



Azerbaijan

United Nations Development Programme
Country: Azerbaijan
Project Document

Project Title:	Modernization of Customs Service in the Republic of Azerbaijan
UNDAF Outcome(s):	UNDAF Outcome 3: By 2015, the State strengthens the system of governance with the involvement of civil society and in compliance with its international commitments, with particular emphasis on vulnerable groups.
Expected CP Outcome(s):	Efficiency, accountability and transparency within public administration is enhanced through capacity development of State entities, including gender sensitive approaches
Expected Output(s):	Support to State Customs Committee in establishment of the Target Centre in Head Department of Air Transport
Executing Entity:	State Customs Committee of the Republic of Azerbaijan
Implementing Agencies:	State Customs Committee (SCC)

Brief Description

This project is an extension of the “Modernization of the Customs Service in Azerbaijan” project. Approved by the Decree of the President of the Republic of Azerbaijan, № 1925, February 01, 2007, The State Programme on Development of the Customs Service of Azerbaijan Republic for 2007-2011, sets the priorities for the modernization of the Customs Service in the Republic of Azerbaijan. The main goal of the project is to strengthen capacity of customs control at air transport and special operations of the State Customs Committee with the purpose of speed up customs clearance of air cargo, processing of passengers and prevention of smuggling.

Programme Period:	2011-2015
Key Result Area (Strategic Plan)	
Atlas Award ID:	
Start date:	2011
End date:	2012
PAC Meeting Date:	
Management Arrangements:	NEX with UNDP support

Total resources required:	US\$ 500,000
Total allocated resources:	_____
• Regular (UNDP)	US\$ 80,000
• Other:	
○ Donor	
○ Donor	_____
○ Donor	_____
○ State Customs Committee	US \$ 420,000
	GMS (Administration cost of the project by UNDP 5%)
	US\$ 21,000

Agreed by (State Customs Committee of the Republic of Azerbaijan)

Agreed by (UNDP):

Background:

State Customs Committee

Located on the historical “Silk Way” Azerbaijan always played an important role in development of the economic relations between the West and the East, and consequently itself was highly dependent on trade.

The experience of recent decades has shown that the countries that have most successfully integrated into the world economy also have tended to record the highest growth rates. Integration brings improved allocation of resources, intensified competition, and pressures to raise productivity, as well as exposure to new technologies, design, and products.

Effective integration of Azerbaijan into the global economy has been one of the key national priorities since the country gained its independence. Government launched a number of initiatives aimed at upgrading of trade infrastructure, establishment of new communications and transport systems, as well as trade facilitation measures aimed at creating simple, transparent, and harmonized trade policies, and reduce of administrative complexities.

One of the most important elements in this system of trade facilitation in Azerbaijan is customs regulation and administration. Substantial resources were devoted to reform and modernize customs regulation and customs administration in Azerbaijan, often with technical support from international organization, and particularly from UNDP.

The history of cooperation between SCC and UNDP goes back to 1999 with the first joint project aimed to enhance the technical capacity and operational effectiveness of the SCC through “Capacity Building and Data Transmission Network Implementation for the State Customs Committee of Azerbaijan Republic” (1999 – 2009) project.

In 2006 UNDP and SCC signed a new project “Modernization of the Customs Service in Azerbaijan” that was initially funded by EU and implied the development of the new Customs Code compliant with international standards and development of IT strategy for SCC. Upon completion of the project SCC requested UNDP to extend the project with the funding provided by SCC to enhance Operations Management capacity of the SCC.

Starting from 2010, UNDP and SCC have been working together on implementation of the Southern Caucasus Integrated Border Management to facilitate movement of persons and goods across the borders of Azerbaijan.

With support from the UNDP, the State Customs Committee developed a new version of Customs Code which ensures harmonization of national customs regulations to international standards, particularly those of EU. The revised version of the Customs Code has been recently submitted to the Parliament.

Approved by the Decree of the President of the Republic of Azerbaijan, № 1925, February 01, 2007, The State Programme on Development of the Customs Service of Azerbaijan Republic for 2007-2011, was an important stage in ensuring continued development of the Customs Service. The Program outlined the main directions of further development of the customs infrastructure with a particular focus on automation of the customs processes and capacity building of the staff of the State Customs Committee.

In line with this national program on customs modernization, one of the latest decisions by the government was the Decree of the President of the Republic of Azerbaijan on “Application of ‘single window’ principle of the control of goods and transport means passing the state border check-points of the Republic of Azerbaijan”, № 12, dated 11 November 2008.

This decree was a vital step to introduce the Integrated Border Management concept in Azerbaijan. Six Customs Check points were fully reconstructed. Services at the border previously performed by Ministries of Health and Agriculture were handed over to customs to enable single window concept. The time required for cargo processing at the borders was significantly reduced from 3 hours to 20 minutes at the newly established check points.

This project is designed to support the implementation of selected components of the State Programme of the Customs System in Azerbaijan and Presidential Decree on “single window” through strengthening Risk Management system in the airport to enable simplified and effective cargo processing.

2. UNDP Mandate:

This project maps to the “Continuing the process of institutional reform and improving good governance” aspect of Outcome 3 of the recently approved UNDAF (2011-2015). An important objective in this field is to ensure further successful implementation of the policy on modernization of the Customs Service in Azerbaijan.

Strategy

Project Objective: To support the implementation of the priority areas of State Program through modernization of the Customs Service in Azerbaijan by infrastructure development, automation of the processes and expanding training of personnel

Output:

Capacities of the Customs Administration are enhanced in fight against smuggling and definition of targets developing customs business at Air Transport on the basis of modern technologies

The project will have three components:

1. Establishment of the Target Centre (TC) in Head Department of Air Transport

The main target is the establishment of Target Centre at the main building of Head Customs Administration on Air Transport (Baku city, Bina settl., Heydar Aliyev International Airport) and on line connection this centre, data and video exchange with the international airports of Nakhchivan, Ganja, Lankaran and Zagatala cities. At the same time planning via Target Centre network establishment of system which connected airports of Nakhichevan, Gandja, Lenkoran and Zagatala. Also establishment of Target Centre includes design of automatic management system for cargo registration and installation of video control system at the customs check point connected to Target Centre.

2. Increasing capacities of customs personnel in application of the new technologies and operation management.

Objectives of this component is to improve management capacities and skills of customs personnel; increase the coordination between TC and other airports; facilitate effective information exchange between TC and Central Customs Authorities with the purpose to increase the awareness of customs personnel in the Target Centre field.

3. Familiarization with best practices in target definition field;

This component aims to improve skills of the management staff of the SCC in establishment of Operation Management Procedures through identification and familiarization with the world best practices in the field of target center in customs.

Project Partners:

The overall management of the project will be provided by the State Customs Committee. Other national and civil society partners will, of course, be consulted based on the nature of the activities considered in the project.

Results and Resources Framework

PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country/ Regional/ Global Programme Results and Resource Framework: 3.2 Efficiency, accountability and transparency within public administration is strengthened through enhancing of skills and abilities in the field of Foreign Economic Activity</p>			
<p>Outcome Indicators: <i>Indicator 1:</i> Number of national strategies and plans adopted for improving government efficiency</p>			
<p>Partnership Strategy: State Customs Committee</p>			
<p>Project Title and ID: Modernization of Customs Service in the Republic of Azerbaijan</p>			
Intended Outputs	Output Targets for Years	Indicative Activities	Responsible Parties
<p>Support to State Customs Committee is provided in establishment of the Target Centre in Head Department of Air Transport.</p>		<p>Activity Result 1: Target Centre (TC) in Head Department of Air Transport at the Airport is established</p> <p><u>Tasks</u></p> <ul style="list-style-type: none"> • Target Centre (TC) at the administration building of the Head Department of Air Transport(Baku, Bina settl., Heydar Aliyev International Airport) is established • Computer network and central server connecting in Nakhchivan, Ganja, Lankaran and Zagatala airports are established • Automated System for air cargo registration is developed • Financial monitoring the system for control over currency values is developed. 	<p>UNDP, SCC</p> <p>Total: 410,000 USD</p>

		<p><u>Activity Result 2: Increasing capacities of customs personnel in application of the new technologies and operation management.</u></p> <p><u>Tasks</u></p> <ul style="list-style-type: none"> • Improved information flow of relevant reports, statistics and directions is ensured between TC and SCC Head Office • Trainings for customs personnel on application of modern equipment are conducted 	UNDP, SCC	Total 10,000 USD
		<p><u>Activity Result 3. Familiarization with best practices in target definition field;</u></p> <ul style="list-style-type: none"> • Best practices in the field of customs violations for Target Center are identified • Reports, Informational materials are translated and shared with management of SCC • Study Tour to developed countries with best practices are organized for the TC users and its activity provider parties 	UNDP, SCC	Total: 5,000 USD
		<p><u>Activity Result 4. Effective project oversight and management is ensured</u></p>		Total 75,000 USD

		<ul style="list-style-type: none"> • Project Board is established • Necessary working rooms are set up • Project management and international level certification programme for project staff • Day to day management of project activities is ensured • Communication outreach is conducted 	
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Management Arrangements

A. National Execution (NEX). The project will be nationally executed by the State Customs Committee (SCC). Implementation support will be provided by the UNDP Country Office (see Project Governance Arrangements below). In its capacity as Implementing Partner, the SCC will be responsible for overall project management. Besides, the SCC will be responsible for the facilitation of all project activities such as international consultant missions, trainings for respective staff, ensuring appropriate access to project sites, relevant data, records, agencies and authorities. UNDP will provide support and services including procurement and contracting in accordance with the relevant UNDP Rules and Procedures for procurement and human resources management and RBM guidelines.

B. Project Governance Arrangements. The project will have a governance structure, aligned with UNDP's new rules for Results Based Management (see Figure: Project Governance Arrangements below).

I. Project Executive Group. The Project Executive Group will be the executive decision making body for the project, providing guidance to the Project Manager, and approving project revisions. It will be responsible for reviewing and updating the project risk log, issue log, lessons learnt log and the project monitoring and communication plan. The Project Executive Group will consist of three members:

- The Executive (Implementing Partner) will convene the Project Executive Group. This position will be held by the representative of the SCC;
- The Senior Supplier. This position will be held by the UNDP DRR, or a designated UNDP Development Advisor.
- The Senior Beneficiary. This position will be held by the representative of the SCC.

ii. **Project Management.** A Project Manager will be selected through competitive process. He/she will be tasked with the day-to-day management of project activities, as well as with financial and administrative reporting. The Project Manager will be responsible for project implementation and will be guided by Annual and Quarterly Work Plans and follow the RBM standards.

iii. **Project Assurance.** UNDP will designate a Development Advisor to provide independent project oversight and monitoring functions, to ensure that that project activities are managed and milestones accomplished.

iv. **Project Support.** UNDP will provide financial and administrative support to the project including procurement, contracting, payments, and travel arrangements.

Summary of inputs to be provided by State Customs Committee of Azerbaijan and UNDP

State Customs Committee inputs:

- **US\$ 420,000** will be contributed to the project by the SCC;
- Free and functional office premises for project related activities and access to any information necessary for the project staff and consultants to complete their tasks;
- Participation in selection of project personnel, consultants and equipment suppliers;
- A National Project Director (NPD) for the project who is appointed by the State Customs Committee and is responsible for overall management for the entire duration of the project including approval authority for project payments

UNDP inputs:

- **US\$ 80,000** will be contributed to the project by the UNDP

- Support services in selecting international/local training consultants and staff to be recruited under the project;
- Support services in procurement and financial management;
- Briefing for selected international and local consultants;
- Participation in the organization of training activities, selection of equipment suppliers and organization of training courses;
- Access to UNDP-managed global information systems, the network of UNDP country offices and specialized systems containing operations information, including rosters of consultants.
- Quality control over the project outputs.
- Organization of study tours
- One UNDP Programme Officer responsible for coordination of project activities
- One UNDP Finance Officer for coordination of all financial transactions and information related to the project
- One Procurement Officer responsible for coordination of procurement of services and goods
- One HR officer responsible for recruitment advise to project staff

