to perform tasks resulting from Common Agricultural Policy.**

Development of the feasibility study for implementation of integrated system for CAP instruments service in Polish Customs Administration: Analysis of legal, organisational, functional and technological solutions in a scope of CAP realisation in EU Member States customs administrations. Recommendations and directions as regards the best solutions for PCA together with their critical justifications; Development of the logical system model including proposals of changes and amendments in legislation necessary to provide legal and formal compatibility with the EU system in relation to CAP, functional modifications within the customs administration, organisational modifications within the customs administration and technological instruments to automatise new functions (new information technology functional modules, interfaces with existing ZEFIR and ISZTAR systems, detection and recognition equipment for operational services at the future EU external border); Analysis of transformation costs by periods and including a management plan including activity schedule.

Preparation and realisation of the training plan for officers of the Polish Customs Administration in a scope of CAP instruments’ operation within the EU Member States: Training plan; Study visits, practical placements and workshops in the EU Member States; and Seminar and lectures at the Training Centres of the Polish Customs Administration.

**Sub-project no 2: Equipng customs administration with instruments assuring collection of customs duties and taxes efficiently and effectively in the fight against customs offences.**

Purchase of equipment for customs control and communication for eastern and northern exposures of the Polish Customs Administration. This component includes equipping of customs services with devices which enables officers to detect, identify and testify goods, strategic commodities, dual-use goods and goods which are subject of trade restrictions. It is a part and continuation of PCA’s efforts reflected in the PCA’s Business Strategy (supported Phare 2000 programme - sub-project no. 3) strengthening customs control system at Poland’s eastern and northern border, moving towards EU standards for Community external borders.

Equipping customs laboratories networks with analytical research devices and implementation in the Office - Central Customs Laboratory progressive research methods according to EU norms and standards for establishing import duties, export refunds resulting from EU CAP. It comprises introduction of research techniques based on electrophoresis, immuno-chemical processes, inductively
coupled plasma (ICP), high-performance liquid chromatography (HPLC) and nuclear magnetic resonance. Polish Customs Administration has been in the past and is currently responsible for admitting agricultural products into Poland’s internal market within Polish customs area. Therefore PCA envisages equipping customs laboratories’ network with proper devices as a priority in their Business Strategy. In addition to this Strategy, an operational plan for the customs laboratories’ network has been developed. Supporting instruments of the EU CAP by the PCA is foreseen as an additional task in the future. However, it is not considered as introducing additional level of technical requirements to the equipment of the customs laboratories. Therefore it is not included in the operational plan to be supplemented by results of research carried out in the framework of the sub-project no. 1, which besides will include only analyses concerning detection and recognition equipment for operational service units at the border and not that perceived for the customs laboratories.

Implementation of commodities’ research requires purchasing of new devices and is connected with the necessity of going through a training, practical placement in advisable customs laboratory of EU Member State.

Development and implementation of the integrated terminal system for cargo turnover and flow control at the future EU eastern border. In order to provide suitable level of international trade service and desirable security standards at the future EU external border the PCA plans to equip customs clearance exposures at the Poland’s eastern border with relevant tool, which will ensure standards exercised currently at the present EU external borders. Within this part of sub-project no. 2 it is foreseen to carry out:

Feasibility a study of implementation of integrated terminal cargo control system for international trade: Carrying out an analysis of legal, organisational, functional and technological conditionality. Recommendations and proposals of the best system solutions within critical justification. Costs analysis of implementation, with relation to time and proposing management plan. Development of the logical model of the system, including proposals of necessary legal and formal actions, functional changes within the customs administration, organisational changes within the customs administration, and technological tools for automation of traded goods traffic control:

- terminal security systems (dedicated guaranteed power supply system, control of access within registration, the fire signalling, supervising tv, alarm sound system, notification sound system, signalling alarm against robbery and burglary, security of archives, radio-metric control)
- steering systems (local network, internal, wireless telephone network, internal cable telephone network, steering system and traffic control, as well as access and vehicles registration system, heating system, ventilation and air-conditioning system, lighting, central dispatcher's office
- interfaces with integrated system of personal traffic control and existing systems automating activities of customs administration

Development and realisation of the training plan for customs officers in the scope of functioning of integrated terminal systems for cargo flow control: Development of the training plan; Seminar and lectures at the training centres of the Polish Customs Administration, and Realisation of the training package for administrators and users at the localisations under implementation

Project development and implementation: Working out of technical project, Pilot implementation (Bobrowniki), and Implementation in planned 4 locations at the future (Bezledy, Koroszczyn, Dorohusk, Korczowa), eastern EU border

Sub-project no. 3: Development and improvement of the training system and the IT technical support tool for the training system. (Continuation and extension of sub-project No 1 within the framework of the Phare ‘99 programme).

This sub-project is aimed at developing and supplementing activities undertaken in the framework of the Phare ‘99 programme, according to “Business Strategy of the Polish Customs Administration until 2002”. It is composed of 2 components: a training programme, and a technical support tool for the training system.

A training system and a technical training support system were originally set to realisation in the framework of the Phare ‘99 programme as a sub-project No.1. Finally, the scope of this project was reduced in the concluded twinning covenant to the training programme dedicated only for trainers. During current realisation of “The Business Strategy of the Polish Customs Administration until 2002” a need appeared to supplement the training programme for customs service and continue developing the training system according to the best practice and standards of the EU Member States. Especially, the new training programme will draw attention to the internal audit issues, providing a relevant service with
extensive training comprising both assistance in setting up modern structures responsible for supervision and audit functions within the PCA, and audit methodologies (except for IT systems' audit which is subject to activities of sub-project no. 6). Improved and supplemented training programme assumes provision of relevant training packages to high-qualified professionals who shall be responsible for dissemination of acquired know-how throughout the PCA.

Conception of an IT support tool for the training system will be realised by the Central Board of Customs itself as an investment task financing from Phare '99 funds. As the scope of mentioned above Phare '99 twinning sub-project no. 1 has been reduced, all analytical and design work will be primarily financed from investment funds allocated for realisation of an IT support tool for the training system. This reduces the scope of investment activities related to development, launching and implementation of the system. The present Phare 2001 component will enable the roll-out and expansion at the system (expected to be implemented as result of Phare '99 activities in CBC’s Personnel and Training Department) to the PCA Training Centres in Swider and Muszyna.

Sub-project no. 4: Development of National Interface System as a part of Common Communication Network – Common System Interface (an IT interface module, assuring cooperation of Polish administration’s IT systems with EU ones).

The European Commission requires the implementation of a common IT platform: Common Communication Network / Common System Interface (CCN/CSI) by all candidate countries in the time-limit of one year before becoming a Member State of the EU. Access to CCN/CSI will be awarded to each candidate country having signed relevant contract with the EC. Development of national segment of CCN/CSI will be initiated in the framework of the Phare 2000 programme as a component of New Computerised Transit System (NCTS) and will serve only transit systems. The aim of the present sub-project within Phare 2001 is to extend CCN/CSI platform to other IT systems which automate various customs functions. CCN/CSI will provide interconnectivity with such main IT systems as: TARIC (dealing with EC Customs tariffs), QUOTA, QUOTA SUSPENSIONS, TCT, TCO (dealing with certificates of origin), VIES (VAT Information Exchange System), SEED (System for Exchange of Excise Data), BTI (Binding Tariff Information), BOI (Binding Origin Information), IPR MUSYC (Trade Marks Protection System) and ECIS (chemical substances registry).

Sub-project no 5: Preparation, printing and dissemination of complete and updated set of handbooks and instructions concerning customs regulations.

This investment task, which realises one of the Strategy’s priorities, is aimed at preparation, printing and dissemination of publications related in their scope to particular customs treatments and procedures, and their updating. It is focused on supporting implementation of uniform and coherent customs service system, improving and facilitating work of customs officers and giving society information about restrictions and activities undertaken by the customs administration. This component will also include publication of leaflets in foreign languages for the public and foreign traders.

Sub-project no. 6: Technical support in the area of the project management, quality assurance and training.

Basically, aim of this component is to prepare and set-up PCA in terms of capability and organisation in relation to IT systems development and maintenance for self-dependent, proper and sufficient operating at the moment where EU support and assistance is to be terminated (accession). A strong professional knowledge and relevant skills in project management, configuration management, quality assurance, national public procurement procedures, management of continuous change programme, internal audit and business audit are going to be absorbed by high-qualified staff who will be responsible for further their dissemination amongst PCA’s IT and Internal Audit services in various training forms. This component is based on experience gained during successful realisation of PL9305 Phare Polcustoms Programme and refreshes and enhances extensive project management assistance received by Polish Customs during training courses and seminars provided by DG TAXUD. It is designed to provide enhancement and widespread advanced management skills necessary for the introduction of the Customs Change Programme and associated activities. It also introduces internal audit techniques and procedures to IT systems development and maintenance practice. This will be covered by: Long term management support experts in support of realisation of PCA’s IT Strategy. (to be provided by independent consulting company): Continuous specialised training programme for narrow group of project managers and selected specialists directly committed to realisation and audit of IT strategy’s projects at well established training institutions of the EU Member States providing top-quality specialised training in considered area with application of EU professional standards. (because of unique value of such specialised events and their cost - to be provided as off-the-shelf training events
by independent training commercial institutions of the EU such as UK Civil Service College, International Chamber of Commerce in Paris); Transfer of advanced management skills from the EU Member States’ twinning administrations to cover: national public procurement procedures, management of the continuous change programme (EU expert visits, study visits); Transfer of the advanced technical management skills to cover: information systems' configuration management, Quality Assurance in IT projects, IT System Audit training programme for internal audit, IT security audit procedures (EU expert visits, and study visits, and domestic training programme development and implementation); Transfer of internal audit skills to cover: system audit techniques and procedures (EU expert visits, and study visits, and domestic training programme development and implementation); Transfer of business audit skills to cover: system & business IT system audit techniques and procedures (EU expert visits, and plus training abroad, and domestic training programme development and implementation).

3.2 Linked activities
Phare Programme Polcustoms PL 9305
Cross-Border (detection equipment for the Polish western border)
Customs Co-operation/ Transit Facilitation
Multi-country Drug
Matthaeus Programme (training for customs officers)
Know-How Fund- British customs experts assistance
Bilateral Programmes funded by the government’s of Denmark and Holland
National Computerised Customs System (OSIAC - Country-wide global customs processing system planned to be introduced in 1995. Finally abandoned by new PCA management for the concept of specialised IT modular systems developed with support of DG XXI (DG Taxud afterwards)- funding planned from the national budget.
Training events and seminars on project management methodologies provided by DG TAXUD.
Adoption of the new Customs Code starting from January 1998
Feasibility study for computerized customs system based on the existing core system to be conducted within the Customs Co-operation/Transit Facilitation Programme and funded from Phare funds.
Preparation of the Phare ‘99 project
Preparation of the Customs IT Strategy
Preparation of the Customs Service Act starting from September 1999
Preparation and adoption of “The Business Strategy of the PCA until 2002”

3.3 Results
Sub-project no.1
This will enable the selection and choice of best legal and organisational- technological solutions in the scope of CAP as a pattern for Polish Customs Administration to adjust and apply.

Sub-project no.2
Equipping PCA possible future EU borders with modern devices which will enable provision of effective border protection and increased efficiency in fight against customs offences, speeding up and improvement of customs control and reduced queues at the borders.
Equipping customs laboratories with analytical-research devices and using modern research methods according to the EU standards will allow implementation of professional research of agricultural commodities and food products.
Development and implementation of the integrated terminal system at the future EU eastern border will ensure effective control over cargo turnover and its flow.

Sub-project no. 3
Extension and enhancement of the training system for customs officers, development of IT training support system and establishment of the staff management system will allow the creation and maintenance of professional, qualified staff which will be able to equal new tasks and requirements resulting from future EU membership.

Sub-project no.4
The undertaking will provide a ready to use IT plug-in interface system for the EU Common Communication Network/ Common System Interface modules.

Sub-project no.5
The undertaking will result in uniform application of the customs rules and procedures, will improve
customs service system, and bring information about customs regulation to all stakeholders, including traders.

**Sub-project no. 6**

A strong technical support in the area of project management and quality assurance shall result in professional and efficient organisation and performance of all IT project tasks and goals. Provided professional training package for selected PCA professionals shall result in self-dependent [after termination of EU assistance] operation of relevant PCA units responsible for IT systems’ development, maintenance and audit.

### 3.4. Outputs

Analysis of legal, organisational, functional and technological solutions in the area of CAP realisation in EU Member States customs administration, development of logical system model with the best solutions for Polish Customs Administration. Costs’ analysis of tasks’ implementation resulting from CAP. Development and realisation of training plan for customs officers in the scope of CAP. Equipping customs administration exposures at eastern and northern border and customs laboratories network with modern tools and devices for efficient and effective customs tax and duties collection and fight against customs offences. Five Customs clearance locations at the future EU eastern border equipped with integrated terminal system for cargo turnover and flow control. Comprehensive, professional training package provided for PCA personnel. An IT training support system implemented in the training units of the PCA. A ready to use IT plug-in for the EU Common Communication Network/ Common System Interface modules. Complete and updated sets of handbooks and instructions concerning customs regulations published and disseminated. Management and quality assurance support of realisation of PCA’s IT Strategy provided. Comprehensive, professional training package provided for PCA selected personnel.

### 3.5. Inputs

**Twinning**

Twinning is expected to cover sub-project activities requiring conceptual work (analyses, design), advisory and consultancy (technical assistance) and transfer of knowledge and experience (training, seminars, study visits). The twinning role is a comprehensive and detailed programme of work agreed between the PCA and selected member states’ customs administrations and other institutions and resources leading to a result clearly determined at the outset which is the effective institutional, administrative and operational functioning of the PCA guaranteeing its implementation of the Acquis and Community best practice in a given field of customs activity through the successful completion of the sub-projects which comprise this proposal. The PCA envisages specialist input from twinning partners in the primary functional areas of work of the customs service: 18 man-months of PAA extensive assistance to the Central Board of Customs in management of the whole project; in particular: Assist and advise PCA and the Pre-Accession Unit with the definition, planning, organisation, co-ordination, control and monitoring of all activities relating to the implementation of the Phare 2001 project and its sub-projects; Development and maintenance of the business change management plan; Monitoring the progress and the measures of success and other key indicators of project implementation; Co-ordination and monitoring of quality assurance in relation to the programme and to each sub-project; Project risk management in relation to the twinning resources input; Management of short term experts, including logistics and work supervision; Management support to the PCA organisational units responsible for the project realisation; Liaison and reporting activities in relation to EU Commission requirements.

**Investment**

Investment support for the Polish Customs Administration will be an integral part of components no. 2, 3, 4 and 5 of the project, and will be realised within the frameworks of 4 contracts.

Sub-project no. 2: This investment package will furnish customs service with detection, identification and tests equipment for strategic, restricted and dual-use goods and commodities and provide five customs locations at the eastern Poland’s border with integrated terminal system for cargo turnover and flow control. Relevant tender is planned to be issued in three lots. First, to provide Polish eastern border with professional x-ray tools and drugs’ detection equipment (including four stationary new generation X-ray devices for scanning trucks and containers with option for penetration into solid steel up to 100 mm located in Swinoujscie, Gdynia, Dorohusk and Korczowa with unit price at ca. 1.5 M€, and five device-kits for drugs detection and identification) to reduce waiting time and queues, speed up customs control process, reduce number of physical inspections and their costs, and effectively combat customs offences. The second lot will equip Polish customs laboratories with high-tech complex detectors,
analysers and other devices used for commodities’ research of agricultural and food products and which are important for establishing import duties, export refunds resulting from EU CAP. Subject of the third lot is to be development and implementation of the integrated terminal system for cargo turnover and flow control at the future EU eastern border 5 locations (Bezledy, Bobrowniki, Koroszczyn, Dorohusk and Korczowa).

Sub-project no. 3: Investment package within this component will enable PCA to roll-out and expand the system, which is expected to be implemented as result of Phare ’99 activities in CBC’s Personnel and Training Department, to the Training Centres in Swider and Muszyna. The relevant contract will cover whole system development process throughout analysis, design, building, implementation and production stages, including purchase and installation of hardware and system software.

Sub-project no. 4: Investment package within this sub-project will create a complex, ready to use IT plug-in for the EU Common Communication Network/ Common System Interface modules. The relevant contract will cover the whole system development process throughout analysis, design, building, implementation and production stages, including purchase and installation of hardware and system software.

Sub-project no. 5: This investment package will furnish customs service with complete and updated sets of handbooks and instructions concerning customs regulations. It will also provide public and foreign traders with basic information on customs issues in foreign languages.

Non-twinning service input.
This sort of input is expected to provide in the framework of activities A and B of sub-project no. 6 a complex advisory and consultancy service (technical assistance in the area of the project management, monitoring and quality assurance) required for IT project activities as well as logistical support in transfer of knowledge and experience (training events and seminars at well established commercial training institutions of the EU Member States and study visits to commercial IT systems’ developers). It is planned to contract out this service to an experienced consulting company(ies). A continuous training programme perceived in activity B of sub-project no. 6, because of its value-for-money ratio, is foreseen to be provided as off-the-shelf training events by independent training commercial institutions of the EU such as UK Civil Service College, International Chamber of Commerce in Paris. Domestic market does not offer such top-value specialised training events at comparable price.

4. Institutional Framework
The Polish Customs Administration is subordinated to the Ministry of Finance and realises Government policies relating to the collection of customs duties and taxes. There are three levels in the PCA structure: central, comprising Central Board of Customs (CBC); regional, comprising 19 customs offices; and local, which in principle are spread out over the regional territory and comprise branches, posts and customs clearance points. The customs administration employs ca. 14,500 staff of which about 650 work in the Central Board of Customs. The Polish Customs Administration will assist in the implementation of the proposed project, not only participating in the direct costs of its realisation but also through ensuring essential organisational conditions, provision of key personnel, provision of training centre and ensuring work locations and technical-administrative infrastructure for twinning experts in connection with the project. It is assumed that the implementation and functioning at the practical levels of the project structure will depend on the organisational structure of the customs administration. The Customs Administration takes responsibility that suitably qualified personnel will be appointed, capable of managing projects and implementing complex tasks. The Overall project will be co-ordinated by the Project Leader appointed by the President of the Central Board of Customs. The Project Leader will by supported by the Phare Programme Management Unit of the Central Board of Customs. The latter unit will be responsible for the project risk management, particularly as regards national resource input. The following organisational units of the Central Board of Customs will be responsible for realisation of the subsequent sub-projects at the professional level:

<table>
<thead>
<tr>
<th>Sub-project no.</th>
<th>Department/Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project no. 1</td>
<td>Legal Department.</td>
</tr>
<tr>
<td>Sub-project no. 2</td>
<td>Prevention and Customs Supervision Department [elements (A) and (C)]. Office – Central Customs Laboratory [element (B)].</td>
</tr>
<tr>
<td>Sub-project no. 3</td>
<td>Personnel and Training Department [element (A)]. IT Department [element (B)].</td>
</tr>
<tr>
<td>Sub-project no. 4</td>
<td>IT Department.</td>
</tr>
<tr>
<td>Sub-project no. 5</td>
<td>Office for Customs Statistics, Analyses and Forecasts.</td>
</tr>
<tr>
<td>Sub-project no. 6</td>
<td>IT Department.</td>
</tr>
</tbody>
</table>
The PCA will also contribute to the project realisation providing all necessary information in form of reports and statistics of business Departments of GUC and Regional Customs Offices, plans and reports of the Phare Programme Management Unit, analytical reports of systems realised by the Phare Polcustoms and Phare’99 Programmes, and trade publications reports, national media reports, government reports, EU reports.

5. Detailed Budget (in million EUR)

<table>
<thead>
<tr>
<th>Project contracts</th>
<th>Investment Support</th>
<th>Institution Building</th>
<th>Phare Total (I+B)</th>
<th>National Co-financing</th>
<th>TOTAL MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Twinning Covenant. (sub-projects 1, 3A, 6B-F)</td>
<td>1,2</td>
<td>1,2</td>
<td>1,2</td>
<td></td>
<td></td>
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<tr>
<td>2. Sub-project 2</td>
<td>7</td>
<td>7</td>
<td>5,775</td>
<td>12,775</td>
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</tr>
<tr>
<td>3. sub-project no. 3B</td>
<td>1,2</td>
<td>1,2</td>
<td>0.985</td>
<td>2,185</td>
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<tr>
<td>4. sub-project no. 4</td>
<td>0.2</td>
<td>0.2</td>
<td>0.125</td>
<td>0.325</td>
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<tr>
<td>5. sub-project no. 5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. sub-project no. 6 A and B</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL MEUR</td>
<td>8,5</td>
<td>1,5</td>
<td>10</td>
<td>6,885</td>
<td>16,885</td>
</tr>
</tbody>
</table>

Financial commitment of the State Budget to this project is guaranteed.

6. Implementation Arrangements

6.1 Implementing Agency

The Central Financing and Contracting Unit (CFCU), under the supervision of the Office for Committee of European Integration (PAO), will be responsible for handling tendering, contracting and payments of contracts on behalf of the Central Board of Customs which itself shall be responsible for preparing projects and managing their technical implementation under the supervision of the Ministry of Finance (NAO). Purchase of technical equipment will be subject to standard tendering procedures of the Phare Decentralised Implementation System (DIS) and with support of the experts provided within the twinning.

PAO: Mr Pawel Samecki, Undersecretary of State, Office for Committee of European Integration, Urzad Komitetu Integracji Europejskiej, Al. Ujazdowskie 9, 00-918 Warszawa, Tel: +48(22) 4555241.

CFCU, Central Financing and Contracting Unit, ul. Nowy Swiat 6/12, 00-400 Warszawa, Mr Wojciech Paciorkewicz, CFCU Director, Tel: +48(22) 6617927, Fax: +48(22)6617226

6.2 Twinning

Central Board of Customs, Główny Urzad Cel, ul. Swietokrzyska 12, 00-916 Warszawa, Poland.

Contact person: Mr Rafal Glos, Head of Foreign Assistance Unit at Office for International Co-operation and European Integration, Tel: +48(22)6529221, Fax:+48(22)6544137, E-mail: rafal_glos@poczta.onet.pl

The Institution Building part of the project (with exception for sub-project 6 A and B) will be the subject of the twinning arrangements. The twinning arrangement will include: 18 man-months of PAA extensive assistance to the Central Board of Customs in management of the whole project; two 15 man-month missions of the professional experts providing technical expertise and overall co-ordination to sub-projects 1 and 3 accordingly; ca. 100 man-days of the medium-term technical assistance to the sub-project no. 4; short-term missions of high professional level specialists and two packages of study visits for sub-projects 1 and 3 accordingly. This assistance package is expected to cover all sub-project activities requiring conceptual work (analyses, design), advisory and consultancy (project management, quality assurance, technical assistance) and transfer of knowledge and experience (training, seminars, study visits).

6.3 Non-standard aspects: Not applicable.

6.4 Contracts

According to detailed budget stated in chapter 5 above it is expected to be negotiated and concluded within the Phare procedures 4 investment contracts for total amount in 8,5 mio € (item no. 2 in the a/m Budget table – in three lots of total value 7,0 mio €; no. 3 in the Budget table – in 1,2 mio €; no. 4 – in 0,200 mio € and no. 5 – in 0,100 mio €), one non-twinning service contract for 0,300 mio € and one twinning covenant for 1,2 mio €.

As for national co-financing it is expected to be negotiated and concluded in accordance with national procurement act 3 contracts for total amount in 6,885 mio € (item no. 2 – lot 2 in 5,775 mio €; no. 3 – in 0,985 mio €; and no. 4 – in 0,125 mio €).
Total value of the all contracts foreseen under the project (Phare funds and national co-financing together) is 16,885 mio €

7. Implementation Schedule
Start of tendering: September 2001  
Start of project activity: January 2002  
Project completion: December 2002

8. Equal Opportunities
Sex discrimination is forbidden by law in Poland. The only criteria for choosing the project participants are professionalism and experience.

9. Conditionality and Sequencing
The activities focused on the standard application and interpretation of new legislation require the legislation to be fully in place and adequate for the purpose. The activities may reveal the need for additional organisational, procedural and operational changes in the PCA, which would be necessary for full adoption of the "Acquis" and EU best practice.

The modernisation of the PCA through the development of modern systems and procedures and the training process will require the acceptance of the need for change by senior management and their active support and involvement, including directing the implementation of change.

Whilst planning activities for Phare 2001 sub-project no. 4 it is desired to know functional boundaries of the CCN/CSI module developed in the framework of the NCTS system which is going to be delivered within the framework of the Phare 2000 sub-project no. 1. However, as those boundaries are to be defined in very early phase of Phare 2000 sub-project # 1, a risk that there is a lack of sufficient information to run Phare 2001 subproject # 4 seems to be relatively small. Anyway, there is no need to bind a starting point of the Phare 2001 sub-project no. 4 with the end of Phare 2000’s sub-project no.1.

It is required to co-ordinate and set clear boundaries between sub-project no. 3 and Phare ‘99’s sub-project no. 1, as both undertakings are complementary. Because both sub-projects are owned by the same entities a risk of overlapping is practically close to zero.

However the sub-project no. 1 (Preparation of the Polish Customs Administration to perform tasks resulting from Common Agricultural Policy) relates to the similar project presented by Ministry of Agriculture, there is not any overlap. The Customs Project is focused on typically practical execution of CAP instruments by the customs operational service, as it is in operation within the EU Member States’ Customs administrations. Whereas the project presented by the Ministry of Agriculture relates exclusively to theoretical spheres of the CAP which covers the whole complexity of the problem and may involve only group of the Customs officers responsible within the Central Board of Customs for policy making. Both projects cover different target groups and spheres of interests, however they are complementary to each other. Although there is not any conditionality between them, they are going to be co-ordinated by the same unit of the Central Board of Customs.

Sub-project no.1 includes amongst its activities development of the logical system model with proposals of detection and recognition equipment in support of CAP instruments to be introduced by the PCA. As this equipment is foreseen for operational services at the border, results of this study will not affect the scope and realisation of sub-project no. 2B dedicated for the customs laboratories’ network.
### Annex 1: LOGFRAME PLANNING MATRIX FOR THE PROJECT

<table>
<thead>
<tr>
<th>Customs Organisation</th>
<th>End Contracting: 15/12/2003 - End Disbursement: 15/12/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wider Objectives</strong></td>
<td><strong>Indicators of achievement</strong></td>
</tr>
<tr>
<td>Adaptation of the Customs Administration to the EU requirements as they are set up for the Member States (MS).</td>
<td>Polish customs law adjusted to the EU regulations. Regulations applied in uniform way within all units of the PCA. Organisational arrangements of the Customs Administration for functioning on the future external border of the EU are in place. Technical and organisational compatibility with the European Union standards in communication are met. Customs Administration prepared to perform the tasks resulting from the Common Agricultural Policy. Highly skilled, professional personnel captured and maintained to work within the Customs Administration. Training system adapted to the changes within the Customs Administration. Elaboration and implementation of programme for developing and supporting honest and professional behaviour of the personnel. Agreement between EU and PCA that all Blueprints are complied with.</td>
</tr>
<tr>
<td>Removing bureaucratic barriers in international trade.</td>
<td>Increase in work efficiency and effectiveness of the Customs Administration measured by increase in volume of decisions taken for the period unit. Co-operation between the Customs Administration and the economic and trade sectors measured by increase in share of simplified procedures. Create forums for regularly meeting different trade sectors and progressing their concerns. Attendance at EU and WCO meetings where simplification issues are being discussed, and compliance with the resulting actions. Comparison of working practices in PCA with an EU member state where trade have a more positive view.</td>
</tr>
<tr>
<td>Efficient and effective collection of customs and tax duties.</td>
<td>Proper calculation of collectibles measured by decrease in quantity of appeals. More effective fight against customs offences by increase in number of prevented attempts. Foundation of the customs laboratory network. Progress to plan with Twinning activities for national computer systems and consistent standards and procedures in line with EU Blueprints. Cost of task collected per PCA officer is similar to other EU states. Comparison of costs and collection rates between different regions of PCA to ensure consistency.</td>
</tr>
<tr>
<td>Realisation of the State's customs policy and supervision over trade in goods which are a subject to decreased volume of customs offences against import and export of goods which are subject to prohibitions and restrictions because of protection of life of people and animals.</td>
<td>Blue Print ‘Gap Analysis’; Trade publications reports; National media reports; Government reports; PCA progress reports; EU progress reports.</td>
</tr>
<tr>
<td>Immediate Objectives</td>
<td>Indicators of achievement</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Preparing Polish Customs Administration to perform the tasks resulting from Common Agricultural Policy.</td>
<td>Performance system of the Customs Administration’s tasks related to the Common Agricultural Policy in place.</td>
</tr>
<tr>
<td>Organisational arrangements of the Customs Administration for functioning at the future EU external border by equipping customs administration with instruments assuring collection of customs duties and taxes efficiently and effectively and fight against customs offences.</td>
<td>Effective use of purchased equipment measured by increase in number of discovered attempts; More effective fight against customs offences by increase in number of prevented attempts. Number of modern detection equipment covering Customs clearance points at the future external EU border. Number of prepared and fully documented applications ready to apply for accreditations for using the same research methods and techniques related to agricultural and food commodities as in EU member states customs administrations. Modernisation of research analytical equipment in customs laboratories and customs clearance locations given in %.</td>
</tr>
<tr>
<td>Assurance of conditions which encourage highly skilled staff to join the Customs Administration and improvement of the personnel management system by further development of training system and technical training support system.</td>
<td>Logically consistent training system for customs officers based on national training needs in place. Increase (in %) in number of professional qualified customs officers which are able to perform new tasks resulting from the future EU membership recruited and maintained. Reduced personnel rotation given in %. Number of highly qualified professionals trained in order to disseminate further their knowledge, skills and experience amongst relevant organisational units of the PCA.</td>
</tr>
<tr>
<td>Assurance of technical and organisational compatibility of polish customs with the EU-communication and technological adjustment by developing interfaces system CCN-CSI.</td>
<td>Rapid and multi-faceted exchanges of information with EU customs systems measured by reduced time of effective information exchange. A National Interface System as a part of Common Communication Network- Common System Interface- assuring co-operation of Polish administration’s IT systems with EU ones in place. Compliance with the specified interface standards for CCN/CSI. Interfaces achieved in line with agreed timescales.</td>
</tr>
<tr>
<td>Application by customs administration of legal regulations uniform and consistent with the practice of EU MS by preparation, printing and dissemination of complete and updated set of handbooks and instructions concerning customs regulation.</td>
<td>Source of information about Customs law regulation disseminated through all PCA’s organisational units. Decrease in number of justified complaints of Polish and foreign operators on not uniform application or interpretation of customs regulations. All legislation compatible with EU law. All published information to be regularly reviewed (annually) to ensure up-to-date. Introduction of computer systems to distribute and disseminate the information more effectively. Number of published, printed and disseminated customs law regulations, manuals, handbooks per customs clearance locations.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Technical support in the area of the project management, quality assurance and training.</td>
<td>Number of strong, professional trainers within the PCA, with knowledge and experience in scope of the project management, internal and business audit, national public procurement procedures enable to disseminate further their knowledge, skills and experience amongst relevant organisational units of the PCA responsible for IT systems’ development, maintenance and audit.</td>
</tr>
<tr>
<td>Results</td>
<td>Indicators of achievement</td>
</tr>
<tr>
<td>The best legal and organisational-technological solutions in the scope of CAP as a pattern for Polish Customs Administration to adjust and apply</td>
<td>Solution searched out, chosen, researched and prepared to implement.</td>
</tr>
<tr>
<td>Effective border protection assured.</td>
<td>Number of modern devices covered Customs clearance points at the future external EU border. Increase in number of cargo carriages cleared at the customs clearance points. Reduced queues and waiting average time at the borders.</td>
</tr>
<tr>
<td>Extension and supplement of training system for customs officers, development of IT training support system and improvement of the staff management system</td>
<td>Increase (in%) in number of highly skilled, professional personnel captured and maintained to work for the Customs Administration. A number of qualified and professional trainers enabled to deliver their knowledge, skills and experience to customs officers in relevant organisational units of the PCA.</td>
</tr>
<tr>
<td>IT plug-in interface system for the EU Common Communication Network/ Common System Interface modules.</td>
<td>System in place and ready to run.</td>
</tr>
</tbody>
</table>
Uniform application of the customs rules and procedures, will improve customs service system, and bring information about customs regulation to all stakeholders, including traders.

Reduced number of complaints.

Reports and statistics from business Departments of GUC and from Regional Customs Offices, PCA progress reports; Trade publications reports; National media reports; Appeal statistics from GUC to the Supreme Appeal Court and periodic customs administration accounting reports.

It is assumed that complete list of materials instructions and handbooks is prepared.

A strong technical support in the area of project management and quality assurance shall result in professional and efficient organisation and performance of all IT project tasks and goals. Provided professional training package for selected PCA professionals shall result in self-dependent [after termination of EU assistance] operation of relevant PCA units responsible for IT systems' development, maintenance and audit.

A number of strong, professional trainers within PCA, with knowledge and experience in the scope of project management, internal and business audit, national public procurement procedures enable to disseminate further their knowledge, skills and experience amongst relevant organisational units of PCA responsible for IT systems' development, maintenance and audit.

Studies and reports by foreign experts; PCA progress reports; EU periodic progress reports

Training reports prepared by the CBC’s Personnel Training Department

It is assumed full co-operation and support on the side of relevant units and departments of the CBC.

It is assumed that all necessary organisational structure for the proper project management and audit is tailored and set up.

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of achievement</th>
<th>Sources of information</th>
<th>Assumptions and risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis, business case, logical system model, training plan.</td>
<td>Developed, in place, performed.</td>
<td>PCA and PAA project progress reports</td>
<td>It is assumed co-operation and full involvement of CBC Legal Department in preparing and projecting model solutions for customs administration in the scope of tasks resulting from Common Agricultural Policy.</td>
</tr>
<tr>
<td>Customs administration exposures at eastern and northern border and customs laboratories network equipped with modern tools and devices.</td>
<td>Purchased, installed, in use.</td>
<td>PCA and PAA project progress reports</td>
<td>Delay in implementation of PCA strategy and action plan; Adaptation and preparatory of eastern border could involve additional necessary organisational and operational changes; It is assumed full co-operation and lack of disharmony of activities between borders service and customs administration.</td>
</tr>
<tr>
<td>Training package for PCA personnel. An IT training support system in the training units of the PCA.</td>
<td>Package provided and system implemented.</td>
<td>PCA and PAA project progress reports</td>
<td>It is assumed that clear boundaries between sub-project no 3 Phare Programme 2001 and sub-project no1 of Phare programme 99’ are set and full co-ordinated; It is assumed full cooperation and support on the side of relevant unit and department of CBC.</td>
</tr>
<tr>
<td>IT plug-in for the EU Common Communication Network/ Common System Interface modules.</td>
<td>In place and ready to run.</td>
<td>PCA and PAA project progress reports</td>
<td>Success of whole undertaking depends on significant involvement of DG TAXUD of CEC. Full utilization of system it is possible after signing an agreement between Polish Government and European Community.</td>
</tr>
</tbody>
</table>
Complete and updated sets of handbooks and instructions concerning customs regulations. Published and disseminated. PCA and PAA project progress reports

Management and quality assurance support of realisation of PCA’s IT Strategy provided Comprehensive, professional training package provided for PCA selected personnel. Training package provided and audit and project management techniques and procedures introduced. PCA and PAA project progress reports

It is assumed that complete list of materials instructions and handbooks is prepared.

It is assumed full co-operation and support on the side of relevant units and departments of the CBC.

It is assumed that all necessary organisational structure for the proper project management and audit is tailored and set up.

Annex 2-4: Cumulative Implementation, contracting and disbursement Schedule

<table>
<thead>
<tr>
<th>Customs organisation</th>
<th>Date of Drafting</th>
<th>04-01-2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom organisation</td>
<td>Planned Period</td>
<td>10/2001-12/2002</td>
</tr>
<tr>
<td>Implementation Schedule (Quarters)</td>
<td>Cost Estimate</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>II</td>
<td>III</td>
</tr>
<tr>
<td>Q4 2001</td>
<td>Q1 2002</td>
<td>Q2 2002</td>
</tr>
<tr>
<td>Implementation</td>
<td>D/C</td>
<td>DCI</td>
</tr>
<tr>
<td>Contracting</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Disbursement</td>
<td>2.5</td>
<td>5</td>
</tr>
</tbody>
</table>

Legend: D = design of sub-projects / C = tendering and contracting / I = contract implement'n & paym't