PROJECT FICHE
MODERNISATION OF TURKISH CUSTOMS ADMINISTRATION

Project No: TR 0403.01
Twinning Nos: TR/2004/IB/FI/02 TL and TR/2004/IB/FI/03 TL

1 General Information

1.1 Désirée number:

1.2 Title: MODERNISATION OF TURKISH CUSTOMS ADMINISTRATION

1.3 Subject: To modernise the Turkish Customs Administration through the development of EU compatible Customs IT systems, strengthening and improvement of the Customs Enforcement operations, establishment of a network of regional Customs laboratories and creation of a centralised automated Customs Archive facility.

1.4 Sectors: Customs Union and Justice and Home Affairs

1.5 Responsibility: Republic of Turkey, Prime Ministry Undersecretariat for Customs (hereafter referred to as “Turkish Customs Administration” (TCA))

1.6 Location: Turkish Customs Administration, Ankara

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2 Objectives

2.1 Overall Objective
To modernise the Turkish Customs Administration (TCA), in order that it is in a position to fulfil the tasks and obligations of an EU Member State, by:
- Developing EU compatible Customs IT systems in line with the Acquis,
- Strengthening and improving Customs Enforcement operations to meet the responsibilities for the protection and control of external borders of the enlarged EU;
- Strengthening the infrastructure of customs laboratories;
- Creating a centralised Customs Archive facility,

2.2 Project Purpose
The purpose of the project is:
- To modify and improve the current Turkish Customs Integrated IT system (BILGE) in order to include the functionality and interfaces required for the accession of Turkey to the EU, mainly CCN/CSI, NCTS and Integrated Tariff Management System (ITMS);
- To establish effective Customs control mechanisms in order to reduce and accelerate formalities and procedures for legal trade while preventing illegal cross border activities;
- To establish a regional Customs laboratory in Istanbul;
- To create a centralised Customs archive facility, equipped with all necessary archiving equipment, machinery, computer hardware and software and other related instrumentation, and train the relevant staff members in archiving techniques, procedures and use of the IT applications implemented.

2.3 AP and NPAA Priority
The Council Decisions of 19th March 2003, covering the principles, priorities, intermediate objectives and conditions contained in the Accession partnership with the Republic of Turkey, included the following relevant short-term priorities:

in the field of Justice and Home Affairs:
- Continue to strengthen the fight against organised crime, drugs, trafficking in persons, fraud, corruption and money laundering, particularly through legislative alignment, improved administrative capacity and enhanced cooperation between different law-enforcement bodies, in line with EU standards.
- Improve the capacity of public administration to develop an effective border management, including the detection of forged and falsified documents, in line with the *acquis* and best practices with a view to preventing and combating illegal migration.

in the field of Customs Union:
- Align legislation on Free Zones, ensure enforcement of the new customs code and its implementing provisions and reinforce veterinary and phytosanitary border controls;
- Strengthen the administrative and operational capacity of the customs administration.

in the field of Freedom to Provide Services:
- Align with the *acquis* as regards provision of services in the information society.

The Council Decisions of 19th March 2003, covering the principles, priorities, intermediate objectives and conditions contained in the Accession partnership with the Republic of Turkey, included the following relevant medium-term priorities:

in the field of Customs Union:
- Complete alignment of legislation in particular on free zones, dual-use goods and technologies, precursors and counterfeited and pirated goods.
- Ensure interconnectivity of information technology (IT) systems with the Community IT systems (installation of CCN/CSI, developments required for NCTS, integrated tariff management system).

in the field of Justice and Home Affairs:
- Strengthen efforts to develop sustainable training programmes on the *acquis* and its implementation in the fields of JHA also with a view to increasing administrative capacity and improving inter-agency cooperation.
- Continue alignment with the *acquis* and best practices concerning border management so as to prepare for full implementation of the Schengen *acquis*.

in the field of Freedom to Provide Services:
- Complete and implement aligned legislation in this area and remove all obstacles to the right of establishment and freedom to provide services.

In order to achieve short and medium term priorities included in the Accession Partnership Document, the National Programme issued on 24th July 2003, specifies the following commitments:

- 25.1 A documentation centre will be established in Ankara with a view to keeping computer-supported deferred control documents and using it as the disaster centre (physical technical infrastructure) as a short term priority.
- 25.3 Within the scope of modernisation of customs laboratories project aiming at upgrading of regional and central laboratories in Istanbul, Izmir, Mersin and Ankara (that constitute 85% of the workload), with a view to making reliable analysis and classification of goods at international standards, and fully implementing foreign trade measures, providing technical support and training primarily to Istanbul Regional Laboratory;
- 25.4 Establishment of a Risk management and Strategical Analysis Unit under the Undersecretariat for Customs to perform duties related to combating smuggling, executing risk management techniques, and performing economic and strategic analysis.
- 25.4 Reorganisation of the ‘Smuggling, Intelligence and Narcotic’ units established under the provincial organizations of the Directorate General for Customs Enforcement, and in this context, provision of personnel and equipment.
- 25.4 Construction of fully equipped search sheds with cold storage at large Customs border posts not currently having such facilities.
- 25.4 Upgrade of the existing software used by the Directorate general for Customs Enforcement to monitor maritime transportation and shipping and development of software for the monitoring of goods transported in containers, with a view to preventing smuggling activities.”
- 25.4 Upgrade of the existing x-ray equipment in the ports, and provision of such equipment to the remaining container ports.
- 25.5 Although one-to-one correspondence has not been observed between the legislation in order to perform studies regarding Interconnectivity of electronic systems with those of the Community (installation of CCN/CSI, necessary developments for NCTS, Integrated Tariff Management System) the objective is to complete the efforts for alignment of computer systems by December 2005.
- 25.5 Although complete alignment in the field of TARIC will be attained by the time of membership, there will be exchange of information and experience with the European Commission for technical infrastructure necessary for TARIC during pre-membership process.

### 2.4 Contribution to National Development Plan

The Republic of Turkey has recently prepared and submitted to the EU a National Development Plan. Turkish authorities are awaiting approval of this plan.
2.5 Cross Border Impact

The development of EU compatible IT systems and the modification of the existing CDPS- Customs Declaration Processing System (BİLGE) to meet NCTS standards will inevitably lead to an impact on cross border traffic although this may not be highly visible during the lifetime of this project fiche.

The illegal trafficking of vehicles, travellers and goods, especially narcotics, in the main, are governed by international organized crime syndicates and combating these syndicates requires international, regional and bilateral co-operation. This project seeks to lay the foundations for Customs Enforcement and other agencies to combat organized crime by setting up the necessary infrastructure to make detailed searches of suspicious vehicles and to take timely and appropriate action against crime cases identified. The fight against smuggling from abroad to Turkey or from Turkey to abroad and against organized crime activities that are linked to smuggling will be aided by this project.

The creation of a network of regional Customs laboratories and the establishment of a centralized Customs Archive facility will have only minimal cross border impact as each sub-project is primarily nationally based. Nevertheless improvements in the reliability of archiving of Customs declarations will facilitate the prompt provision of information to other Customs Administrations concerning cross border traffic and improved accuracy in tariff classification will benefit other countries e.g. export documents, Certificates of Origin and trade statistics.

3 Description

3.1 Background and Justification

The Customs Union between Turkey and the EU was established as of 1st January 1996 in accordance with Decision No.1/95 of the EU-Turkey Association Council. Decision No. 1/95 also suggested adopting wide-ranging legislation in the field of trade, as well as being party to conventions in the fields of industrial, intellectual and commercial property rights.

As a consequence of the Customs Union, the Turkish Customs Legislation was revised and modernised accordingly and the Customs Tariff System was harmonized to the EU Combined Nomenclature. The EU Single Administrative Document (SAD) was introduced throughout Turkey on the establishment of the Customs Union.

The Customs Law No. 4458, with Customs Regulations, Notifications and Circulars, has been in force since February 2000. A new Customs Regulation was issued in May 2002 and came into force on 1st July 2002. Furthermore, the Revised Customs Law, which is compatible with the EU’s revised Custom Code, has been submitted to the Parliament for ratification and Customs Regulation will be amended accordingly. Additionally the Law No. 1918 on the Interdiction and Pursuit of Smuggling was repealed and a new Anti-Smuggling Code No. 4926, which is consistent with the Customs Law No. 4458 and the new regulation, was put in to effect on 10th July 2003.

A new Customs Enforcement Regulation, which is aligned to the Anti-Smuggling Code No. 4926, was issued on 7th November 2003.

In this context, TCA has signed a protocol with the Turkish Quality Association (KALDER) with a view to attain the highest possible levels in the services provided by the Turkish Customs Administration. To date, over 150 staff have been trained in Total Quality Management (TQM) and quality improvement teams have been established to motivate personnel and provide a more standardised and customer focused service at central and regional levels.

Customs IT systems component

The TCA has already been committed to achieve the aims, objectives and key indicators outlined in the EU Customs Blueprint entitled ‘Transit and Movement of Goods’ and in this context studies and actions for computerisation of its National Transit Application (NTA) are progressing and will be continued. TCA plan to provide training for officers and to give information to all in the sector and all studies will be completed at quarterly periods. TCA issued a Common Transit Regulation on 25th July 2003 and it is planned that the NTA (which is largely, but not fully NCTS compatible) will be initiated on a pilot site basis.
The 'TIR Customs Directorate' at Ankara and the 'Customs Directorate' for Izmir have been selected as the pilot customs sites and the application has been initiated at these customs sites as of 29th October 2003. However, as it is a pilot application, the number of users has been limited but these have received formalised training on the system. The main purpose has been to acquire knowledge and experience for a future full NCTS project.

The hardware, software, communication and infrastructure requirements for the Customs Headquarters and 68 Directorates have been met and ‘Client/Server-based’ local networks have been interconnected so as to create a Wide Area Network (WAN) for these locations. The network structure has been established using Frame Relay, Leased Line and X25 circuits provided by Türk Telekom A.Ş. The main computer system server has a UNIX based platform and all applications, including the BİLGE software, utilise a Relational Database Management System (RDBMS). This configuration and the WAN allow 99.5% of export, import and transit transactions to be electronically processed on a real-time basis. This is a significant result from the distribution of data and transactions through automation. The WAN enables interconnectivity with external IT systems and particular importance is placed on the facility for TCA to store and process the export/import declaration data submitted electronically by traders, customs brokers and operators.

The volume of Customs transactions handled in small Customs Directorates does not justify connection to the WAN and so these declarations (approximately 0.5% of all transactions) are currently processed manually. Procedures exist for the data from these declarations to be input to the Customs database so as to ensure that complete statistical and management information is available.

**Customs Enforcement component**

A changing economic environment has seen the volume of foreign trade significantly rise throughout the world. The developing economic trends have diversified the worldwide economic situation but also changed the social and financial situation in many countries. Customs Administrations throughout the world have been significantly affected by this social and economic change. While the process towards the removal of trade barriers has undermined the relative importance of the revenue collection functions of Customs Administrations, it has however brought to the foreground the “protective” role of Customs in protecting the health and security of national economy, society and the environment. This transition has been fuelled and fastened by the new security concepts arising after the events of 11th September 2001. However, the main dilemma faced is that while the Customs Administrations are expected to fulfill this protective role effectively, they are also expected, in principle, to facilitate the movement of goods and passengers in international trade.

In order to efficiently combat and tackle illegal trade and trafficking TCA, within the framework of the current Modernization of Turkish Customs Administration Programme, purchased and installed X-Ray systems at some high risk border crossing points/gates and sea ports. In 2003, the total value of seizures by X-ray inspection systems in one year, was around 80 million $, including a great amount of commercial goods, drugs, and contraband cigarettes. Besides, 46 illegal migrants were seized in 2003 either by the X-ray systems or by the admission of the drivers that illegal migrants were hidden inside the vehicle just before the scanning of the vehicle through the X-ray systems.

Most importantly, the proposed X-ray systems will contribute to the fight against illegal flow of goods and migrants into the Customs territory of EU and to the security of the future external borders of the enlarged EU after the accession of Turkey.

While the installation of the X-Ray systems has facilitated the monitoring and movements of vehicles, it has also resulted in an increase in the number of suspicious vehicles that require to be physically searched. Hence, the need to carry out the searches quickly and without damaging the vehicles or the goods being transported has grown in importance. Therefore the requirement to construct and establish suitably equipped search sheds, many with cold storage facilities, became required in order to increase the efficiency of the anti-smuggling efforts, as well as to facilitate the legal trade.

The Customs control mechanisms used by many of the largest economies in the world encourage an efficient and effective use of the limited resources available, such as personnel and equipment, rather
than maintaining a high level or volume of the physical controls. Thus, the purpose of this project is to contribute to the facilitation of the legal trade and strengthen the TCA anti-smuggling efforts.

This component of the overall project is based on the reality that the constantly increasing workload of the TCA, being generated as a result of increasing trade volumes, can only be effectively processed by establishing pro-active, risk-based and technically equipped control mechanisms.

**Customs Laboratory Component**

The Turkish Customs Administration has initiated a modernization project with a view to enhance its operational capacities, within the framework of which, it has introduced a set of measures to create a modern customs structure. It has commenced some operational restructuring to meet the needs of new workflow patterns, at both HQ and regional levels, including the use of computers in customs transactions.

There are currently 22 Customs laboratories in Turkey in accordance with the Article 194 of Customs Regulation used to determine the classification of goods in accordance with the customs tariff and to calculate the agricultural component in processed agricultural goods. However, the technical equipment and procedures are considered insufficient and inefficient, and this inhibits a sound and reliable analysis of the goods.

As part of the process of modernization, TCA has initiated a ‘Customs Laboratory Modernization Programme’. The scope of the ‘Customs Laboratory Modernization Project’ covers the design, construction and furnishing of the regional and central laboratories, thereafter equipping the laboratories with the necessary instruments and equipment, and providing technical training for staff on how to use the equipment etc. Based on the Customs pre-accession blueprint for Laboratories, TCA has developed a strategy to restructure the customs laboratories into 5 regional laboratories (Istanbul, Izmir, Izmit, Bursa and Mersin), in addition to a central laboratory in Ankara.

At present, the procedures of laboratories in operation in Turkey subject to following provisions:

a) Determination of the description, kind and quality of goods by laboratory analysis from a tariff classification point of view so as to enable the application of Turkish customs tariff or exemptions.

b) Determination of the composition of goods so as to enable the application of prohibitions and restrictions in compliance with the reservations specified within the context of the foreign trade regime.

c) Carrying out certain analysis and technical procedures as required by the administration.

This project aims at establishing a regional specialized laboratory in Istanbul where import and export procedures is mostly concentrated on food, textile, basic chemistry laboratories in the European part of the city and food, basic chemistry and petroleum laboratories in the Anatolian part. The building facility in which regional customs laboratory proposed to be furnished by means of European Union funding has already been allocated by the Government. Therefore, no construction cost is involved in the project proposal.

The overall modernisation project also has the objectives of establishing of a central laboratory in Ankara which will be qualified as an arbiter and closing the rest. In determining the specialty of the laboratories, distribution of the related groups of goods has been taken into consideration. Tendering procedure for the laboratory in Ankara has been initiated in 2003. The Laboratory Guide of the World Customs Organisation (WCO) and the best practices of the EU in the laboratory field have largely contributed to the feasibility and designing works for the laboratory structuring in Ankara. To this end, designing phase has been considered as achievable by the TCA itself. Therefore, no feasibility and designing support is covered in this project fiche. The Project for the Regional Laboratory in Istanbul will include furnishing at the first stage and this part will be conducted under the first supply contract.
However, the technical assistance for classification and analysing methods which are compatible with the EU application will be required after the furnishing phase. It is the intention of TCA to have the technical support under the training phase to meet the specific needs of the laboratory staff in terms of the classification and efficient use of the furnished and equipped lab.

The documents of technical specification which is enclosed to this project fiche reflects the readiness of the TCA in respect of experience and knowledge gained from the EU practices and WCO (World Customs Organization). The language of the attached tendering documents is Turkish and translation works are being carried out very intensively. Due to the time limit they have not been provided in English and the Turkish documents will be supplied as soon as the translation is completed.

Due to its high budget, the completion of the project will be accomplished in line with the allocations made from the budget of the TCA. Furthermore, it is anticipated that private sector will provide support for the project in the form of equipment.

Training of the personnel is the second component of the project. In other words, the firms which provide the equipment will provide training on the use, operation and maintenance of the equipment following the installation. Recruitment of new personnel will be considered in the course of time.

Customs Archives component

The establishment of a centralized Archive facility in which, Customs declarations and statements as well as all supporting documents would be processed and archived in a contemporary style and within the frame of applicable laws for Post Clearance Audit and Post Checks (posteriori control), will form an integral part of modernization project of the Turkish Customs Authority.

Currently, there are 2 million units (i.e. documents, statements etc.) per annum, not including all other documents and evidence of communications exchanged between other departments falling within the reference frames of the TCA, and 12 million units in longer term storage (due to legal storage times), being archived in poor and unsatisfactory conditions at storage facilities operated by the Court of Audit.

The effective filing, archiving, retrieval and return to storage after use and destruction (on expiry of the legal storage period) of Customs declarations and related documents including those the subject of direct redemption of tax obligations and associated investigations (to include internal investigations and batches of information under bilateral agreements), would appear to be only possible with a modern, well equipped centralised Archive facility supported by computers and suitably developed software. Additionally, as Turkey is geographically positioned along a seismic fault line and prone to earthquakes, it is essential that these Customs declarations and documents are stored in a safe and secure environment using modern technology to protect against any risks or occasions of natural disasters such as building collapses or the resultant major fires.

A well equipped and computer-supported central Archive facility will form the basis for the current work being carried out on Deferred Control. A central Archive facility would facilitate the systematic, exhaustive and consistent risk analyses conducted while observing the provisions of related international contracts and agreements. This will directly and positively contribute to an improvement of the TCA’s administrative capacity.

The implementation of this project will further align Turkish Customs legislation to the EU and will develop the infrastructure of the TCA for effective application of the adopted legislation. But further efforts will have to be paid in order to complement these targets. In this context another project is envisaged to be submitted to the 2005 programming of Turkey EU Pre-Accession Financial Assistance.
3.2 Linked activities

The selection of a twinning partner for the Turkish Customs Administration was realized on 16th October 2003 with the EU Delegation in Ankara when the Turkish Customs Administration decided to create a partnership with the German Federal Ministry of Finance. The Pre-Accession Adviser, the German project manager and their counterparts in the TCA proceeded to draft and prepare the Covenant.

A first version of the Covenant has been drafted by the German partners and has been elaborated during a joint meeting which was held on 8-9 December 2003 in Ankara. The Draft Covenant mainly covers the following three sub-projects:

- Subproject 1: Legislative and Regulatory Framework
- Subproject 2: Administrative Capacity
- Subproject 3: Training.

The draft subprojects drawn up were consistent with the proposal presented by the German Federal Ministry of Finance during twinning partner selection process. However the TCA has demanded to include some very crucial issues in the Covenant, such as border controls, enforcement, IT related matters and NCTS. The Twining Covenant which was drafted jointly by both sides has been submitted to the EU Commission for approval.

As part of the on-going Public Administration reform process, the Undersecretariat for Customs has set up a border modernisation project known as GÜMSİS. Part of the project has been financed through a World Bank Credit. The objectives of the GÜMSİS project are:

- To prevent illegal trafficking of travellers;
- To prevent illegal trafficking of goods particularly narcotics and arms; &
- To prevent false declaration of quantity and value of goods.

Within the scope of 2003 Financial Cooperation Programme, the GÜMSİS Project has been accepted by the European Commission to support the extension of the systems covered under the project. GÜMSİS is expected to increase significantly the number of detection activities by furnishing Customs sites with specific equipment for the detection of smuggling. In particularly, the scope of the project will be to supply priority customs sites (not covered by the World Bank programme) with an integrated detection system consisting of the following activities, equipment and facilities:

- Establishment of Close Circuit TV System (CCTV) and license–plate scanning system at border posts;
- Vehicle tracking system;
- Project management;
- Network security;
- Integration of existing automation structure; &
- Staff training.

Under the GÜMSİS project, the existing method of tracking suspect vehicles by entering details of the vehicle at the border post into an IT system, which was developed by IT experts within the Undersecretariat for Customs, is to be integrated with the license-plate scanning system.

The GÜMSİS project has been split into phases according to the priorities identified, and this proposal takes into consideration the investment priorities for which a financing source has not been identified. It is envisaged that the outstanding activities will be implemented over the years 2003 and 2004.

TCA has already initiated the implementation phase of the Modernized Customs Laboratory Programme as a first step, the procurement process of Customs Laboratory in Ankara has been conducted under the national budget.

There are no linked activities related to the Customs Archive components.
3.3 Results

Customs IT systems component (See Annex 4 For Technical Explanations)

Sub-component 1.1: Installation and configuration of the CCN/CSI gateways
- Network and relevant ICT applications platforms of the Turkish Customs Administration connected to the two CCN/CSI gateways (production and backup) which allow data exchange between the TCA and the other EU Member States or the European Commission (including 3 years of maintenance, operational support and telecommunication costs).
- Additional communication equipment procured and installed (firewalls, etc. …).
- TCA staff trained to operate the CCN/CSI gateways.

Sub-component 1.2: Analysis of the integration of the ITMS sub-systems into BILGE
The TCA strategy is to setup a formal ITMS project environment to achieve Interoperability with TARIC and the tariff related systems (TQS, EBTI, ISPP, SMS and ECICS). The first phase of the ITMS project, the only one concerned by this project fiche, will provide the following deliverables:
- Technical pre-study report (including the User Requirements);
- Functional and Technical Specifications;
- Project Initiation Document defined and approved for the development phase.

Sub-component 1.3: Consultancy for the analysis to migrate BILGE to web-based technology
- Technical strategy of TCA IT department to reach the objectives specified by the Customs Administration well defined;
- In particular, the web-based future developments strategy is fully defined (using state-of-the-art IT technologies):
  - Hardware architecture;
  - Software architecture;
  - Development tools (Java, …).
- BILGE web server and application server procured and installed;
- TCA IT staff trained on the selected tools.

Sub-component 1.4: Modification of BILGE to include and meet NCTS requirements
- Analysis, development and implementation support provided by a “Twinning Light” partner;
- BILGE system modified to include an NCTS compatible Transit module allowing national and possibly international transit operations in accordance to the Common Transit Convention (CTC);
- Development & production platforms procured and installed;
- NCTS fully compatible transit module (conformance tests successfully performed) deployed and in operation for the national transit movements.

Customs Enforcement component (See Annex 4 For Technical Explanations)

Sub-component 2.1: Further development of risk based control mechanism
- Risk based inspection mechanism further enhanced;
- Central and provincial personnel well trained on risk analysis, profiling, selectivity and risk management as a whole;
- Clearance process accelerated through better targeting of high risk cargo.

Sub-component 2.2: Further development of specialized enforcement units at regional level
- Customs enforcement officers specialized on several topics (narcotics, intelligence etc);
- Smuggling attempts more easily detected;
- Smuggling attempts more rapidly intervened;
- Mobility capacity needed during the smuggling cases increased;
- Patrol services within the customs area more efficiently performed.

**Sub-component 2.3: Development of infrastructure at border posts**
- Increased work productivity by minimising lost time for traders and Customs personnel owing to accelerated search procedures;
- Prevention of spoilage of the loads of refrigerated TIRs and containers;
- Customs inspection rates harmonized with EU standards.

**Sub-component 2.4: Supply of X-Ray Inspection Systems**
The full operation of re-locatable X-ray systems installed at border crossing points will improve the quality and quantity of the detailed physical inspection of consignments. All vehicles identified to be high risk by X-ray inspection procedures and risk analysis methods will be subject to detailed inspection.
- X-ray inspection systems delivered;
- Adequately trained staff of the Turkish Customs Administration who are responsible for supplied X-ray inspection equipment.

**Sub-component 2.5: Development of Vessel and Container Tracking Software**
- All the sea operations of customs law enforcement units in the customs area effectively recorded and tracked;
- The data in the software or applications efficiently analyzed and operational risk assessments at regional level better achieved;
- The control over the naval (yachts, fishing boats etc.) vessels enhanced;
- The personnel in charge of data entry and search well trained.

**Customs Laboratories component (See Annex 4 For Technical Explanations)**

**Sub-component 3.1: Design, construction and furnishing of new laboratories**
- Customs Regional and central laboratories designed and furnished according to customs legislation and strategies;

**Sub-component 3.2: Furnishing and equipping of Istanbul laboratory (including training)**
- Customs Regional laboratory, Istanbul, equipped with general and specific analytical equipment according to national legislation needs;
- Customs Regional laboratory, Istanbul, equipped with scientific, analytical and technical literature as appropriate;

**Sub-component 3.3: Development of laboratory procedures (including training)**
- Laboratory staff able to conduct reliable analysis which will assist in determining accurate tariff positions and controlling goods more effectively. TCA capacity to fight against smuggling and drug trafficking enhanced.
- Written guidance in place for customs and laboratory staff in respect of laboratory analysis, safe disposal of samples in accordance with environmental protection measures, and return of non-destroyed samples to customers.
- Laboratory personnel appropriately qualified according to the specific needs of the work.

**Customs Archive component (See Annex 4 For Technical Explanations)**

**Sub-component 4.1: Create a centralized automated customs archive facility**
- Centralised archiving and storage of customs declarations, documents (e.g. documents processed at different Customs Administrations that are subject to post clearance control and documents generated by other functional units of the TCA) etc., supported by a network of computers using a state-of-the-art archiving system;
- Installation of a computer supported document tracking system to ensure prompt delivery of Customs documents relating to matters referred to by Courts of Jurisdiction in line with investigations carried out at TCA level and assure their physical return after use;
- Minimization of the risk of separation and destruction of documents whose storage times have not expired and thus are not to be destroyed;
- Identification of documents for legal destruction and separate tracing and archiving documents for which there is a need for long term storage.
- Additional automated controls to ensure all documents required to be transferred for archiving in Ankara are duly received and accounted for, while eliminating any unnecessary procedures;

3.4 Activities
The major activities to be conducted within the framework of the project are listed hereafter.

**Customs IT systems component (See Annex 4 For Technical Explanations)**

**Sub-component 1.1: Installation and configuration of the CCN/CSI gateways**
- Pre-study;
- Preparation of the deployment;
- Procurement of the hardware, software and services (installation, configuration, tests, operation, helpdesk, maintenance, …) from the two contractors selected by DG TAXUD as a result of an open Tender for the whole CCN/CSI secured network\(^1\);
- Staff training.

**Sub-component 1.2: Analysis of the integration of the ITMS sub-systems into BILGE**
This sub-component will provide an analysis of the current situation, identify system development options and propose appropriate technical solutions for the implementation of the ITMS sub-systems.
- Pre-study which includes:
  * User Requirements;
  * Comparison of the BILGE and ITMS systems (data models, functions, …);
  * Description the options and their various implications;
  * Description of the selected solution.
- Functional and Technical Specifications;
- Project Initiation Document for the development phase.

Subsequent activities, not concerned by this project fiche, will include systems development, hardware procurement, user training and system implementation for all users.

Analysis, development and implementation support will be given by a “Twinning Light” partner.

**Sub-component 1.3: Consultancy for the analysis to migrate BILGE to web-based technology**
- Definition of the high-level strategy allowing TCA IT department to reach the objectives specified by the TCA;
- Description of the current situation;

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\(^1\) The contracts for the secured network CCN/CSI will be two (telecom and support services) new specific agreements under the framework contract(s) signed by DG Taxud.
- Description of the possible technical options and their various implications (technical, functional, financial, organisational, …);
- Definition of the web-based future developments strategy (using state-of-the-art IT technologies);
- Hardware architecture;
- Software architecture;
- Development tools (Java, …);
- Procurement and installation of the BILGE web server, including the development tools (Java, …);
- Training on the selected tools;
- Definition of the TCA IT strategy for the future web-based developments.

Sub-component 1.4: Modification of BILGE to include and meet NCTS requirements
- Analysis, development and implementation support to be given by a “Twinning Light” partner:
  * Organisation of seminars, training and information sessions with the relevant Countries (in the Countries and/or in Turkey) as required by TCA User Requirements;
  * Continuous management support and advice.
- Pre-study which includes:
  * Comparison of the BILGE and NCTS transit modules (data models, functions, …);
  * Description the options and their various implications;
  * Description of the selected solution;
  * Project Initiation Document.
- Preparation of functional (compatible FTSS) and technical (compatible DDNTA) Specifications;
- Procurement and installation of the development platform (hardware, system software, RDBMS software, EDI-XML translator, Storage Unit and Back-up Storage Unit …);
- Modification of the BILGE system to include an NCTS compatible Transit module;
- Procurement and installation of the production platform (hardware, system software, RDBMS software, EDI-XML translator, …);
- Successful processing of the national tests (Mode-0);
- Successful processing of the pre-conformance and conformance tests;
- Definition and implementation of the training strategy;
- Deployment of the TCA NCTS fully compatible transit module in all transit offices;
- Support in place for the operation of the TCA NCTS transit module for the national transit movements.

Customs Enforcement component (See Annex 4 For Technical Explanations)

Sub-component 2.1: Further development of risk based control mechanism
- To assess the existing situation (by the help of consultancy service);
- To gather all the risk analysis activities performed by the various units of Turkish Customs Administration under a single Unit, namely Department of Risk Management (See Annex 4 (tech. spec.).);
- To establish Risk Teams under the Regional Customs Units;
- To arrange training workshops and seminars for the personnel about risk analysis, profiling, selectivity and risk management as a whole.
All the technical assistance provided to TCA in establishing Risk Units and enforcing a risk based control mechanism will be included in a single contract (service contract for sub-component 2.1 and 2.2). The selected contractor will provide the range of consultancy and expertise required to develop a capacity in the following issues:
- Development a risk management policy in Turkish customs;
- Risk management in customs control;
- Risk based resource allocation;
- Selectivity, Profiling, Targeting;
- Risk analysis at local level;
- Data analysis.

The contractor will provide several mid-term experts having at least 10 years experience in customs control and risk analysis. Fluency in English is essential for all experts. The contractor will also provide translators for training courses and seminars.

Sub-component 2.2: Further development of specialized enforcement units at regional level
- To reorganize the “Smuggling, Intelligence and Narcotic” units;
- To assign the personnel to the Smuggling, Intelligence and Narcotic” units;
- To support the “Smuggling, Intelligence and Narcotic” units with necessary equipments (See Annex 4 for (draft) technical specifications);
- To arrange mobile teams in the Smuggling, Intelligence and Narcotic” units of Regional Directorates;
- To equip the mobile teams with the necessary surveillance systems (See Annex 4 for (draft) technical specifications);
- To train the officers in the “Smuggling, Intelligence and Narcotic” units and mobile teams on surveillance and intelligence topics.

All the technical assistance provided to TCA in enforcement issues will be included in a single contract (service contract for sub-component 2.1 and 2.2). The selected contractor will provide the range of consultancy and expertise required to develop a capacity in the following issues:
- Intelligence;
- Building an information and intelligence strategy;
- Investigation techniques and surveillance;
- Narcotics;
- Organized crime;
- Rummages of containers, passengers cargos and freights;

The contractor will provide several mid-term experts having at least 10 years experience in customs control and enforcement. Fluency in English is essential for all experts. The contractor will also provide translators for training courses and seminars.

Sub-component 2.3: Development of infrastructure at border posts
- To construct the search sheds with cold storage facilities at the land bordergates and sea ports where refrigerated TIR/Container transportation is common. Within this context, to equip Ambarlı (İstanbul), Alşancak (İzmir), Mersin seaport and Gurbulak (İran border) land bordergate (where only cold storage installation is required) with search sheds with cold storage facilities (See Annex 4 for (draft) technical specifications).
- To train technically the personnel who will work in these sheds.

Sub-component 2.4: Supply of X-Ray Inspection Systems
- To purchase 4 re-locatable X-ray inspection systems, including car transport system, relevant software, documentation, installation and putting into operation for Gürbulak (İran) land bordergate, Mersin seaport, Alşancak (İzmir) seaport and Haydarpaşa (İstanbul) seaport. For ease of relocation, the control system should be housed in an office container.
Training on the use of the system and on inspection procedures will also have to be provided. See Annex 4 for (draft) technical specifications (€ 12 Million – including Turkish co-financing).

**Sub-component 2.5: Development of Vessel and Container Tracking Software**
- To develop a software program, which enables risk analysis, to be able to track all the sea operations of customs enforcement (recording the questionnaire form, bill of lading, original manifest, fuel and chandler transactions form, transit log, crew list, and fixture list) and all the naval vessels (roll-on roll-off ships, ferries, yachts, fishing vessels...).
- To develop a software program to be able to track all the containers (Turkish Customs Administration have vehicle pursuit programmes but do not have a container tracking programme).
- To extend the use of the vessels and containers tracking programs to three customs ports (pilot implementation) where naval traffic is heavy.

**Customs Laboratories component (See Annex 4 For Technical Explanations)**

This component will consist of 1 supply and 1 service contracts:
- Furnishing and equipping the customs regional laboratory in Istanbul with general and specific analytical equipment.
- Training of laboratory staff.

**Sub-component 3.1: Furnishing and equipping the customs regional laboratory, Istanbul**
- Installation of general and specific analytical equipment at the regional customs laboratory, Istanbul;

**Sub-component 3.2: Training of Laboratory Staff**
- Development of management policies and working methods in line with EU best practice;
- Developing and conducting training programmes to meet the specific needs of laboratory personnel in Istanbul
- Development of training programmes for the continuous professional development of laboratory staff to maximise the effectiveness of laboratory operations.

**Customs Archive component (See Annex 4 For Technical Explanations)**

**Sub-component 4.1: Create a centralized automated Customs archive facility**
Within the Customs Archiving component, 5 contracts will be signed, as specified below, within the scope of which the necessary training services to be given on management of the archiving centre and on the software to be used as well as the supply of software will be developed/Performed by the our Undersecretariat:
- Construction of centralised Archive location, building and work spaces plus procurement of archiving equipment (i.e. a shelving system, document handling and stacking instruments etc.);
- Installation of archiving equipment (i.e. a shelving system, document handling and stacking instruments etc.);
- Procurement and installation of office equipment;
- Procurement and installation of computer system, hardware and software (i.e. Servers, PCs, printers, data and power lines etc.)
- Procurement of other equipment (small trucks to handle the documents, personnel transporters, phone switches etc.).

### 4 Institutional Framework
This is an institution building and investment support project.
The Turkish Customs Administration (TCA) is the beneficiary institution of this programme. The responsibility of TCA is the protection of the state economy, domestic market and society by controlling the movement of prohibited goods across the border of Turkey. The TCA is also responsible for the production of foreign trade and of customs statistics. An organisation chart is shown at Annex 5.

The project will be implemented within TCA under the supervision of the European Union Secretariat General (EUSG). During the implementation of the project, close co-operation will be assured with EUSG. For the implementation of this project a Project Steering Committee (PSC), comprising key stakeholders from TCA and EUSG will be set up to monitor, supervise and co-ordinate the overall progress and implementation of the project. The PSC will provide guidance for the different Sub-components of the project, approve the results and define priorities. There will be also working groups for each component under the Steering Committee.

Overall management of all components will be conducted by;

Assoc. Prof. Nevzat SAYGILIOĞLU
Undersecretary of Customs

Other institutions involved in the implementation will be as following:
EUSG-European Union Secretariat General
ECR-European Commission Representation in Ankara
CFCU-Central Financing and Contracting Unit
NF-National Fund
SPO-State Planning Organisation

5 Detailed Budget

Summary

<table>
<thead>
<tr>
<th>Component</th>
<th>EU Support</th>
<th>National Co-financing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td></td>
</tr>
<tr>
<td>Customs IT systems component</td>
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<td>4,200,000</td>
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<td>Customs Enforcement component</td>
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<td>14,500,000</td>
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<td>Customs Archive component</td>
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<td>400,000</td>
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<td>Various communication equipment</td>
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<td>600,000</td>
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<tr>
<td>Twinning light (200 days)</td>
<td>200,000</td>
<td>200,000</td>
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<table>
<thead>
<tr>
<th>Sub-component 1.3: BILGE</th>
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<tr>
<td>TA for BILGE web-based application &amp; integration</td>
<td>400,000</td>
<td>400,000</td>
<td>800,000</td>
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</table>

2 The EUSG is a separate administrative body allied to the office of the Minister of Foreign Affairs
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Amount 3</th>
</tr>
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<tbody>
<tr>
<td>Supply Contract (IT Equipment &amp; Software - including training)</td>
<td>472.500</td>
<td>157.500</td>
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<td>Sub-component 1.4: NCTS</td>
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<tr>
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<tr>
<td>Twinning light (200 days)</td>
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<tr>
<td>Contingency</td>
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<td><strong>4,200,000</strong></td>
<td><strong>1,010,625</strong></td>
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<tr>
<td>Customs Enforcement component</td>
<td>EU Support</td>
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<td>TOTAL</td>
</tr>
<tr>
<td>-------------------------------</td>
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</tr>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
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<tr>
<td>Service Contract (Risk based control mechanism)</td>
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<tr>
<td>Supply Contract (Equipment)*</td>
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<tr>
<td>Equipment for Risk Management Department</td>
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<td>Equipment for “Anti-Smuggling, Intelligence and Narcotics” units</td>
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<td>Equipment for Search Sheds</td>
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<td>Work Contract (search sheds with cold storage - 4 sheds)*</td>
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<tr>
<td>Supply Contract (X-Ray Systems)*</td>
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<td>3,000,000</td>
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<tr>
<td>Service Contract (Vessels and Containers Tracking Softwares)</td>
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<td>50,000</td>
<td>200,000</td>
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<tr>
<td>Sub total</td>
<td>10,650,000</td>
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* See Annex 4 for detailed budgetary and technical explanations.

<table>
<thead>
<tr>
<th>Customs Laboratories component</th>
<th>EU Support</th>
<th>National Co-financing</th>
<th>TOTAL</th>
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<tbody>
<tr>
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<td>Investment Support</td>
<td>Institution Building</td>
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<tr>
<td>Supply</td>
<td></td>
<td></td>
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<tr>
<td>Furnishing</td>
<td>262,500</td>
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<td>87,500</td>
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<td>Laboratory instruments and equipment</td>
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<td>Training</td>
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<tr>
<td>Contingency</td>
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<table>
<thead>
<tr>
<th>Customs Archive component</th>
<th>EU Support</th>
<th>National Co-financing</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
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</tr>
<tr>
<td>Supply and Work</td>
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<td></td>
<td></td>
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<tr>
<td>Construction of archive location, building and work spaces</td>
<td>1,725,000</td>
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<td>Archiving equipment</td>
<td>240,000</td>
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<tr>
<td>Supply of equipment</td>
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<tr>
<td>Other equipment</td>
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<tr>
<td>Contingencies</td>
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<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>Sub total</td>
<td>2,325,000</td>
<td>-</td>
<td>775,000</td>
</tr>
</tbody>
</table>
6 Implementation Arrangements

6.1 Implementing Agency

The Central Financing Contracting Unit (CFCU) will be the Implementing Agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the project activities.

6.2 Twinning

A “Twinning Light” is foreseen under sub-components 1.2 and 1.4 for the assistance of the ITMS and NCTS projects development and implementation (200 days). It is expected to receive the ‘twinning light’ Technical Assistance from a Country which has already successfully developed a National Transit Application compatible with NCTS (this excludes Countries having implemented the application developed by DG TAXUD: the MCC).

6.3 Non Standard Aspects

Sub-component 1.1 is dedicated to the installation, operation and 3-year support (operation costs, helpdesk, maintenance, …) of the CCN/CSI gateways (the EU DG TAXUD Common Network spread in all the Member States and Countries members of the Common Transit Convention). The specifications of these gateways are identical for all the Member States and the two Contractors selected by DG TAXUD after open tender must be the same for every Country (preferably by means of specific agreements under the same framework contracts).

For the customs archive component it is of the utmost importance that the construction phase is progressing according to schedule in order to be able to start the tendering for the supply contract for the archive. Regular progress reports will be produced to report on the progress of the construction in order to enable the competent authorities to adjust the timing for the contracting and delivery of supplies if required.
6.4 Contracts

**Customs IT systems component**

1. Service contracts for sub-component 1.1 (contractors selected by DG TAXUD):
   - Installation, operation and support: 400,000
2. Supply contract (1.1, 1.3 and 1.4): 3,650,000
3. Service contract:
   - ITMS (1.2): 600,000
   - BILGE (1.3): 400,000
   - NCTS (1.4): 2,400,000
4. Twinning Light:
   - ITMS (1.2): 200,000
   - NCTS (1.4): 200,000
Contingency 392,500
Total 8,242,500

**Customs Enforcement component**

5. Service contract for sub-component 2.1 and 2.2:
   - Risk based control mechanism & enforcement: 300,000
6. Supply contract for sub-component 2.1, 2.2 and 2.3:
   - Equipment: 1,000,000
7. Service contract for sub-component 2.5: 200,000
8. Supply contract for sub-component 2.4 (X-ray equip): 12,000,000
9. Work contract for sub-component 2.3 (inspection sheds): 1,000,000
Total 14,500,000

**Customs Laboratories component**

10. Supply contract for sub-component 3.1:
    - Laboratory furnishing: 350,000
11. Supply contract (3.2 and 3.3):
    - Equipment, training and contingency: 2,360,300
Total 2,710,300

**Customs Archive component**

12. Work contract for sub-component 4.1:
    - Construction: 2,300,000
13. Supply contract(s) for sub-component 4.1:
    - Archive equipment: 320,000
    - Office equipment: 35,000
    - Computer system: 45,000
    - Other equipment: 300,000
    Contingency 100,000
Total 3,100,000
7 Implementation Schedule

Customs IT systems component

<table>
<thead>
<tr>
<th>Service</th>
<th>Contract Type</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCN/CSI</td>
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<td>IV Quarter 2004</td>
<td>I Quarter 2005</td>
</tr>
<tr>
<td></td>
<td>Supply</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>IV Quarter 2005</td>
</tr>
<tr>
<td></td>
<td>Supply</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>IV Quarter 2006</td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>IV Quarter 2005</td>
</tr>
<tr>
<td>Light Twinning</td>
<td>Supply</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>IV Quarter 2005</td>
</tr>
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</table>

Customs Enforcement component

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk control</td>
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<td>I Quarter 2005</td>
<td>II Quarter 2005</td>
</tr>
<tr>
<td>Equipment</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>II Quarter 2005</td>
</tr>
<tr>
<td>Sheds</td>
<td>III Quarter 2004</td>
<td>I Quarter 2005</td>
<td>IV Quarter 2005</td>
</tr>
<tr>
<td>X-ray</td>
<td>III Quarter 2004</td>
<td>II Quarter 2005</td>
<td>IV Quarter 2005</td>
</tr>
<tr>
<td>Software</td>
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<td>IV Quarter 2005</td>
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Customs Laboratories component

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<thead>
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<th>Completion</th>
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<tbody>
<tr>
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<td>III Quarter 2004</td>
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<td>IV Quarter 2005</td>
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<tr>
<td>Training</td>
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<td>I Quarter 2006</td>
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Customs Archives component

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<td>IV Quarter 2005</td>
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<tr>
<td>Equipment</td>
<td>I Quarter 2005</td>
<td>III Quarter 2005</td>
<td>I Quarter 2006</td>
</tr>
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</table>

8 Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed. Male and female participation in the project will be based on EU standards and assured by official announcements published to recruit the necessary staff for the project. The main criteria for recruitment will be qualifications and experience in similar projects, not sex or age. Both men and women will have equal opportunities and salaries.

9 Environment

Not relevant to this project.

10 Rates of Return

Not relevant to this project.

11 Investment Criteria

11.1 Catalytic effect

Overall the project will aid and assist the TCA to strengthen and develop its operational activities and help prepare it to meet the expectations of the EU Customs Blueprint and the EU IT system interoperability requirements.

The Customs Enforcement component will enable the prevention of the illegal vehicle, goods and passenger trafficking effectively. This Project also aims at facilitating the legal foreign trade and will contribute to the development of foreign trade.
The restructuring and modernisation of the customs laboratories will provide an efficient facility to classify goods at import/export as well as providing support for the prevention of illegal traffic of goods. The Customs Laboratories component will therefore provide a good momentum for the improvement of trade facilitation in Turkey and enhance its capacity to better compete in the international market.

The centralised and automated Archiving facility will serve as the basis for an effective ‘deferred control’ and accelerate the process for the collection of inadequate or excess amounts of taxes. The Archive facility will further give an impetus to the forwarding of investigation documents to related persons, thus facilitating the achievement of expected results within a shorter period. It will also provide time and facilities for the foreign trade operators, and the consequent acceleration of the deferred control will thus lead to uniformity among the customs offices in respect of customs formalities.

11.2 Co-financing

The Turkish Government will provide 25% of co-financing of the investment support.

11.3 Additionality

Pre-accession financial assistance shall not displace other support especially from the private sector or International donors.

11.4 Project readiness and size

Pre-accession financial assistance will only finance projects if they are ready for contracting and when all necessary technical studies and infrastructure works have been completed.

11.5 Sustainability

Future maintenance and operating costs for all equipment included in the IT systems, Enforcement, Laboratories and Archives components shall be paid by TCA (other than the sub-component 1.1). The Customs laboratory component project is only in the first phase of a comprehensive customs laboratory modernisation programme, which is to be implemented over the next three to five years.

11.6 Compliance with state aids provisions

Not applicable.

12 Conditionality

EU financing to this project is conditional upon national co-financing being ensured.

Components of the project are conditional to the approval of Action Plans for the improvement of Customs Border Posts, Customs Laboratories and Archive facilities in Turkey by the relevant govt. Ministries. Under these components the TCA will, following delivery, conduct evaluation and testing of all buildings, instruments and equipment prior to acceptance. Asset registers will be maintained by TCA for all equipment procured through the project.

The main conditions for success of the Customs IT systems component of the project are:

- A very good and close collaboration between the study team and the stakeholders in the TCA (IT department, tariff, NCTS, BTI departments, ...);
- The support of the high level hierarchy of the TCA.

A Project Quality Plan (PQP) will be established between TCA and the contractors from the outset of the project. The purpose of a Project Quality Plan is the description of the measures to be taken to meet the quality and technical requirements of the user.
Others conditions for success of the overall project are the smooth evolution from study to the next phases of the project (e.g. system development, construction, procurement, delivery, twinning lights etc.) and good close liaison maintained by the relevant Secretariats throughout the Project.

The success of the Twinning project (TR03/F1/05) will directly influence the outcome of all components proposed in this project fiche.
ANNEXES TO THE PROJECT FICHE

1. Logical framework matrix in standard format.
2. Detailed implementation chart.
3. Contracting (Commitment) and disbursement schedule by quarter for full duration of programme (including disbursement period).
4. Budgetary and Technical Explanations
5. Organisational chart of the Turkish Customs Administration

Details of ANNEX 4 Budgetary and Technical Explanations*

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>1</td>
<td>IT COMPONENT</td>
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<td>1.1 Detailed Budget</td>
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<td>1.2 Technical Chart</td>
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<td>2</td>
<td>ENFORCEMENT COMPONENT</td>
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<td></td>
<td>2.1 Detailed Budget</td>
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<td>2.2 (Draft) Technical Specifications</td>
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<td>3</td>
<td>LABORATORY COMPONENT</td>
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<td></td>
<td>3.1 Equipment List</td>
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<td>4</td>
<td>ARCHIVE COMPONENT</td>
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<tr>
<td></td>
<td>4.1 Detailed Budget</td>
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<tr>
<td></td>
<td>4.2 Technical Explanations</td>
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</tbody>
</table>

* All the technical explanations and specifications included in this Annex can be modified in the Tender Dossier WITHOUT EXCEEDING THE BUDGETARY LIMITS.
Annex 1: Logical Framework Matrix

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR</th>
<th>Programme name and no.:</th>
<th>Date of Drafting:</th>
</tr>
</thead>
</table>

**Project Number**

<table>
<thead>
<tr>
<th>Overall Objective:</th>
<th>Indicators of Achievement:</th>
<th>Sources of information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To modernise the Turkish Customs Administration, in order that it is in a position to fulfil the tasks and obligations of an EU Member State, by:</td>
<td>1. Full integration with the EU IT systems by the end of 2006.</td>
<td>1, 2, 3 &amp; 4. EC progress report.</td>
</tr>
<tr>
<td>1. Developing EU compatible Customs IT systems;</td>
<td>2. Full integration with the EU IT systems by the end of 2006.</td>
<td>- EC strategy paper.</td>
</tr>
<tr>
<td>2. Strengthening and improving Customs Enforcement operations to meet the responsibilities for the protection and control of external borders of the enlarged EU;</td>
<td>3. At least 30 % reduction in the level of trans-border crime by the end of 2006.</td>
<td>- TCA annual report</td>
</tr>
<tr>
<td>3. Establishing a network of regional Customs Laboratories;</td>
<td>4. Fully operational Customs Laboratories by the end of 2006.</td>
<td>- Field studies</td>
</tr>
<tr>
<td>4. Creating a centralised Customs Archive facility.</td>
<td>4. Fully operational centralised Archive facility according to the Customs legislation and strategy by the end of 2006.</td>
<td>- Official statistics of TCA</td>
</tr>
</tbody>
</table>

**Project Purposes:**

| Assumptions & Risks: |
|-------------------|-------------------------|-------------------------|
| 1. To modify and improve the current Turkish Customs Integrated IT system (BILGE) in order to include the functionality and interfaces required for the accession of Turkey to the EU (mainly CCN/CSI, NCTS and ITMS); | 1. Systems (CCN/CSI, NCTS and ITMS) are operational and functional by the end of 2006. | 1, 2, 3 and 4. Turkey remains on schedule to meet its target date for EU membership. |
| 2. To establish effective Customs control mechanisms in order to reduce and accelerate formalities and procedures for legal trade while preventing illegal cross border activities; | 2. At least 30 % increase in the number of prevented penetrations of the Customs bordergates by the end of 2006. | 1, 2, 3 & 4. The government remains committed to develop the infrastructure of border/gates. |
| 3. To furnish new Customs regional laboratories, equip the regional laboratory in Istanbul with the necessary instruments and equipment for the efficient analysis of goods for classification purposes and train technical staff in | 3. The regional laboratory in Istanbul furnished and equipped with all the instruments and equipment by the end of 2006. | 1, 2, 3 & 4. Adequate financial resources available. |
| the use, maintenance etc. of laboratory instruments and equipment;  
| 4. To create a centralised Customs archive facility, equipped with all necessary archiving equipment, machinery, computer hardware and software and other related instrumentation, and train the relevant staff members in archiving techniques, procedures and use of the IT applications implemented. | 2006.  
| 4. Archive facility is ready including location, building, workspaces and equipment by the end of 2006. | meeting minutes  
| BILGE system documentation  
| Project methodology adopted  
<p>| PAA’s verification reports | 1,2,3 &amp; 4. Senior management of Undersecretariat for Customs remain committed to the project. |</p>
<table>
<thead>
<tr>
<th>Anticipated Results:</th>
<th>Indicators of Achievement:</th>
<th>Assumptions &amp; Risks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Network and relevant applications platforms of the Turkish Undersecretary of Customs connected to the two CCN/CSI gateways (production and backup) which allow data exchange between the TCA and the other EU Member States or the European Commission (including 3 years of maintenance, operational support and telecommunication costs).</td>
<td>1. Existing systems analysed</td>
<td>1. 2, 3 and 4. That the Turkish Government will provide 25% of co-financing of the investment support.</td>
</tr>
<tr>
<td>1. Additional communication equipment procured and installed (firewalls, etc. …).</td>
<td>1. Technical pre-study developed, quality reviewed and approved by the Project Steering Committee (PSC).</td>
<td>1.2, 3 and 4. That adequate resources will be timely available.</td>
</tr>
<tr>
<td>1. TCA staff trained to operate the CCN/CSI gateways.</td>
<td>1. User Requirements quality reviewed and approved.</td>
<td>2. That necessary legislative infrastructure enabling the establishment of Department of Risk Management.</td>
</tr>
<tr>
<td>The TCA strategy is to setup a formal ITMS project environment to achieve Interoperability with TARIC and the tariff related systems (TQS, EBTI, ISPP, SMS and ECICS). The first phase of the ITMS project, the only one concerned by this project fiche, will provide the following deliverables:</td>
<td>1. PID developed, quality reviewed and accepted by the project Steering Committee</td>
<td>2. Customs and enforcement officers are sufficiently trained to use new equipment.</td>
</tr>
<tr>
<td>1. Technical pre-study report (including the User Requirements);</td>
<td>1. Functional and Technical Specifications quality reviewed and approved.</td>
<td>2. That sufficient financial resources will be allocated by the Turkish government to equip the provincial personnel with necessary equipment.</td>
</tr>
<tr>
<td>1. Functional and Technical Specifications;</td>
<td>2. Risk units at central and regional level (18 teams) established by the end of 2006.</td>
<td>2. That the Project Management Group has adequate expert staff.</td>
</tr>
<tr>
<td>1. Project Initiation Document defined and approved for the development phase.</td>
<td>2. Mobil teams increased by at least 50% by the end of 2006.</td>
<td>2. That senior management of TCA will give appropriate priority to the establishment of operational systems and specialized units.</td>
</tr>
<tr>
<td>1. Technical strategy of TCA IT department to reach the objectives specified by the Customs Administration well defined;</td>
<td>2. Inspection rate increased %30 owing to accelerated search by the end of 2006.</td>
<td>2. That specialized units at all levels will be stable.</td>
</tr>
<tr>
<td>1. The web-based future developments strategy is fully defined (using state-of-the-art IT technologies): - Hardware architecture; - Software architecture; - Development tools (Java, …). - BILGE web server procured and installed;</td>
<td>2. 100 personnel trained and developed in key skill areas by the end of 2006.</td>
<td>2. That relevant trainees will fully participate.</td>
</tr>
<tr>
<td>That the regional laboratory in Istanbul designed by the end of 2005, furnished 1, 2, 3 and 4.</td>
<td>2. Integrated customs enforcement system is operational by the end of 2006.</td>
<td>3. This project is the first phase of a comprehensive customs laboratory modernisation programme, to be implemented</td>
</tr>
<tr>
<td>1, 2, 3 and 4. That the Turkish Government will provide 25% of co-financing of the investment support.</td>
<td>2. 25 X-ray operators completed the training performed by suppliers by the end of 2006.</td>
<td>2. That the Project Management Group has adequate expert staff.</td>
</tr>
<tr>
<td>1.2, 3 and 4. That adequate resources will be timely available.</td>
<td>2. 30% of naval trafficking recordable by the Vessels softwares by the end of 2006.</td>
<td>2. That senior management of TCA will give appropriate priority to the establishment of operational systems and specialized units.</td>
</tr>
<tr>
<td>2. That necessary legislative infrastructure enabling the establishment of Department of Risk Management.</td>
<td>3. The regional laboratory in Istanbul designed by the end of 2005, furnished</td>
<td>2. That specialized units at all levels will be stable.</td>
</tr>
<tr>
<td>2. Customs and enforcement officers are sufficiently trained to use new equipment.</td>
<td>3. That the Project Management Group has adequate expert staff.</td>
<td>2. That relevant trainees will fully participate.</td>
</tr>
<tr>
<td>2. That sufficient financial resources will be allocated by the Turkish government to equip the provincial personnel with necessary equipment.</td>
<td>3. This project is the first phase of a comprehensive customs laboratory modernisation programme, to be implemented</td>
<td>2. That senior management of TCA will give appropriate priority to the establishment of operational systems and specialized units.</td>
</tr>
</tbody>
</table>
- TCA IT staff trained on the selected tools.
1. Analysis, development and implementation support provided by a “Light Twinning” partner;
1. BILGE system modified to include an NCTS compatible Transit module allowing national and possibly international transit operations in accordance to the Common Transit Convention (CTC);
1. Development & production platforms procured and installed;
1. NCTS fully compatible transit module (conformance tests successfully performed) deployed and in operation for the national transit movements.

2. Risk based inspection mechanism further enhanced;
2. Central and provincial personnel well trained on risk analysis, profiling, selectivity and risk management as a whole;
2. Clearance process accelerated through better targeting of high risk cargo.
2. Customs enforcement officers specialized on several topics (narcotics, intelligence ..etc);
2. Smuggling attempts more easily detected;
2. Smuggling attempts more rapidly intervened;
2. Mobility capacity needed during the smuggling cases increased;
2. Patrol services within the customs area more efficiently performed.
2. Increased work productivity by minimizing lost time for traders and Customs personnel owing to accelerated search procedures;
2. Spoilage of the loads of refrigerated TIRs and containers prevented;

and equipped with all the instruments and equipment by the end of 2006.
3. Clear written rules and procedures are set out and effectively applied for laboratory management actions by the end of 2006.
3. Majority of technical staff (experts and assistant experts) received training by the end of 2006.

4. Construction of Archiving Facility constructed by the end of 2005 and Archiving Equipment (i.e. a shelving system, document handling and stacking instruments and etc) delivered by the end of 2006.
4. Document Tracking system is fully operational by the end of 2006.

over the next three/five years.
2. Customs inspection rates harmonized with EU standards. The full operation of relocatable X-ray systems installed at border crossing points will improve the quality and quantity of the detailed physical inspection of consignments. All vehicles identified to be high risky by X-ray inspection procedures and risk analysis methods will be subject to detailed inspection.

2. X-ray inspection systems delivered;
2. Adequately trained staff of TCA who are responsible for supplied X-ray inspection equipment.
2. All the sea operations of customs law enforcement units in the customs area effectively recorded and tracked;
2. The data in the software or applications efficiently analyzed and operational risk assessments at regional level better achieved;
2. The control over the naval vessels enhanced;
2. The personnel in charge of data entry and search well trained.

3. Customs Regional and central laboratories furnished according to customs legislation and strategies;
3. Customs Regional laboratory, Istanbul, equipped with general and specific analytical equipment according to national legislation needs;
3. Customs Regional laboratory, Istanbul, equipped with scientific, analytical and technical literature as appropriate;
3. Laboratory staff able to conduct reliable analysis which will assist in determining accurate tariff positions and controlling goods more effectively. TCA capacity to fight against smuggling and drug trafficking enhanced.
3. Written guidance in place for customs and laboratory staff in respect of laboratory analysis, safe disposal of samples in accordance with environmental protection
measures, and return of non-destroyed samples to customers.

3. Laboratory personnel appropriately qualified according to the specific needs of the work.

4. Centralised archiving and storage of Customs declarations, documents (e.g. documents processed at different Customs Administrations that are subject to Deferred Checks and documents or instruments generated by other functional units of the Undersecretariat) etc., supported by a network of computers using a state-of-the-art archiving system;

4. Installation of a computer supported document tracking system to ensure prompt delivery of Customs documents purporting to matters referred to Courts of Jurisdiction to these Courts in line with investigations carried out at Undersecretariat level and assure their physical returning after use;

4. Minimal risk of faults in separation and destruction of documents whose storage times have expired and thus are to be destroyed.

4. Separate tracing and archiving of documents for which the need for long term storage exists.

4. Introduction of electronic or digital copies of documents to eliminate unnecessary paper loads as well as constraints faced in transportation of large quantities of documents. Additional automated controls, on a monthly basis, to ensure all documents required to be transferred for archiving in Ankara are duly received and accounted for thereby ensuring consistency between the quantities of batches processed by all customs administrations and those physically arriving at the Headquarters in Ankara, while eliminating any unnecessary procedures.

4. Due addressing of the concurrent needs for location and following up of which declarations to be associated with tax
redemption efforts for which reasons (i.e. tariffs, assets and etc.)

4. Making it possible to perform at any given time, digital data transfers and analysis of declarations and their accompanying documents already held in archives.

<table>
<thead>
<tr>
<th>Activities:</th>
<th>Inputs</th>
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<tbody>
<tr>
<td>1. Pre-study;</td>
<td>1. Service contract – CCN, CSI</td>
</tr>
<tr>
<td>1. Preparation of the deployment;</td>
<td>1. Service contract- development</td>
</tr>
<tr>
<td>1. Procurement of the hardware, software and services (installation, configuration, tests, operation, helpdesk, maintenance, …) from the two contractors selected by DG TAXUD;</td>
<td>1. Supply contract- equipment</td>
</tr>
<tr>
<td>1. Staff training.</td>
<td>1. Twinning Light- NCTS, ITMS</td>
</tr>
</tbody>
</table>

This sub-component will provide an analysis of the current situation, identify system development options and propose appropriate technical solutions for the implementation of the ITMS sub-systems.

Pre-study which includes:
1. User Requirements;
1. Comparison of the BILGE and ITMS systems (data models, functions, …);
1. Description the options and their various implications;
1. Description of the selected solution.
1. Functional and Technical Specifications;
1. Project Initiation Document for the development phase. Subsequent activities, not concerned by this project fiche, will include systems development, hardware procurement, user training and system implementation for all users.
1. Definition of the high-level strategy allowing TCA IT department to reach the objectives specified by the TCA;
1. Service contract – risk based control mechanism.
1. Work contract – Search sheds

Subsequent activities, not concerned by this project fiche, will include systems development, hardware procurement, user training and system implementation for all users.

1. Description of the current situation;
1. Description of the possible technical options and their various implications (technical, functional, financial, organisational, …);

*Definition of the web-based future developments strategy (using state-of-the-art IT technologies)*;
1. Hardware architecture;
1. Software architecture;
1. Development tools (Java, …);
1. Procurement and installation of the BILGE web server, including the development tools (Java, …);
1. Training on the selected tools;
1. Definition of the TCA IT strategy for the future web-based developments.

1. Analysis, development and implementation support to be given by a “Light Twinning” partner:
   1. Organisation of seminars, training and information sessions with the relevant Countries (in the Countries and/or in Turkey) as required by TCA User Requirements;
1. Continuous management support and advice.

*Pre-study which includes:*
1. Comparison of the BILGE and NCTS transit modules (data models, functions, …);
1. Description the options and their various implications;
1. Description of the selected solution;
1. Project Initiation Document.

1. Functional (compatible FTSS) and Technical (compatible DDNTA) Specifications;
1. Procurement and installation of the development platform (hardware, system software, RDBMS software, EDI-XML translator, …);
1. Modification of the BILGE system to include an NCTS
compatible Transit module;

1. Procurement and installation of the production platform (hardware, system software, RDBMS software, EDI-XML translator, …);

1. Successful processing of the national tests (Mode-0);

1. Successful processing of the pre-conformance and conformance tests;

1. Definition and implementation of the training strategy;

1. Deployment of the TCA NCTS fully compatible transit module in all transit offices;

1. Support in place for the operation of the TCA NCTS transit module for the national transit movements.

2. To assess the existing situation (by the help of consultancy service);

2. To gather all the risk analysis activities performed by the various units of Undersecretariat for Customs under a single Unit, namely Department of Risk Management (Annex 5);

2. To establish Risk Teams under the regional Customs Units;

2. To arrange training workshops and seminars for the personnel about risk analysis, profiling, selectivity and risk management as a whole;

2. To reorganize the “Smuggling, Intelligence and Narcotic” units;

2. To assign the personnel to the Smuggling, Intelligence and Narcotic” units;

2. To support the “Smuggling, Intelligence and Narcotic” units with necessary equipments;

2. To arrange mobile teams in the Smuggling, Intelligence and Narcotic” units of Regional Directorates;

2. To equip the mobile teams with the necessary
surveillance systems;
2. To train the officers in the “Smuggling, Intelligence and Narcotic” units and mobile teams on surveillance and intelligence topics.

2. To construct the search sheds with cold storage facilities at the land border/gates and sea ports where refrigerated TIR/Container transportation is common. Within this context, to equip Ambarlı (Istanbul), Alsancak (İzmir), Mersin seaport and Gürbulak (Iran border) land border/gate (where only cold storage installation is required) with search sheds with cold storage facilities.

2. To train technically the personnel who will work in these sheds.

2. To purchase 4 relocatable X-ray inspection systems, including car transport system, relevant software, documentation, installation and putting into operation for Gürbulak (Iran) land border/gate, Mersin seaport, Alsancak (İzmir) seaport and Haydarpaşa (İstanbul) seaport. For ease of relocation, the control system should be housed in an office container.

2. Training on the use of the system and on inspection procedures will also have to be provided (€ 12 Million – including Turkish co-financing).

2. To develop a software program, which enables risk analysis, to be able to track all the sea operations of customs enforcement (recording the questionnaire form, bill of lading, original manifest, fuel and chandler transactions form, transit log, crew list, and fixture list) and all the naval vessels (roll-on roll-off ships, ferries, yachts, fishing vessels...).

2. To develop a software program to be able to track all the containers (Undersecretariat for Customs have vehicle pursuit programmes but do not have a container tracking programme).

2. To extend the use of the vessels and containers tracking
programs to three customs ports (pilot implementation) where naval traffic is heavy.

3. Furnishing regional and central customs laboratories.
3. Installation of general and specific analytical equipment at the regional customs laboratory, Istanbul.
3. Developing and conducting training programmes to meet the specific needs of laboratory personnel.
3. Development of management policies and working methods in line with EU best practice.
3. Development of training programmes for the continuous professional development of laboratory staff to maximise the effectiveness of laboratory operations.

4. Construction of centralised Archive location, building and work spaces plus procurement of archiving equipment (i.e. a shelving system, document handling and stacking instruments etc.);
4. Installation of archiving equipment (i.e. a shelving system, document handling and stacking instruments etc.);
4. Procurement and installation of office equipment;
4. Procurement and installation of computer system, hardware and software (i.e. Servers, PCs, printers, data and power lines etc.)
4. Procurement of other equipment (small trucks to handle the documents, personnel transporters, phone switches etc.).

**Pre-conditions**

1, 2, 3 and 4. EU financing to this project is conditional upon national co-financing being ensured.
1, 2, 3 and 4. Components of the project are conditional to the approval of Action Plans for the improvement of Customs Border Posts, Customs Laboratories and Archive facilities in Turkey by the relevant govt. Ministries. Under these components the TCA will, following delivery, conduct evaluation and testing of all buildings, instruments and equipment prior to acceptance. Asset registers will be maintained by TCA for all equipment.
procured through the project.

1. A very good and close collaboration between the study team and the stakeholders in the TCA (IT department, tariff, NCTS, BTI departments, ...);

1,2,3 and 4. The support of the high level hierarchy of the TCA.

1. A Project Quality Plan (PQP) will be established between TCA and the contractors from the outset of the project. The purpose of a Project Quality Plan is the description of the measures to be taken to meet the quality and technical requirements of the user.

1, 2, 3 and 4. Others conditions for success of the overall project are the smooth evolution from study to the next phases of the project (e.g. system development, construction, procurement, delivery etc.) and good close liaison maintained by the relevant Secretariats throughout the Project.

1, 2, 3 and 4. Continued support to the EU for the accession of Turkey
Annex 2: Detailed Implementation Chart

Design | Tendering and contracting | Implementation and Payments

### 1. Customs IT systems component

<table>
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<th>2005</th>
<th>2006</th>
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</table>

1. Service contracts (CCN/CSI)
2. Supply contract (computers)
3. Service contract (developments)
4. Twinning Light (NCTS, ITMS)

### 2. Customs Enforcement component

<table>
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<tr>
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<th>2005</th>
<th>2006</th>
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<td>9.</td>
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</tbody>
</table>

5. Service contract (control mec.)
6. Supply contract (eqpt)
7. Service contract (software)
8. Supply contract (x-ray)
9. Work contract (sheds)

### 3. Customs Laboratories component

<table>
<thead>
<tr>
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<th>2005</th>
<th>2006</th>
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<td>10.</td>
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<td>11.</td>
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10. Supply contract (furn.)
11. Supply contract (eqp&.tra.)

### 4. Customs Archive component

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
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<td>12.5</td>
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</table>

12.1 Work contract (construction)
12.2 Supply contract (archives eqpt)
12.3 Supply contract (office eqpt)
12.4 Supply contract (computer)
12.5 Supply contract (others)
### Annex 3: Commitment and Disbursement Schedule EU support (€)

<table>
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<tr>
<td>1. Service contracts (CCN/CSI)</td>
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<td>2. Supply contract (computers)</td>
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<td>3,031,875</td>
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<td>3. Service contract (developments)</td>
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<td>3,400,000</td>
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<td>4. Twinning Light (NCTS, ITMS)</td>
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<td><strong>Enforcement Component</strong></td>
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