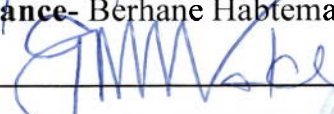| Brief Description |
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The project will support the Ministry of Finance:

- o to improve transparency and promote consistency by minimizing levels of discretionary authority of officials in operational and administrative decision-making processes of the Custom Department
- o review existing Customs legislation impacting on the upgrade to ASYCUDA World and other areas of the modernization programme,
- o identify areas of Customs Act in need of amendment,
- o establish a system for the administration and application of Customs enforcement measures with guidelines for the Customs Operational level and to Migrate to ASYCUDA World
- o minimize reliance on paper and make progress towards adopting a paperless environment,

Programme Period: 2017-2021
Programme Component: Capacity Building
Project Title: **Enhancing the Capacity of the Customs Department**
Project Code:
Project Duration: 2020-2021
Implementation Modality: DIM

Estimated Total budget: 700,000
UNDP Allocated resources:
Regular Other:
Donor
Unfunded budget: _____
In-Kind Contribution

Signature:

_____

Ministry of Finance- Berhane Habtemariam, Minister

_____

UNDP- James Wakiaga, Resident Representative

2

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UNDP

Ministry of Finance

I.   Development Challenge

Eritrea, officially known as the State of Eritrea is a country in the horn of Africa. It is bordered by Sudan in the west, Ethiopia in the south and Djibouti in the southeast. The remaining parts of the country that is North-Eastern and Eastern, border the coastline along the Red Sea. Asmara is Eritrea's capital city where majority of the country's activities including international trade takes place.

The unresolved conflict has over the years severely hurt Eritrea's economy, which is still reflected today. Despite this conflict, Eritrea has put in considerable effort to improve the economic welfare of the country. Some of this effort is seen from improved transportation infrastructure including roads, schools, clinics, Mining of gold and silver and the production of cement. After almost two decades of impasse due to the border dispute, Eritrea and Ethiopia have signed the peace resolution and have started laying the groundwork for closer and joint ties on economic, political and other cooperation.

Eritrea's recent growth performance has been marked by significant volatility in part due to its dependence on a predominantly rain-fed agriculture sector, accounting for about one-third of the economy (and which has a significant impact on distribution services which account for around 20% of gross domestic product (GDP), and on a narrow mining sector which also accounts for 20% of the economy. Real GDP growth is estimated to have recovered to around 12% in 2018, while averaging -2.7% during 2015-18 on account of frequent droughts and a decline in mining production.

Reported inflation has been negative during 2016-19, following the exchange of currency in circulation in November 2015 that resulted in a monetary contraction. Deflation continued in 2018 as increased trade with Ethiopia resulted in further put downward pressure on prices. Eritrea experiences perennial food insecurity and water scarcity. Consequently, seasonal shocks threaten the livelihoods of pastoral and agro-pastoral households in the arid to semi-arid areas. Anecdotal evidence indicates that poverty is still widespread in the country where 65% of the population lives in rural areas and 80% depend on subsistence agriculture for their livelihoods, impacting negatively on the human development aspect, a figure that was underlined in recent human-development statistics.

In recent years, Eritrea has significantly tightened fiscal policy to reverse the chronic deficits it suffered after the increase in regional insecurity in 1998. In 2018, the fiscal surplus widened to around 11% of GDP in 2018. This was largely achieved by a sharp drop in capital spending as well as some revenue measures. However, fiscal pressures, both recurrent and wage-related are likely to mount.

Short-term growth prospects remain challenging given fiscal constraints and limited opportunities. The recovery in agriculture is expected to slow. The country remains in a difficult macroeconomic situation with an unsustainable debt burden (including arrears to the World Bank) and vulnerable financial and external sectors.

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However, after signing the peace agreement and lifting of the sanction the economic outlook is potentially favorable in the medium term, reflecting the new mining operations coming on stream, trade with Ethiopia but are also dependent on measures to relax restrictions on the private sector imposed and to reopen access to concessional development finance.

Poverty appears to have remained widespread in Eritrea, but the lack of data limits available quantitative evidence.

The country has seen consistent improvements in life expectancy (rising from 50 years in 1990 to 66 years in 2019)

Amongst others, Eritrea is a member of several economic and regional blocs including the African Union (AU), the United Nations (UN), World Customs Organisation (WCO), World Trade Organization (WTO), Intergovernmental Authority on Development (IGAD) and Common Market for Eastern and Southern Africa (COMESA).

On the international trade front, Customs statistics 2018 reveal that Eritrea imports and exports different types of goods from or to different countries respectively. Imports include amongst others, Machinery, Articles of iron or steel, Motor vehicles, electronics, rubber articles, animal or vegetable fats, textile articles and other manufactured goods. On the other hand, Exports include amongst others, Copper ores, Gold, Silver ores, Beer, live animals and textile articles. The top ten countries that Eritrea imports from include China, United Arab Emirates, Saudi Arabia, Malaysia, Turkey, and Italy.

After using manual procedures to manage clearance of goods for a long time, COMESA facilitated the implementation of ASYCUDA++, a Customs Computer system that was developed to facilitate trade, improve revenue collection and collect statistics. This system was introduced in 2007 and has been running for 13 years in the Eritrean Customs Department. Whereas there have been several benefits following from its implementation, the Customs Department has also faced a few challenges in managing the international trade chain. It is for this reason that the Eritrean government has sought assistance to upgrade its current ASYCUDA++system to the latest version called ASYCUDAWorld.

2. Strategy (1/2 page - 3 pages recommended)

The overall objective of the Strategic Partnership and Cooperation Framework (SPCF) and CPD (2017-2021) is geared towards creating national capacity in priority areas to achieve Sustainable Development Goals (SDGs) and Sustainable Human Development. It also will contribute in achieving the Millennium Development Goals, especially Goals 1, 8, 16 and 17. In order to realize its commitment in upgrading and enhancing institutional and human capacity, the Government of the State of Eritrea has devised various long-term and short-term programs, and has invested heavily in developing it human and institutional capacities.

And consistent with the Priorities of the Ministry of Finance, the main objective of the project is to improve and strengthen the Human and Resources Capacity as well as the Institutional Capacity of the Ministry by equipping it with modern and adequate ICT equipment. The current project will provide support to:

- equip the Ministry with modern and adequate ICT equipment
- train the staff of the Ministry on IT and related issues
- Establish a well-functioning Asycudaworld

The project is beneficial for the public at large and all line ministries, governmental, private sector, individuals, and nongovernmental organizations and other customers. The main benefits can be stated as follows.

- Employees productivity improved
- Working environment improved
- Motivating environment to secure efficiency and quality public service created
- Customer satisfaction and public awareness of taxes and other obligations ensured

To this effect, the project will work to harness knowledge base of the MoF by augmenting the existing capacity and expertise of the ministry to carry out identification of gaps, preparation of specification of IT Equipment and regular monitoring of implementation of activities according to plan. Implementation of the capacity development support will therefore be facilitated through provision of experts, trainings and relevant training materials, and procurement of necessary IT equipment.

2.1 Institutional Framework

The Ministry of Finance, which is headed by a Minister, is solely responsible for mobilizing, controlling and administering the country's financial resources and act as a custodian of government property. The ministry has five departments, and these include the Customs Department (CD), Internal Revenue Department (IRD), Budget and Fiscal Planning (BFPD), Treasury (TD)and lastly, Administration & Finance (AFD).

The Customs and Internal Revenue departments are responsible for collecting government taxes from the International Trade and the local economic environment. Unlike some countries in Africa, which have Revenue Authorities that are semi-autonomous in Revenue collection, these two departments are controlled directly by the Ministry of Finance.

The Eritrean Customs Department is responsible for ensuring that all goods and persons entering and exiting the country are in accordance with relevant laws and regulations. It collects and protects a major component of Government revenue. The Customs Department's main functions are paraphrased as follows:

a) Assessing and collecting revenues in accordance with the relevant tax laws;

b) Promoting trade facilitation;

c) Preventing and suppressing smuggling and fraud in customs administration;

d) Generating and providing timely and quality statistics to facilitate both organizational and national planning;
Customs core functions and obligations are closely related to the flow of international trade.

The Strategic Plan further defines the mission statement of Customs as "Ensuring proper collection of government revenue, minimization of contraventions, effective customer service, PromotionandFacilitationoftradeandproductionofup-to-datetradestatistics".

2.1.1. Customs Structure

The Customs Department is headed by a Director General (DG) who reports to the Minister of Finance. Under the DG, there are four divisions, each headed by a Director. These divisions are Tariff & Valuation, Operations, Enforcement, and Research & Statistics. Under each division, a director has separate units, which report to him/her, with each unit having a Unit head.

There are also a few units that report directly to the DG each headed by a Unit Head. These include Internal Audit, Legal Services, International Communications & Public Relations, Information Technology (IT), Administrative Services and the Free Zone.

Eritrea is divided into six administrative regions including Maekel (Central) region, Anseba (Northern) Region, Gash-Barka (South West) Region, Debub (Southern) Region, Northern Red Sea Region and lastly Southern Red Sea Region. These administrative regions (Zobas) also include Customs and Enforcement stations, which report directly to a Regional Manager who in turn reports to the Director General at the Customs Department Headquarter. Each of the Customs and Enforcement stations is headed by a Station Head.

There are 24 stations with two complementary types of operations that is Customs and Enforcement. The Stations that have Customs operations also have Enforcement operations included. There are also stations that have only Enforcement operational bases to secure the border and prevent smuggling activities.

2.2. ASYCUDA++ Project Setup and current status

The ASYCUDA++ Project officially commenced in January 2007 under the sponsorship and leadership of COMESA plus technical assistance from UNCTAD. As mentioned above, COMESA was represented by a focal point based in Eritrea while UNCTAD provided two full time resident ASYCUDA experts in the roles of Technical and Functional.

When the project was Setup, it was headed by the ASYCUDA Project Director. Under him was a Project Manager referred to as the ASYCUDA Project Manager who also played the role of Functional Team leader for the Customs aspects while another officer took up the role of Technical Team Leader for the IT aspects of the project. At that time, there were seven functional team members and five technical members each reporting to their team leaders. All members of the team underwent foundation and advanced training in their respective roles as technical and functional officers. The Technical Team also underwent further training in Oracle Data base Administration and SQL Management.

2.3. Customs Legislation and Operations

2.3.1 Main Legislations

The Customs Department operations are based on the main law referred to as the Customs Proclamation 112/2000. In addition to this law, there are 22 Legal Notices that deal with different aspects of customs. These laws give Customs the mandate to control the movement of goods into and out of the country. The Minister of Finance is given the power to administer these laws as prescribed, but Customs is specifically mandated to implement the laws that have been put in place by the government. There are other legal notices from other Ministries like Ministry of Trade & Industry that Customs may implement on their behalf.

One important legal notice that affects declaration processing in Customs is Legal Notice No.115/2007, which allows Customs to use the SAD500 as the main declaration. This Notice came into force on 15 May 2007 before the ASYCUDA++ system was implemented. In this notice, the Director General is authorized to issue guidelines on the completion of the declaration. Though the notice does not clearly spell out use of electronic means to declare and submit such declarations, it gives mandate to Customs systems that hold the SAD500 and this includes ASYCUDA++.

2.3.2. Network and Data Management

The Telecommunication infrastructure in Eritrea is still inadequate even though government has put in some effort to improve it. The Eritrea Telecommunications Services Corporation (ERITEL) has monopoly over telecom services because it is managed under the authority of the Government. This therefore makes it difficult for other potential players to provide the necessary services and infrastructure that is needed by the country. Nevertheless, there are some internet service providers who provide some basic internet services though these services is equally inadequate because it usually has very slow speeds.

3. Results and Partnerships

The UNCTAD Automated System for Customs Data (ASYCUDA) is advanced software applications are designed and developed for customs administrations and the trade community to comply with international standards when fulfilling import, export and transit related procedures.

Through its ASYCUDA Programme, the MoF aims at:

- Modernizing customs operations and helping to improve revenue collection
- Facilitating trade efficiency and competitiveness by substantially reducing transaction time and costs
- Improving security by streamlining procedures of cargo control, transit of goods and clearance of goods
- Helping fight corruption by enhancing the transparency of transactions
- Promoting sustainable development by cutting down on the use of paper, using electronic transactions and documents
- Faster clearance times
- Improved services to trading public
- Increased revenue collection
- Better HR management
- Greater reliance on information technology
- Introduction of risk management,
- Post auditing and other innovations.

Additionally, and in collaboration with AfDB an establishment of an efficient public finance management system will be expedited, which will effectively integrate many departments of the Ministry of Finance and allow for more enhanced coordination capabilities

3.1 MIGRATION FROM ASYCUDA++ TO ASYCUDAWORLD

3.1.1. Project Context/Justification

The Ministry of Finance has embarked on a fiscal policy and reform process to further improve Government finances and to strengthen the economy of the country. Amongst the departments that are involved in this reform process includes the Customs Department. The Customs Department is one of the main pillars of state revenue in Eritrea. Hence, Customs is a key component in the drive for economic and administrative reform.

The Customs Department's immediate objective is to maximize efficiency in the Customs clearance processes and to improve the quality of international trade data through the installation of a modern, complete, computerized system for Customs control and clearance, Consistent and compatible with international standards and regional requirements.

In the furtherance of its above immediate objective, the Customs Department is intending to install a state-of-the-art ICT platform for Customs control and clearance, consistent and

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compatible with international standards and best practices. This will be linked to a program of trade facilitation through the reduction and simplification of official formalities and documentation, and the introduction of e-Government oriented procedures.

The upgrading and full automation of Customs operations will bring more efficient clearance of cargo, improve revenue control and provide up-to-date, accurate customs and trade national statistics. The introduction of ASYCUDA World based ICT system into the Customs clearance process will be the cornerstone of the Government plan to promote e-Government oriented procedures.

The project seeks to achieve three main objectives:

   a) To automate Customs processing at all Customs Stations

   b) To fully integrate the Customs clearance processes with other trade related procedures

   c) To promote inter-agency and regional cooperation.

The project will achieve these objectives by:

   a) Implementation of a state-of-the-art e-Customs Integrated System;

   b) Integration of Other Governmental Agencies to the Customs Business process;

   c) Integration of the automated Customs System with Inland Revenue Tax Information System;

   d) Implementation of a dash-board program allowing management to monitor performance indicators and revenue collection throughout the country;

   e) Strengthening Customs institutional capacity;

   f) Modernizing and integrating Customs information systems for border processing and clearance of goods;

   g) Upgrading the capacity and effectiveness of existing customs stations;

   h) Exchanging information with Customs Administrations of the region with consideration of COMESA countries

   i) Improving mechanisms of interaction and cooperation between border control agencies and the trading community;

   j) Disseminating information and providing training to the trading community; and

   k) Providing data to the Statistical office.

3.1.2. Migration Project Strategy

Phase 1 -ASYCUDA prototype building which will include awareness; process re-engineering; project team training; conception, design and documentation of the system; procurement of hardware and relevant software;

Phase 2-Installation of ASYCUDA in selected pilot site, which includes training of Customs staff and stakeholders at the pilot site in line with new procedures; server installation and management

Phase 3-National rollout based on evaluation of the pilot site. This includes training of Customs staff and stakeholders at the Customs stations; live operations at each individual Customs offices;

Phase 4-Further developments for strengthening the overall automation process such as connection with Other Governmental Agencies, stakeholders and to the Customs Automated Systems of the region;

Phase5-Interface ASYCUDA with Domestic Taxes System. This phase may run concurrently with other phases above where necessary;

Quality assurance and User Acceptance Testing shall be undertaken during phases I, IV and V. Phase IV and phase V may run concurrently with other phases depending on the readiness of the stake holders involved.

Throughout each phase, UNCTAD will work closely with the Customs and IT staff to ensure that they have developed the appropriate competence to manage, maintain and continue the Enhancement of the ASYCUDA system by the end of the UNCTAD contract.

3.1.3 Legal Requirements for the migration project

As established in the assessment findings above, the current legislation does not elaborate any legal requirements in relation to Information Technology. It has therefore been recommended that the legal framework within which Customs operates today is reviewed and approved to accommodate all aspects pertaining to implementation and maintenance of it.

4 UN Programming

The UN work in Eritrea has had seven cycles since 1992. The current cooperation framework (2017-2021) focuses on four strategic areas of cooperation, namely, (i) Basic Social Services; (ii) National Capacity Development; (iii) Environmental sustainability, resilience and disaster risk management, and (iv) Inclusive growth, food security and sustainable livelihoods; which have been further elaborated into eight SPCF Outcomes to form the basis for specific programme interventions and the establishment of thematic working groups. The eight

thematic outcomes, summarized in the Table below, are strongly interlinked and highly complementary in nature.

Strategic Priority Areas	SPCF Outcomes
PILLAR 1 Basic Social Services	***Outcome 1:*** *By 2021, children under five, youth, women and other vulnerable groups including refugees, have improved access to, and utilization of quality, integrated health and nutrition services for the achievement of universal health coverage (UHC) to safeguard healthy lives and promote well-being for all.*
	Outcome 2: *By 2021, all people, including refugees, benefit from available and sustainable water, sanitation and hygiene services*
	Outcome 3: *By 2021, children in vulnerable communities, including refugees, have increased access to inclusive, equitable and quality early learning and basic education.*
PILLAR2: Environmental sustainability, resilience and disaster risk management	***Outcome 4:*** *By 2021, environmental and natural resources management is gender responsive and sustainable, negating the impact of ecosystem degradation, climate change, and strengthening community resilience to disasters.*
PILLAR 3: Public sector capacity development	***Outcome 5:*** *By 2021, the population, including vulnerable groups, benefits from evidenced-based planning and policy; accountable public institutions and systems that ensure human rights and equitable public service delivery.*
PILLAR 4: Inclusive growth, food security and sustainable livelihoods	***Outcome 6:*** *By 2021, smallholder households have improved access to and utilization of quality food and enhanced livelihood opportunities*
	Outcome 7: *By 2021, women, men, children and youth, including vulnerable groups and refugees, have improved gender equitable participation and opportunities in economic, political, cultural and social development.*
	Outcome 8: *By 2021, vulnerable children, adolescents, young people, women and people with special needs, including refugees, are better protected and have the capacity to participate fully in economic, social and political development.*

4.1 SPCF Strategic Priority Areas and Outcomes

The execution of the SPCF is guided and coordinated by the MND and the UN Resident and Humanitarian Coordinator with the programmatic direction of the sector ministries, relevant institutions and the UN agencies. UN resident agencies in Eritrea include UNDP, UNICEF, UNFPA, WHO, FAO, OCHA, UNHCR, UNAIDS, and WFP while the non-resident UN agencies are: UNEP, IAEA, UN Women, UNIDO, ILO, UNODC and IFAD. In order to facilitate the implementation arrangement at technical level, thematic outcome groups are developed involving respective governmental ministries, departments or institutions and UN

agencies that are contributing to thematic outcome areas. Thus, there are *eight* thematic outcome groups established at technical level with designated convenors/co-convenors in order to oversee implementation progress on the ground in respective outcome areas.

4.2   The UNDP Strategic Plan

In order to remain valued and effective in a dynamic world, UNDP designed a new Strategic Plan (SP) 2018-2021, to help programme countries achieve stronger results either through UNDP-specific action or in partnerships with others. It also aims for a sharper focus that effectively responds to actual needs of programme countries and interest of donors. This approach helps country offices to be more strategic and contribute substantially to country-led development efforts. All country programmes designed under this Strategic Plan should be more tightly focused on no more than four time-bound outcomes contained in the SP and underpinned by explicit theories of change, incorporating a robust, aligned, rigorously defined, sex-disaggregated and measurable results framework.

Although on the ground in 177 countries, UNDP recognizes that each country is different and each country's priorities and reality are valid, even if different. Aligning the Eritrea country office to the UNDP corporate plan involves balancing and matching the country's priorities with the strategic priorities, substantive focus and methodological endowments of the strategic plan. UNDP activities in Eritrea prioritize three areas of work derived from the UNDP SP, namely, sustainable development pathways and inclusive development implemented under the Inclusive and Sustainable Development (ISD) Unit; effective democratic governance, implemented under the Strategic Governance Unit (SGU); and building resilience which are also implemented under SGU. The UNDP CO Eritrea has two units: ISDU and SGU.

The project aimed to facilitate international and regional trade, increase revenue from Customs operations, enhance the contribution of Customs to Eritrea's development and budget, and improve the accountability, transparency, effectiveness and efficiency of Customs operations and management.

4.3 SDGs

The 2030 Agenda for Sustainable Development was adopted by world leaders in September 2015 at the United Nations General Assembly. Eritrea was one of the countries that adopted the SDGs and committed itself to their full implementation. The SDGs are the seventeen Sustainable Development Goals of the to-do list for people and planet, and a blueprint for success for the world transformation and eradication of extreme poverty among other vices. It is guiding policy and funding for 15 years, starting in 2015.

The project will contribute to SDGs 1, 8, 16 and 17. The role of trade as a powerful engine for development is well-recognised and has been reflected in the proposed SDGs by the inclusion of trade as one of the key means of implementation listed under Goal 17, encompassing 3 specific targets. Strengthen domestic resource mobilization, including

through international support to developing countries, to improve domestic capacity for tax and other revenue collection will contribute not only to SDG 17 but to all SDGs by collecting revenues required to achieve all the SDGs.

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4.5 Programme Outputs, Indicative Activities, Indicators and others

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 1 – LEGAL FRAMEWORK

Output	Activity	Tasks	Budget (Core)	
			2020	2021
Indicators • Amended/New legislation of Custom Acts • Functional Asycudaworld system **Baseline** • Existing Customs Legislation • Existing Asycuda++ System **Targets** • Develop a long-term strategic plan or business strategy for CD • Develop a Human Resource Development Plan • Replace existing network at Customs HQ with increased bandwidth • Review existing control systems and processes				

Legislation must cater for modern concepts including acceptance of electronic declarations and must be strengthened to improve overall compliance	Review existing Customs legislation impacting on the upgrade to ASYCUDA World and other areas of the modernization programme	1.Identify areas of Customs Act in need of amendment	50,000	10,000
		2.Propose amendment for consideration by Government		
		3.Follow up and ensure timely implementation		
A consistent basis for determining fines and penalties for administrative processing of cases at the operational level without compromising the authority of the office of the Controller.	Establish a system for the administration and application of Customs enforcement measures with guidelines for the Customs Operational level.	1.Review recommendation made for establishing system of penalties and fines		
		2.Discuss internally with senior managers and supervisors		
		3.Establish policy and implement system of penalties and fines		

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 2 – ORGANISATION AND MANAGEMENT

Output	Activity	Tasks	Budget (Core)	
			2020	2021
A corporate plan which sets out goals and strategic objectives for modernizing operations of CD and improving service delivery	Develop and implement a long-term strategic plan or business strategy for CD	Finalize draft corporate plan with times schedules and priority areas for implementation as part of reform initiatives	50,0000	25,0000
A functional structure responsive to new operational demands	Review organizational structure as required to meet changing operational demands resulting from implementation of ASYCUDA World	Redesign structure in keeping with operational demands and changes in workflow ASYCUDA World		

An effective planning and reporting system which sets targets and produces regular reports of the outcomes at all levels	Develop and implement s planning and reporting system which provides information on operational outcomes	1.Design operational unit plans & monthly reporting template for each Unit		
		2.Design sectional plans & Quarterly Reporting template		
		3.Design annual Divisional plan and quarterly reporting template		

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 3 – HUMAN RESOURCE MANAGEMENT AND TRAINING

Output	Activity	Tasks	Budget (Core)	
			2020	2021
A staffing database which can provide up to date information about the staff position and to assist with decision making	Conduct staff audit to determine current and future needs of CD	1.Determine current staffing levels and number of vacancies etc.	20,000	10,000
		2.Design staff data base for CD		
		3.Populate database with Information		
An operational Human Resource Development Plan including a detailed training plan	Develop a Human Resource Development Plan for CD	1.Conduct a training needs assessment for all CD staff		
		2Analyse TNA results and determine priority areas		
		3.Formulate training and development plan for CD		
A comfortable and safe working environment for all staff	Ensure staff are operating in conducive working environments	1.Visit all workstations and take note of unfavourable work conditions		

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 4 – INFORMATION AND COMMUNICATION TECHNOLOGY

Output	Activity	Tasks	Budget (Core)	
			2020	2021
The fully integrated use of ASYCUDA World within all operational units of CD	Migrate to ASYCUDA World	In accordance with detailed Project Plan	300,000	150,000
A stable Wide Area Network (WAN) that provides connectivity between Customs headquarters and all Operational Units	Expand and stabilize the internal ICT Network to incorporate all Operational Units	Replace existing network at Customs HQ with increased bandwidth and gradually expand to include operational areas and outstations using frame relay		
An effective internal communication system which facilitates the transfer of information between Customs HQ and outstations.	Develop Intranet to enhance internal communication and access to information for decision making purposes.	1.Conduct survey to determine user needs and requirements for Intranet.		
		2.Identify appropriate software for Intranet		
		3.Install and promote use within CD based on established guidelines		
A website which provides relevant and up to date information about Customs for use by the trading community and general public	Develop website for CD to improve image and enhance external communication and public relations	1. Secure permission and domain name for Website etc.		
		2.Identify appropriate content for CD Website		
		3.Assign responsibility to develop and maintain website		
		4.Official launch of CD Website		

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 5 – CONTROL SYSTEM AND PROCESS

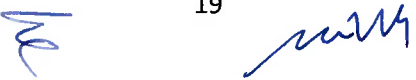| Output	Activity	Tasks	Budget (Core)	
			2020	**2021**
Greater use of risk management and selectivity without compromising revenue collection or security concerns	Review existing control systems and processes with a view to eliminating unnecessary steps and improving effectiveness and efficiency of operations through implementation of ASYCUDA World	1.Document all existing procedures/processes	20,000	5,000
		2.Identify weaknesses and redundancies		
		3.Recommend new standard Operating procedures (SOPS) based on risk management		
		4.Approve and implement new procedures/processes		

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ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 6 – EXTERNAL COOPERATION

Output	Activity	Tasks	Budget (Core)	
			2020	2021
A signed Memorandum of Understanding (MOU) signed between CD, the police to outline the basis for cooperation with various Low Enforcement units of the two organizations	Formalize working relationship with local law enforcement agencies	1.Intiate dialogue with police commissioner to discuss for improving working relationship	15,000	15,000
		2.Prepare draft MOU outlining areas of cooperation		
		3.Finalize MOU and agree on date for signing and implementation		
A professional approach to problem solving and cargo accountability systems	Improve relations between Customs and Clearing in and Cargo Agencies	1.Convene quarterly meetings with Customs/ Clearing in and Cargo Agencies mgt teams		
		2.Agree on a structured way to resolve issues and improve the working relationship		
		3.Discuss concerns and implications of Customs Reform on Cargo operations		
An established forum for discussing and resolving issues with the Private Sector and other economic operators	Promote improved relations between Customs, Private Sector and other stake holders	Re-establish meeting of the JCC and ensure timely action taken on recommendations		
A proactive approach by CD towards public relations and promoting a better understanding of its roles and responsibilities	Enhance public image of CD through increased presence in the media	1Assign public relations function to a senior Manager		
		2.Organise radio and television appearances for comptrollers and other staff of CD as required		
		3.Prepare and disseminate promotional material about CD		

Focus AREA # 7 – ENFORCEMENT AND COMPLIANCE

Output	Activity	Tasks	Budget (Core)	
			2020	**2021**
An intelligence – led approach based on targeted risk assessment and modern technology to safeguard revenue, enforce compliance and protect society	Adopt risk management approach in all operational areas	1.Appoint risk Management Committee and assign persons to collect data for development of profiles	20,000	10,000
		2.Provide training and recommend measures for improvements*		
An audit and post control system which ensures efficient, quality-controlled audits using appropriate methods	Develop a post-clearance control and audit unit which allows the CD to keep a balance between facilitation and control	1.Identify an individual with appropriate training and ability to be customs Auditor		
		2.Staff the Unit with competent officers willing to learn and committed to post auditing		
		3.Provide specialized training to familiarize officers with new systems and procedures, and upgrade skills for higher standards of auditing		
		4.Conduct audits in accordance with audit plan/policy and based on risk analysis.		

ERITREA CUSTOMS REFORM PROJECT

Focus AREA # 8 – INTEGRITY

Output	Activity	Tasks	Budget (Core)	
			2020	2021
An Integrity Policy for CD professional and personal conduct and standards of service required of all employees, and which is fully endorsed, observed and supported by the management and staff	Promote integrity measures to ensure that all staff observe the rule of law and perform their duties in a fair, impartial, honest, trustworthy, polite and professional, but firm manner	Review the existing draft with a view to achieving a more acceptable version	30,000	10,000
		Circulate new draft for discussion with staff, their representatives and government officials		
TOTAL BUDGTE			**475,000**	**225,000**

5. Sustainability of the Programme

Sustainability of any project or programme is a critical aspect of its design and implementation. In the context of this programme, its sustainability will be the ability to maintain or expand a flow of its products to its clients – present and potential.

The Ministry will be equipped with knowledge and skills for resource mobilization, coordination and considerably strengthened to operationalize several technical areas which are currently hampered by insufficient levels of expertise.

6 PROGRAMME MANAGEMENT

6.1 Implementation Arrangements

The programme will be implemented using the Direct Implementation Modality (DIM) consistent with the standards for UN/GoSE cooperation in Eritrea.

Direct Implementation (DIM) is the modality whereby UNDP takes on the role of Implementing Partner. In DIM modality, UNDP has the technical and administrative capacity to assume the responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. UNDP assumes overall management responsibility and accountability for project implementation. Accordingly, UNDP must follow all policies and procedures established for its own operations.

As per UNDP's Financial Regulations and Rules (FRR) (21.02), the following general principles must be given due consideration; Best value for money; Fairness, integrity, transparency; Effective international competition and the interest of UNDP.

Under the UNDP FRR 16.05, the Responsible Party may follow its own procedures only to the extent that they do not contravene the FRR principles. Where the financial governance of the responsible party, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, shall apply.

6.2 FINANCIAL MANAGEMENT:

In the context of DIM, ATLAS provides the management information system to ensure accuracy and transparency of financial information. The Country Office should always use ATLAS to keep track of the financial status of the project, to control expenses; handle outstanding commitments; make payments; and monitor the performance of contractors. Atlas shall be used for both financial management and substantive monitoring. This will enable the production of reports that are part of UNDP Country Office central oversight and monitoring while serving as the building blocks for periodic reviews and communications with stakeholders, such as the web-based reports (Project Progress Report and Project Budget Balance) in the Executive Snapshot.

Any adjustments to the initial approved budget shall be reflected as budgetary revisions in Atlas to be finalized for the year(s) affected by the adjustment.

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7. Assumptions and Risks

MoF and UNDP will monitor the progress of the project regularly to arrest factors on time which might affect the implementation of the project as scheduled.

The need to maintain a stronger and regular dialogue between the offices of MoF and UNDP to facilitate the communication of key results and achievements in a timely manner and to provide timely support in emerging MOF needs.

7.1.1. Assumptions

The assumptions under this program are:
- Strong and continuing Government commitment and cooperation
- Presence of committed program staff
- Strong UN cooperation and support
- Strong support from other partner countries
- Strong enabling environment
- Assumes that some infrastructure is already in place

7.1.2 Risks

Low Internet connectivity - ASYCUDA World requires a stable and reliable internet speed and therefore, consideration should be made to increase the internet data speeds to a minimum

8: LEGAL CONTEXT, RESULTS AND RESOURCES FRAMEWORK

8.1 Legal Context

This program document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the State of Eritrea and UNDP, signed on 11 June 1994.

UNDP shall comply with the policies, procedures and practices of the United Nations safety and security management system. It also agrees to undertake all reasonable efforts to ensure that none of the program funds received pursuant to the Program Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Program Document.