

# United Nations Development Programme

Country: The Republic of Azerbaijan

## Project Document

<b>Project Title</b>	<b>Modernization of Customs Service in the Republic of Azerbaijan</b>
<b>UNDAF Outcome(s):</b>	The State strengthens the system of governance together with the involvement of civil society and in compliance with its international commitments, with particular emphasis on vulnerable groups.
<b>Expected CP Outcome(s):</b> <i>(Those linked to the project and extracted from the CP)</i>	Efficiency, accountability and transparency within public administration are enhanced through capacity development of State Entities, including gender sensitive approaches.
<b>Expected Output(s):</b> <i>(Those that will result from the project)</i>	Support to State Customs Committee is provided in development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan
<b>Implementing Agency:</b>	State Customs Committee of the Republic of Azerbaijan
<b>Implementing Partner:</b>	United Nations Development Programme

### 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, and the project document signed between State Customs Committee and United Nations Development Programme on 1 March 2011. The purpose of the project document is the "Development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan". The development of automated system of the control and management of transit cargo envisages information support to the customs officers in terms of transit cargo processing, including data collection, data processing, rapid response, establishment of data base on the movement of the transit cargos through the territory of Azerbaijan.

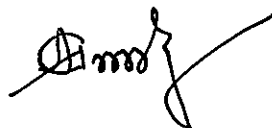
Programme Period:	2011-2015
Key Result Area (Strategic Plan)	Fostering Democratic Governance
Atlas Award ID:	00074347
Start date:	01.07.2013
End Date	31.12.2014
PAC Meeting Date	28 December 2012
Management Arrangements	NEX with support services

Total resources required	620,000 USD
Total allocated resources:	620,000 USD
• Regular	
• Other:	
o UNDP	70,000 USD
o Government	550,000 USD
Unfunded budget:	n/a
In-kind Contributions	n/a
GMS:	27,500 USD

Agreed by (State Customs Committee)

Mr. Aydin Aliyev

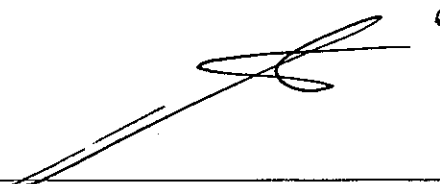
Chairman of the State Customs Committee  
Republic of Azerbaijan



Agreed by (UNDP)

Mr. Antonius Broek

UNDP Resident Representative



Date of Signature: 05 June 2013

## 1. Situation Analysis

### State Customs Committee

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 adopted by the Parliament in 2012.

This project document 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” to enable simplified and effective cargo processing.

### Customs control on the borders

At present the system of monitoring of cargo transit through the territory of the Republic of Azerbaijan is limited to location of GPS beacon to the selected transport means. This does not eliminate number of risks posed by transit of goods through the territory of the Republic, including illegal borders crossing, smuggling and safety.

**UNDP Mandate:** This project maps to the “Continuing the process of institutional reform and improving good governance” aspect of Outcome 3 of the 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.

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## II. STRATEGY

**Objective:** To introduce the automated system of the control and management of transit cargo through the customs borders of Azerbaijan.

The development of automated system of the control and management of transit cargo envisages information support to the customs officers in terms of transit cargo processing, including data collection, data processing, rapid response, and data bank on the movement of the transit cargos through the territory of Azerbaijan.

Once development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan will enable State Customs Committee to achieve following objectives:

- a) Prevention of unauthorized border crossing
- b) Prevention of smuggling
- c) Improving safety in the country

- d) Transparent registration of transit cargo
- e) Quick response to the incidents

In addition the integrated system of management of transit cargo is used in number of countries and once introduced in Azerbaijan will enable State Customs Committee to integrate into global network in the future.

**Project Activities:**

**1. Development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan**

The main target is the development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan at the main building of State Customs Committee in the Operations Management Department. This objective also includes installation of navigation and control system at the customs check point connected to Operations Centre. The mobile customs rapid response teams will also be equipped with monitoring equipment of cargo processing.

**2. Increasing capacities of customs personnel in application of the new technologies.**

Objectives of this component is to improve management capacities and skills of customs personnel; increase the coordination between checkpoints, HQ and quick response teams; facilitate effective information exchange between Central Customs Authorities and border crossing points to increase the awareness of customs personnel on the newly introduced system.

**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.

### III. Results and Resources Framework

<p><b>Intended Outcome as stated in the Country Program Results and Resource Framework:</b> Efficiency, accountability and transparency within public administration are enhanced through capacity development of State Entities, including gender sensitive approaches.</p> <p><b>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</b></p> <p><b>Indicator:</b> Indicator: 3.2.1 The number of information technology innovations implemented contributing to increased transparency in public administration Baseline: 2009: 2</p> <p><b>Applicable Key Result Area (from 2008-13 UNDP Strategic Plan):</b> Goal 2: Fostering democratic governance</p> <p><b>Partnership Strategy:</b> Implementing Partner: State Customs Committee Responsible parties: UNDP, State Customs Committee Other partners: relevant national and local authorities</p>			
<p><b>Project title and ID (ATLAS Award ID):</b> Modernization of Customs Services in Azerbaijan Project Award ID: 00074347</p>			
<b>INTENDED OUTPUTS</b>	<b>OUTPUT TARGETS FOR 2012-2013</b>	<b>INDICATIVE ACTIVITIES</b>	<b>RESPONSIBLE PARTIES</b>
<p><b>Output: Support to State Customs Committee is provided in establishment of the Automated Control and Management System for Transit Cargo Processing</b></p>			
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<p><b>Baseline</b> No automated management system for transit cargo processing is in place</p> <p><b>Indicator</b> There is a new management system for transit cargo processing in place – yes/no</p>	<p><b>Targets 1.1 (2013)</b> Identify the equipment and software needs for the development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan.</p> <p><b>Target 1.2 (2014)</b> development of the Automated Control and Management System for Transit Cargo in customs territory of the Republic of Azerbaijan is ensured.</p> <p><b>Target 1.3 (2014)</b> 20 Customs Officers trained in application of new Automated Management System</p>	<p><b>Activity Result 1.1</b> <u>Activity Result 1: Automated Management System for Transit Cargo Processing is established</u></p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Servers at the main building of the State Customs Committee Operations Management Room is established</li> <li>• Software for the Automated Control and Management System for Transit Cargo is developed</li> <li>• Mobile monitoring equipment is procured and installed</li> </ul>	<p>SCC, UNDP</p> <p>SCC: 530.000 USD UNDP: 20.000 USD  Total: 550.000 USD</p>

		<p><b>Activity Result 1.2</b>  <b>Capacities of customs personnel in application of the new technologies increased.</b>  <b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Improved information flow of relevant reports, statistics and directions is ensured between HQ and border checkpoints is ensured</li> <li>• Trainings for customs personnel on application of modern equipment are conducted</li> </ul>		<p>SCC: 20,000 USD   Total: 20,000 USD</p>
		<p><b>Activity Result 1.3. Effective project oversight and management is ensured</b></p> <ul style="list-style-type: none"> <li>• Project Board is established</li> <li>• Necessary working rooms are set up</li> <li>• Day to day management of project activities is ensured</li> <li>• Communication outreach is conducted</li> </ul>		<p>UNDP: 50,000 USD   Total: 50,000USD</p>
<b>Grand Total:</b>				<b>620,000 USD</b>

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## V. 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. UNDP may charge directly to the project budget cost of relevant UNDP staff providing services for the project with maximum amount up to 4% of the total budget of the project.

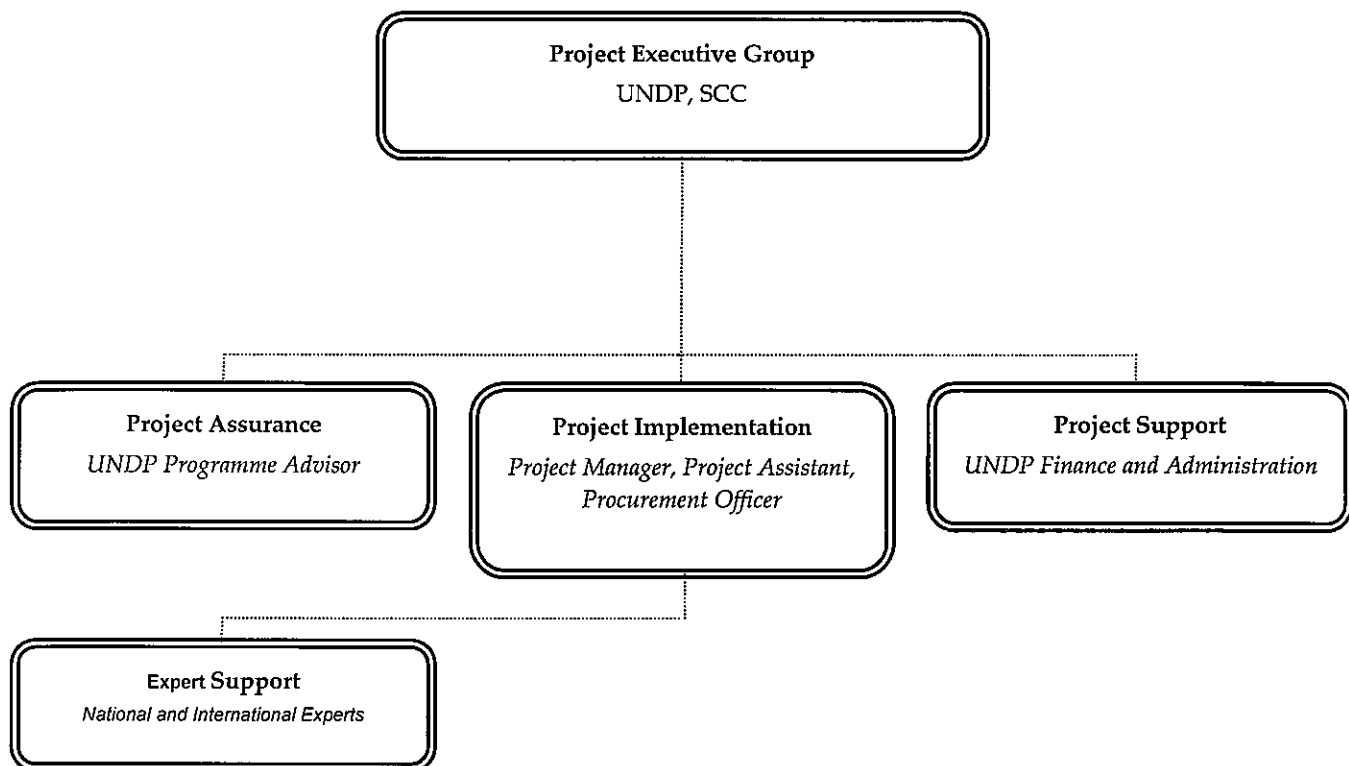
### **Summary of inputs to be provided by State Customs Committee of Azerbaijan and UNDP**

#### **State Customs Committee inputs:**

- US\$ 550,000 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\$ 70,000** 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



C. **Audit Arrangements.** The project will be subject to an independent audit as required by the UNDP NEX Guidelines.

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I. VI. **MONITORING FRAMEWORK AND EVALUATION**

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

- At least once a year, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.



- A risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events.
- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board. As minimum requirement, the Annual Progress Report shall cover the whole year with the updated information for all project activities, issues, and risks as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

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**II. VII. LEGAL CONTEXT**

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of Azerbaijan and UNDP.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project 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/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.