

Standard Summary Project Fiche

1. Basic Information

1.1. CRIS Number: **2003/004-979-08-01**

Twinning Number: LV/2003/IB/FI-01

1.2. Title: **Integrated Tariff Management System (ITMS) and Risk Assessment**

1.3. Sector : Customs Union

Location : The National Customs Board of the State Revenue Service under the Ministry of Finance

2. Objectives

2.1. Overall Objective

The further refinement and enhancement of the tariff and tariff related systems into an integrated system.

2.2. Project Purpose

- To complete the implementation of TARIC, Quota and Surveillance systems
- To implement other tariff related data systems - European Binding Tariff Information (EBTI), Specimen Management System (SMS), Information System for Processing Procedures (ISPP), European Customs Inventory of Chemical Procedures (ECICS)
- To develop risk analysis system based on the latest procedures and techniques available

2.3. Accession Partnership and NPAA Priorities

Considering the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Latvia in the section covering the Customs Union:

In need of particularly urgent action: accelerate the implementation of the IT strategy of the Latvian Customs Administration. Develop IT systems so as to allow for the exchange of computerised data between the EC and Latvia.

In the European Commission's Regular Report 2002: on Latvia's progress towards accession it is stressed that in the area of Customs Union, Latvia has achieved a certain degree of alignment. Administrative capacities seem to be in place since August 2002. However, further efforts remain to be made in strengthening inter-agency co-operation and in enforcing existing provisions on fraud, intellectual property rights and anti-corruption. Particular efforts are necessary to ensure the development of adequate information technology systems so as to allow the exchange of data with the EC and its Member States.

National Programme for the Adoption of the Acquis

With respect to computerisation, the National Programme for the Adoption of the Acquis for the period in question foresees the medium term Customs priorities and objectives as the development of an Integrated Customs Information System, which ensures interconnectivity of its national systems with the EU systems and reinforces the administrative and operational capacity of the administration:

- LS-002 (Modernisation of State Revenue Service) 2.3.: Improvement of efficiency of customs control and elimination of the corruption risks in customs.
- LS-002 (Modernisation of State Revenue Service) 2.4.: Development of the SRS IT system.

3. Description

3.1. Background and Justification

In order to complete preparations for membership, the Latvian Customs Administration is focusing on completing the alignment with the EC customs legislation, and ensuring full interconnectivity of its national systems with the EC customs information technology systems.

The relevant Community Acquis with which Latvia has to comply with by the time of accession is the following:

Council Regulation (EEC) No 2658/87 of 23 July 1987 On the Tariff and Statistical Nomenclature and on the Common Customs Tariff.

Latvian Customs have already taken various measures to comply with the above-mentioned tasks. Many of the measures are implemented within the Phare 2002 project. However, the problem is that there are still activities to be implemented in order to reach the requested tasks. Therefore, the Latvian Customs Administration is continuing development, enhancement and integration of IT systems that will allow both the computerised data exchange between the EC and Latvia, and facilitate computerised customs processing.

With the help of the Phare 2003 project the following measures will be taken:

Integrated Tariff Management System (ITMS)

The Integrated Tariff Management Systems will be grouped into the basic accession essential systems (TARIC, QUOTA and Surveillance), and the other tariff related systems. The ITMS (sub) systems, which will be further enhanced include: European Binding Tariff Information (EBTI), Specimen Management System (SMS), Information System for Processing Procedures (ISPP), European Customs Inventory of Chemical Procedures (ECICS). Technical solutions will include: system to system interfaces, web applications, electronic documents (digital signature) and an Internet customs declaration system.

Under the Phare 2002, sub-component 'Development of EU compatible Customs Computer based systems' the accession essential interconnectivity elements, notably a basic Master Tariff System compatible with EU TARIC, a QUOTA and a Surveillance system are to be implemented, and the remaining tariff related systems (EBTI, ECICS, ISPP, and SMS) will be developed initially using web light-client solutions which will require minimal technical assistance and support.

The further refinement and enhancement of the tariff and related systems into an integrated system will be continued under the Phare 2003 programme.

The TARIC, QUOTA and Surveillance activities to be completed within Phare 2003 project are:

- to review the national systems functionality;
- to further clarify the requirements of EU legislation covered by the TARIC, QUOTA and Surveillance system to the users in the Latvian Customs Administration.

For the other tariff related systems, several activities are planned within Phare 2003 project which may be grouped under the following steps I and II.

Step I:

- Analysis of which tariff related systems (light client solutions) should be introduced in the Latvian Customs will commence under the Phare 2002 project (twining covenant 2). The analysis activities associated with the refinement, enhancement and integration of these systems is to be continued under Phare 2003. This analysis will cover the Latvian Customs organisational structure requirements to implement and maintain the systems, the knowledge and subsequent training of the Latvian Customs experts concerning the systems, and the resources available and required within the administration.
- The preparation of documents for the tender of the software development.

Step II:

- Development of software for the tariff related systems identified by step I as requiring further development (this should be done after the actions specified in step I).

Risk analysis

The methodology and supporting technology for the management and profiling of customs risks and the procedure for the selection and application of customs risk factors during customs clearance is to be further enhanced based on the construction of risk factors and selection methods.

For the purposes of control, the Latvian Customs Administration, in an effort to intensify the battle against smuggling and violation of customs laws, is seeking to introduce up-to-date control technologies founded on the basis of sufficient powers to carry out prevention of violations and to perform investigations, and on risk analysis using modern technical means. This approach requires the introduction of a computerised system to facilitate the introduction of trader based risk assessment and control, over and above those implemented at the transaction level (e.g. declaration processing selection parameters). The original risk analysis system, TIMS, (Trader Information Management System) has now been replaced by a bespoke system: Customs Management Information System (CMIS). Risk analysis development is to cover ex-post controls and the refinement and integration of the CMIS system into the ITMS and Transit structures.

Development of both systems (ITMS and Risk analysis) will require the amalgamation of skills generally only available in the Customs sectors of existing Member States with up to date technical IT skills generally only available in the private sector.

During elaboration of project it was investigated that there are no NGOs acting in the sector, therefore no NGO's have been consulted during the programming of the project.

3.2. Linked Activities

Phare 2002 “Customs Business Strategy and Customs data systems” – 5.4 MEUR

The first component of the project will address implementation of Latvian Customs Business Strategy in the fields of administration of EU traditional own resources, administration of Common Agriculture Policy, improvement of controls of EU external border and Compliance and Partnership between Customs and Trade.

The second component of the project envisages the development of Latvian Customs IT systems so as to ensure the interconnectivity between Latvian and EU customs data systems (Master Tariff System (MTS) compatible with EU TARIC and other tariff related databases EBTI, QUOTA, Surveillance, ECICS, ORNET/BOI, ISPP, SMS; Computerized Transit Control System (CTCS) compatible with EU NCTS) and to allow for the exchange of electronic data between the EC and Latvia.

The project will not overlap with the proposed one, since it is dedicated to provide the interoperability between the Latvian and the EU Customs IT systems. But the conception of “e-customs” envisages the on-line link between customs administration and operators. The next prospective could be the ensurance of link on a regional level – between Latvia, Lithuania and Estonia having all the ASYCUDA system.

PHARE 2001 “Inspection infrastructure at seaports and railroad border crossings” – 9,505 MEUR

The aim of this project is to ensure proper functioning of customs, veterinary and phytosanitary controls at future EU external borders on railroad and seaport border crossing points. Border control points envisaged for upgrading according to the EU requirements will be selected taking into the account the flow of consignments subject to control during the previous years, as well as economic, commercial, geographical and political aspects. It will provide stable basis for further improvement of the quality of control, decrease border-crossing time and improve working conditions, as well provide stable environment for effective application of customs control equipment in the framework of PHARE 2001 project "Institutional strengthening of Tax and Customs Administrations".

PHARE 2000 “Development of integrated Latvian border management and infrastructure” – 3,16 MEUR

As a result of this project border control and guarding process in line with EU standards will be established and a strategy to co-ordinate border services (customs, police, border guards, navy, immigration police and sanitary border inspection) will be elaborated. Within the Twinning component of the project functions and activities of all institutions involved in border control and guarding will be defined by development and practical implementation of integrated border management strategy, existing border control standards will be harmonised and new ones adopted, co-operation mechanisms will be improved, common border control action plan implemented, unified planning of necessary resources for all institutions involved in border control and guarding and development of needs assessment plan, training of top-level managers and operational staff.

PHARE 1999 project "Strengthening of tax administration: institutional strengthening/development of human resources and development of tax audit management system" – 2,00 MEUR

Project consists of following components:

1. Computer based training;
2. Supply of training equipment;
3. Consultations on human resources development management (twinning);
4. Development of computerised audit selection system.

MCP III project (Eurocustoms)

In the framework of this project visit of Austrian Tariff Expert was organised and it was a considerable assistance to the Latvian National Customs Board in understanding the TARIC and the impact of its implementation on the declaration processing system.

The bilateral co-operation program of Denmark and Latvia for the period 1997-2000, 1,89 MDKK

During the years 1997-2000 under the aforementioned co-operation program training seminars has been organised by specialists of Denmark's customs and tax administration, study visits have been organised and reports and suggestions were submitted on the following main issues:

- The development of a tax manual.
- Seminar on the EU Customs Code.
- Audit Customs Payment System.
- Seminar on the SRS communications strategy.
- Introduction of the Denmark's performance measuring system (REKS) and its application on a regional level.
- General information about the EU related systems.

Now the negotiations about the possible continuation of the co-operation program for the years 2001-2002 are carried out.

The SRS Modernisation project for 1998-2002 (developed in 1998 in co-operation with experts of the International reconstruction and development bank) - 5,00 MUSD loan

The reorganisation of the organisational structure of the SRS, optimally re-allocating the functions performed by the SRS, changing the currently existing two-level structure into a three-level structure is included in the framework of the SRS Modernisation project. Such a three-level structure is functioning in 2 SRS regions since April 22, 1999.

To improve the services to taxpayers and customs clients, the client service halls are developed in the SRS territorial offices. On January 1, 2001, in total 21 client service hall was functioning in the regional centres and villages of Latvia. In the years 2001 and 2002 the SRS will continue the development of regional client service halls in all the country.

Parallel to these activities a model of the SRS structure changes is being developed – the transfer of the SRS current "function oriented" structure to a new "process-oriented" structure.

The SRS investment project "The IT of state revenue and customs policy implementation" 1997 -2003 years - 29,04 MEUR

The new Tax information system has been developed and introduced in all the SRS territorial offices under the project's framework. Activities for the development of the remaining functions are implemented in accordance with plans. The Tax information system includes electronic exchange of information in on-line regime with registers of state importance (Enterprise register, Citizens' register, State Social Insurance Agency, State Treasury).

3.3. Results

Guaranteed twinning results:

- Integrated Tariff Management system, which covers all the tariff and tariff related systems - developed, released operationally, and maintained by the Latvian Customs Administration;
- Working practices, procedures and organisational framework established, allowing systems to operate according to the set standards;
- The users of the TARIC, QUOTA, Surveillance and other tariff related systems fully understand the requirements of the related legislation.
- The production/adaptation, testing and delivery of an application software system in order to base customs controls on common risk parameters, timely information on new risks and serve as a basis for the simplification of customs formalities made, in order to:
 - fulfil the selection of economic entities for inspection of their activities more expeditiously and qualitatively;
 - create a new methodology according to the nature of inspection and defined risk; and,
 - reduce time expenditure necessary for the proceeding of risk analysis;

Service results:

- The implementation of the ITMS finalised;
- Trader based risk management system developed and implemented;
- Newly developed systems integrated into the existing environment of the Latvian Customs IT systems.

3.4. Activities

Twinning

- Reviewing operations of the National Customs Board in the area of tariff related developments;
- Analysing the refinement, enhancement and integration of tariff related systems. Analysis will cover the Latvian Customs organisational structure requirements to implement and maintain the systems, the knowledge and subsequent training of the Latvian Customs experts concerning the systems, and the resources available and required within the administration;
- Elaborating Integrated Tariff Management system that covers all the tariff and tariff related systems;
- Developing software for tariff related systems;
- Elaborating methodology and supporting technology for management and profiling of customs risks;
- Developing risk analysis covering ex-post controls and the refinement and integration of the Latvian Customs - Customs Management Information System (CMIS) project into the ITMS and Transit structures;
- Enhancing procedures for the selection and application of customs risk factors during customs clearance, basing on the construction of risk factors and selection methods;
- Designing necessary IT systems (preparation of terms of reference and technical specifications for the service contract of the project);
- Introducing computerised system to facilitate the introduction of trader based risk assessment and control (e.g. declaration processing selection parameters);
- Elaborating production/adaptation, testing and delivery of an application software system in order to base customs controls on common risk parameters, timely information on new risks and serve as a basis for the simplification of customs formalities in order to:
 - fulfil the selection of economic entities for inspection of their activities more expeditiously and qualitatively;
 - create new methodology according to the nature of inspection and defined risk;
 - reduce time expenditure necessary for the proceeding of risk analysis.
- Implementing internet access to customs declaration processing system;
- Establishing working practices, procedures and organisational framework, allowing systems to operate in such a manner as to fulfil EU requirements;
- Implementing universal and widespread quality evaluation system for trade based on customs audit;
- Analysing situation regarding legal framework and elaborating amendments for changes in legislation;
- Analysing training needs, developing of training scheme, providing training;

Service:

- Finalising the implementation of the ITMS;
- Developing and implementing trader based risk management software system;
- Integrating the newly developed systems into the existing environment of the Latvian Customs IT systems.

Means/inputs

The Twinning inputs will be delivered by:

- PAA who will also be responsible for the co-ordination (duration: 18 m/m).

For Risk Management & ITMS:

- Long Term Experts (LTAs) - providing a total of 40 person/months assistance;
- Short Term Experts (STAs) - providing a total of 16 person/months assistance

The tasks of the experts will be:

- Implementation of the computerised customs risk analysis system (2 long-term experts, each for 12 person/months)
- Implementation of the computerised customs risk analysis system (2 short-term experts, each 4 person/months)
- Refinement of the TARIC, QUOTA and Surveillance systems: The TARIC, QUOTA and Surveillance systems activities will include:
 - Testing systems functionality and preparation of recommendations for improvements (1 short-term expert, 4 person/months);
 - Clarification of the requirements of EU legislation covered by the TARIC, QUOTA and Surveillance system to the users in the Latvian Customs Administration (1 short-term expert, 4 person/months);
- Enhancement activities associated with the other tariff related systems (2 long-term experts – 8 person/months each, working in parallel). Enhancement of the other tariff related systems activities will include:
 - The needs analysis in the Latvian Customs Administration;
 - The preparation of documents for the tender for the software development.
- One study visit is foreseen to appreciate a typical risk analysis system in operation within a Members State. Eight officials from the Latvian National Customs Board will participate in a visit.
- 2 study visits to Member States are foreseen to become acquainted with the tariff-related systems. Eight officials from the Latvian National Customs Board will participate in each visit.

Profile of Long Term Experts for the risk analyses system:

- At least 7 years work in Customs;
- At least 5 years experience working with the relevant system in a Member State;
- Knowledge and experience of information technology and relevant tools;
- Fluency in English.

Profile of Short Term Experts for ITMS:

- At least 7 years work in a MS Customs administration;
- At least 5 years experience working with the relevant EU Tariff related systems;
- Working knowledge of information technology and relevant tools (at least for 2 experts);
- Fluency in English.

Profile of Long Term Experts for ITMS:

- At least 7 years work in a MS Customs administration;
- At least 5 years experience working with the relevant EU Tariff related systems;
- Working knowledge of information technology and relevant tools (at least for 2 experts);
- Fluency in English.

Profile of Short Term Experts for the risk analyses system

- At least 7 years working in a MS Customs administration;
- At least 5 years experience working with the relevant system in a Member State;
- Working knowledge of information technology and relevant tools (at least for 2 experts);
- Fluency in English.

Profile of Pre-Accession Advisor

The PAA will:

- Review operations of the Customs Department in the area of risk management within Latvian Customs Administration competency and preparation of a migration strategy to a computerised environment;
- Analyse training needs, develop training scheme;
- Coordinate work of short term experts as to the design of necessary IT systems (preparation of terms of reference and technical specifications for the service contracts);
- Organise and co-ordinate work of short term experts, as well as seminars and study visits;
- Submit reports and proposals in the fields covered by Twinning Covenant;
- Participate in activities of short term experts;
- Submit regular reports about implementation of the Twinning Covenant.

The successful applicant will be expected to have the following profile:

- At least 7 years project management expertise;
- At least 7 years work in a MS Customs administration;
- Ability to write concise reports in English;
- Relevant experience of working with the EU Tariff related systems.

Services

- Development and implementation of a trader based risk management system, finalising the implementation of the ITMS.
- Integration of the newly developed systems into the existing environment of the Latvian Customs IT systems.

Inputs:

Service contract 1 – development of trader based risk management system – will cover following activities:

1. Start-up phase

- Production of Project Quality Plan (PQP)
- Training of the Project Team members
- Definition and installation of system configuration for analysis and development environments

2. System specification phase

- Production of functional specification
- Review Training/Information Strategy
- Review the Data Building, Converting, Translating Strategy
- Review the testing strategy

3. Design phase

- Produce the technical specification
- Produce the tests plans
- Produce the training specification

4. Building and testing phase

- Install the testing, training and production environments
- Production of the programs specifications
- Build and comment programs and procedures
- Execute the tests
- Produce the system manuals
- Develop training material

5. Running and maintenance phase

- Execution of Acceptance tests
- Execution of conversation/translation
- Provision of training
- Reception of the system

Inputs of the Contractor:

Contractor's Project Leader – 18 person/months

Contractor's Technical manager - 18 person/months

Contractor's Quality Manager – 18 person/months

2 Analysts – 18 person/months each

DBA – 18 person/months

System engineer – 18 person/months

3 developers – 18 person/months each

Service contract 2 – further development of ITMS systems – will cover following activities:

1. Start-up phase

- Production of Project Quality Plan (PQP)
- Training of the Project Team members
- Definition and installation of system configuration for analysis and development environments

2. System specification phase

- Production of functional specification
- Review Training/Information Strategy
- Review the Data Building, Converting, Translating Strategy
- Review the testing strategy
- Design phase
- Produce the technical specification
- Produce the tests plans
- Produce the training specification

4. Building and testing phase

- Install the testing, training and production environments
- Production of the programs specifications
- Build and comment programs and procedures
- Execute the tests
- Produce the system manuals
- Develop training material

5. Running and maintenance phase

- execution of Acceptance tests
- execution of conversation/translation
- provision of training
- reception of the system

Inputs of the Contractor:

Contractor's Project Leader – 24 person/months

Contractor's Technical manager - 24 person/months

Contractor's Quality Manager – 24 person/months

2 Analysts – 24 person/months each

DBA – 24 person/months

System engineer – 24 person/months

3 developers – 24 person/months each

3.5. Lessons learned

During the implementation of the previous Phare projects it was realised, that it is essential the Latvian Customs Administration has sufficient manpower resources to implement and maintain all the actions foreseen within the interconnectivity programme. Therefore sufficient Project resources (IT and User) should be assigned to the relevant tasks and activities.

4. Institutional Framework

The Project will be implemented within the National Customs Board of the State Revenue Service acting under the Ministry of Finance. This is a system development project, and technical assistance is required to develop legislation, policy, protocols, procedures, and the actual systems design. The National Customs Board has undertaken to bear all costs associated with the procurement of any necessary hardware, whilst PHARE will cover the cost of training, analysis and system development through the purchase of intangible supplies and services.

The main institution involved in the project is the State Revenue Service (SRS) National Customs Board (NCB). During the implementation of the project close co-operation will be assured with SRS IT Board, SRS International Relations Division and other structural units of SRS. EC DG TAXUD will also be consulted during development of the project. Ministry of Finance and other institutions will also be involved, if necessary.

The National Customs Board falls within the domain of the Ministry of Finance. The responsibility of the Customs Service of Latvia is protection of state economy, domestic market and society by controlling the movement of prohibited goods across the border of the Republic of Latvia. Besides that, Customs Service is responsible for the publication of foreign trade and of customs statistics.

The structure of the SRS National Customs Board comprises 11 divisions. The regional Customs offices are part of regional SRS offices.

SRS will be owner of the entire asset after project completion.

For the implementation of this project a Project Steering Committee (PSC), comprising senior representatives of the Latvian Customs key departments and SRS IT Department will be set up, in charge with the monitoring, supervision and co-ordination of the overall progress and implementation of the project. The PSC will provide guidance for the different components of the project, will approve the results and will define priorities. PSC will be chaired by the Director of National Customs Board.

5. Detailed Budget (in €million)

	Phare Support			National Cofinancing		TOTAL
	Investment Support	Institution Building	Total Phare (=I+IB)	Eligible costs	Non-eligible costs	Eligible costs
Contract 1. Twinning		797 000	797 000	89 000*		886 000
Contract 2. Service TA risk analysis	620 000		620 000	207 500**	37 000	827 500
Contract 3. Service TA ITMS	1 710 000		1 710 000	570 000**	100 000	2 280 000
Total	2 330 000	797 000	3 127 000	866 500	137 000	3 993 500

*for the Twinning project there will be parallel co-financing, national financing will cover the office costs of local transport, telephone, fax, internet connection, copying and printing services, preparation of the premises

**Joint co-financing, excluding all taxes and duties

6.Implementation Arrangements

6.1. Implementing Agency

The Contractual and Financial Implementation:

PAO – Ms. Valentina Andrejeva, State Secretary, of the Ministry of Finance

Tel.: +(371) 7095502, fax +(371) 7095413, address – 1, Smilšu street, Riga, LV 1919

Implementing agency - CFCU

Mr. Armands Eberhards, Director,

Tel.: +371 7094342, fax +371 7094348, address – 1, Smilšu street, Riga, Latvia LV 1919

Ms. Nellija Jezdakova, Acting Director of the State Revenue Service will be the Senior Programme Officer and responsible for the technical implementation of the project.

Tel. : +371 7028810, fax +371 7028814, Smilšu 1, Riga, Latvia, LV-1978

6.2. Twinning

Contact person for PAA will be Martinš Kaškins

Title: Head of IT system Division, NCB

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Fax: +371 7047462

Email: Martins.Kaskins@dep.vid.gov.lv

Contact persons for twinning experts will be:

Evelina Fridemane

Title: Customs, expert, EU Integration Unit, Customs Modernization Division, NCB

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Email: Evelina.Fridemane@dep.vid.gov.lv

6.3. Non-standard aspects

There will be no non-standard aspects regarding implementation of the project. Standard procedures of the Commission in accordance with Practical Guide to PHARE, ISPA and SAPARD contract procedures will be followed under Extended Decentralised Implementation System. Prior to EDIS accreditation, DIS will be followed. EDIS will apply from the date of accession at latest. For twinning, twinning covenant will be followed.

Ratio: if during project implementation the project cost for some reasons will decrease, the Phare financing will also decrease proportionally.

6.3. Contracts

Contract 1 Twinning - 0.797 MEUR (parallel co-financing)

Contract 2 Service – 0.83 MEUR (joint co-financing excluding all taxes and duties)

Contract 3 Service - 2.28 MEUR (joint co-financing excluding all taxes and duties)

7. Implementation Schedule

Component	Start of Tendering	Start of Project Activities	Project Completion
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Contract 1 Twinning	01.01.2004.	01.07.2004.	01.01.2006.
Contract 2 Service	01.10.2004.	01.05.2005.	01.10.2006.
Contract 3 Service	01.04.2004.	01.12.2004.	01.10.2006.

8. Equal opportunity

When recruiting, promoting and rotating their employees, Latvian public institutions (including the State Revenue Service) take into account professional qualification, level of competence, compliance with the Law on State Civil Service (when applicable), correspondence to the job description, performance and like factors, not their age, sex or nationality. There is equal opportunity for men and women.

9. Environment

N/A

10. Rates of Return

N/A

11. Investment Criteria

11.1. Catalytic effect:

Increase in the information and knowledge level of the society, strengthened administrative and working capacity of the involved institutions, decreased demand for pirated and counterfeited goods, and more efficient system of intellectual and industrial property rights protection.

11.2. Co-financing:

Co-financing will be ensured by the beneficiary institutions under the overall co-ordination of the State Revenue Service. Availability of finances is a pre-condition for the start of this project.

11.3. Additionality:

Phare grant will not displace other financiers.

11.4. Project readiness and size:

Project will be ready for tendering process after the signature of Financing Memorandum. The technical specifications and terms of reference will be drafted till IV Quarter of 2003.

11.5. Sustainability:

The equipment provided to the responsible institutions will be maintained by their own means, the necessary costs will be envisaged in each institution's yearly budget.

Furthermore, sustainability of the project's activities will be attained by transfer of knowledge within the involved institutions, decreased demand for pirated and counterfeited goods, as well as increased activity from the side of rights owners, and more qualified judicial protection of the intellectual and industrial property rights.

11.6. Compliance with state aids provisions:

The project is in accordance with the Europe Agreement.

11.7. Contribution to NDP and/or Structural Funds Development Plan/SPD

N/A

12. Conditionality and sequencing

- Adequate staffing of all the institutions in place
- Successful development of ASYCUDA modules by UNCTAD before the start of the project
- Phare Networking programme on installation of CCN/CSI is implemented before the start of the project
- All necessary technical studies before starting of the project are done and appropriate documentation available

Annexes to project Fiche

- 1. Logical framework matrix in standard format**
- 2. Detailed implementation chart**
- 3. Contracting and disbursement schedule**

LOGFRAME PLANNING MATRIX FOR PROJECT		Programme name and number	
Integrated Tariff Management System (ITMS) and Risk assessment		Contracting period expires:	Disbursement period expires:
		Total budget: 3.9935	Phare budget: 3.127
Overall objective	Indicators of Achievement	Sources of Information	
The further refinement and enhancement of the tariff and tariff related systems into an integrated system.	Adequate application of EU Trade policy Increase in detection of irregularities. Increase in revenue collected (allowing for inflation and increase in trade).	- State Revenue Service Annual report - Customs statistics - Trade reports - Commission's regular reports	
Project purpose	Indicators of Achievements	Sources of Information	Assumptions
<ul style="list-style-type: none"> To complete the implementation of TARIC, Quota and Surveillance systems To implement other tariff related data systems - European Binding Tariff Information (EBTI), Specimen Management System (SMS), Information System for Processing Procedures (ISPP), European Customs Inventory of Chemical Procedures (ECICS) To develop risk analysis system based on the latest procedures and techniques available 	Amendments to the Latvian Customs Tariff disseminated at reduced cost and manpower; Number of declaration errors reduced.	- State Revenue Service Annual report - Customs statistics - Trade reports - Commission's regular reports	Allocated budgetary resources are sufficient for the successful Project outcome Full commitment of all parties involved
Results	Indicators of Achievement	Sources of Information	Assumptions
<ul style="list-style-type: none"> Integrated Tariff Management system, which covers all the tariff and tariff related systems - developed, released operationally, and maintained by the Latvian Customs Administration; Working practices, procedures and organisational framework established, allowing systems to operate according to the set standards; The users of the TARIC, QUOTA, Surveillance and other tariff related systems fully understand the requirements of the related legislation. The production/adaptation, testing and delivery of an application software system in order to base customs controls on common risk parameters, timely information on new risks and serve as a basis for the simplification of customs formalities made, in order to: <ul style="list-style-type: none"> fulfil the selection of economic entities for inspection of their activities more expeditiously and qualitatively; create a new methodology according to the nature of inspection and defined risk; and, reduce time expenditure necessary for the proceeding of risk analysis; The implementation of the ITMS finalised; Trader based risk management system developed and implemented; Newly developed systems integrated into the existing environment of the Latvian Customs IT systems. 	Integrated Tariff Management system operational and in accordance with the set criteria Equipment supplied, organisational framework in place National legislation adopted in compliance with the respective European Council directives Application software system used in the respective institutions The ITMS corresponds to all the necessary criteria Trader based risk management system in use Latvian Customs using the newly developed IT systems	Inventory information State Revenue Service Annual report Customs statistics DG TAXUD reports on acceptance and conformance tests Regular progress reports of the Commission and of the Latvian Government	Full commitment of all parties involved
Activities	Means	Sources of verification	Assumptions

<p>-Analysing the refinement, enhancement and integration of tariff related systems. Analysis will cover the Latvian Customs organisational structure requirements to implement and maintain the systems, the knowledge and subsequent training of the Latvian Customs experts concerning the systems, and the resources available and required within the administration;</p> <p>-Reviewing of operations of the National Customs Board in the area of tariff related developments</p> <p>-Developing risk analysis covering ex-post controls and the refinement and integration of the Latvian Customs - Customs - Management Information System (CMIS) project into the ITMS and Transit structures;</p> <p>-Elaborating methodology and supporting technology for the management and profiling of customs risks;</p> <p>-Enhancing procedures for the selection and application of customs risk factors during customs clearance, basing on the construction of risk factors and selection methods;</p> <p>-Introducing computerised system to facilitate the introduction of trader based risk assessment and control (e.g. declaration processing selection parameters;</p> <p>-Designing necessary IT systems (preparation of terms of reference and technical specifications for the component of the project;</p> <p>-Developing of software for the tariff related systems;</p> <p>-Analysing training needs, developing of training scheme, providing training;</p> <p>-Elaborating Integrated Tariff Management system, which covers all the tariff and tariff related systems;</p> <p>-Establishing working practices, procedures and organisational framework, allowing systems to operate in such a manner as to fulfil EU requirements;</p> <p>-Implementing universal and widespread quality evaluation system for trade based on customs audit;</p> <p>-Implementing internet access to customs declaration processing system;</p> <p>-Analysing situation regarding legal framework and elaborating amendments for changes in legislation;</p> <p>-Elaborating production/adaptation, testing and delivery of an application software system in order to base customs controls on common risk parameters, timely information on new risks and serve as a basis for the simplification of customs formalities in order to:</p> <ul style="list-style-type: none"> • fulfil the selection of economic entities for inspection of their activities more expeditiously and qualitatively; • create a new methodology according to the nature of inspection and defined risk; and, • reduce time expenditure necessary for the proceeding of risk analysis. <p>-Developing and implementing trader based risk management software system with the finalising the implementation of the ITMS;</p> <p>-Integrating the newly developed systems into the existing environment of the Latvian Customs IT systems.</p>	<ul style="list-style-type: none"> • PAA: 18 mm • Long term expertise 40 mm • Short term expertise 16 mm • 2 service contracts (ITMS and Risk analysis) 	<ul style="list-style-type: none"> ▪ Project documentation ▪ SRS annual report 	<p>Successful development of ASYCUDA modules by UNCTAD</p> <p>Availability of information about EU requirements</p> <p>Full commitment of management and staff.</p> <p>Availability of appropriate experts.</p>
	Preconditions		
	<ul style="list-style-type: none"> ▪ Adequate staffing of all the institutions in place ▪ Successful development of ASYCUDA modules by UNCTAD before the start of the project ▪ Phare Networking programme on installation of CCN/CSI is implemented before the start of the project ▪ All necessary technical studies before starting of the project are done and appropriate documentation available 		

ANNEX 2

DETAILED TIME IMPLEMENTATION CHART FOR THE PROJECT

COMPONENT	2004								2005												2006											
		M	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1. Contract I Twinning			I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	X											
2. Contract II Service				C	C	C	C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	X		
3. Contract III Service		C	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	X		

D = Design
 C = Contracting
 I = Implementation
 X = Closure

ANNEX 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (EURO)

	2004				2005				2006			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Contract 1 – Twinning												
Contracted total:			797 000									
Phare:			797 000									
National:												
Disbursed total:			637 600		717 300				797 000			
Phare:												
National:			12 714	25 428	38 142	50 856	63 570	76 284	89 000			
Contract 2 – Service Contract												
Contracted total:						830 000						
Phare:						620 000						
National:						210 000						
Disbursed total:						490 800		620 250			830 000	
Phare:						370 200		460 500			620 000	
National:						12 0600		150 750			210 000	
Contract 3 – Service Contract												
Contracted total:				2 280 000								
Phare:				1 710 000								
National:				570 000								
Disbursed total:				1 060 200			1 596 000		1 824 000		2 280 000	
Phare:				1 026 000			1 197 000		1 368 000		1 710 000	
National:				342 000			399 000		456 000		570 000	

