

United Nations Development Programme
Countries: Republic of Azerbaijan
Republic of Georgia
Project Document

Project Title: Support to the development of Red Bridge Border Crossing Point between Azerbaijan and Georgia

UNDAF/CP Outcome(s):

For the Republic of Azerbaijan: By 2020, Azerbaijan has enhanced institutional capacities for transparent, evidence-based and gender-sensitive policy formulation and implementation

Expected Output(s): Enhanced capacity and infrastructure of both Azerbaijan SCC and Georgian RS in the management of SPS related issues.

Executing Entity: State Customs Committee of the Republic of Azerbaijan
Implementing Agencies: UNDP

Brief Description

The overall objective of the project is to support the Governments of Azerbaijan and Georgia in securing their borders and facilitating the legal passing of persons and goods at the Red Bridge Border Crossing Point (BCP). It will do so by providing joint training on BCP sanitary and phyto-sanitary (SPS) controls, as well as developing the necessary infrastructure and equipment on both sides, namely a secured customs area in Azerbaijan and SPS control facilities in Georgia, including sampling equipment.

Programme Period:	2016-2020	Total resources required:	Euro 1,329,938
Key Result Area (Strategic Plan)	Outcome 3	Total allocated resources:	
Atlas Award ID:	00085295	• Regular	_____
Project ID:	00092997	• Other:	
Start date:	01 January 2016	➤ SCC of the Republic of Azerbaijan:	
End Date	31 December 2017	Euro 266,000	
PAC Meeting Date			
Management Arrangements	NEX with support services		

Agreed by the State Customs Committee of the Republic of Azerbaijan:

Mr. Aydin Aliyev, Chairman of the State Customs Committee of the Republic of Azerbaijan,
General-lieutenant of Customs Service

Agreed by UNDP:

Ms. Nato Alhazishvili, UNDP Resident Representative a.i

N. Alhazishvili

06.01.2016

I. Situation Analysis

Azerbaijan and Georgia are located on the crossroads of Europe and Asia, and the Red Bridge BCP is the main crossing point between them and, to a large extent, between the two regions.

Azerbaijan:

The Republic of Azerbaijan lies on a strategically important crossroad within the scope of geographical location in relation to international trade and transport corridor. Efficient development of transit area, integration into global economy, development of transit links is one of the main priorities of the economic policy of the Azerbaijan Republic.

The Government of Azerbaijan's development priorities are outlined in *Development Concept "Azerbaijan – 2020"*. It defines Azerbaijan's main objectives as the transition from the traditional economy to a "knowledge-based economy", boost of economic efficiency and competitiveness, and innovation-based progress. State Customs Committee fully adheres to this strategy and is an important player in its implementation.

EU relations with Azerbaijan are governed by the EU-Azerbaijan Partnership and Co-operation Agreement (PCA) signed in 1996 and entered into force in 1999, and the European Neighbourhood Partnership Action Plan from 2005. Since 2009, the EU and Azerbaijan have been negotiating an Association Agreement to succeed the PCA, although progress has recently stalled. A visa facilitation and readmission agreement came into force in September 2014.

Since 2008, Azerbaijan is also engaged in Performance of Veterinary Service Pathway (PVS), a framework developed by the World Organisation for Animal Health (OIE) to strengthen the Veterinary Service towards alignment with international standards. For the implementation of commitments, the OIE produced 2 reports: OIE-PVS report and the subsequent PVS-Gap Analysis report which were both endorsed by the Government of Azerbaijan and form part of the initial PVS Pathway.

In collaboration with the Food and Agriculture Organisation (FAO), the Ministry of Agriculture of Azerbaijan prepared and submitted to the Cabinet of Ministries a "National Strategy on Food Safety" and "Law on Food Safety", both of which are awaiting approval. In addition, based on the food safety strategy, FAO has developed a draft action plan.

Georgia:

Georgia recently adopted a new Integrated Border Management Strategy and Action Plan covering the period from 2014-2018. The strategy, endorsed by the Prime-Minister, is a logical continuation of the first IBM strategy (2008-2013) and outlines major directions of reform for border management agencies. The IBM policy in the country is directed at improving inter-agency and international cooperation.

Second Progress Report of the EU Commission on Georgia's progress in implementation of Visa Liberalisation Action Plan noted that all requirements set for Integrated Border Management part of the document have been successfully implemented by Georgian authorities by May 2015.

Georgia signed an Association Agreement (AA) with the EU in June 2014 and set out an EU-Georgia Association Agenda which defines priorities for 2014-2016 with a view to implement the AA along with a Deep and Comprehensive Free Trade Area (DCFTA). Provisional application (notably its trade part) started as of 1 September 2014 and initial provisions of the Deep and Comprehensive Free Trade Area started in July 2014.

Considering the importance of ensuring the accurate assessment of custom duties and proper enforcement by the customs administrations of prohibitions, restrictions and measures of control in respect of specific goods and recognising the need for international cooperation, Azerbaijan and Georgia institutions have signed an Agreement on Mutual Assistance on general co-operation, committing to exchanges of information and closer collaboration.

II. Problem Statement

Azerbaijan:

Customs control in Azerbaijan is managed by the State Customs Committee, whose main priorities are trade facilitation and security of the supply chain. Since 2008, it has been charged with border veterinary and phyto-sanitary inspections at BCPs, and since 2009 it has adopted a 'single window' approach in its activities. A modernised customs code (developed with support of the EU) was adopted in 2012. By 2013, the Government of Azerbaijan has modernised all five BCPs in line with these principles. At the moment, the SCC is implementing the Action Plan on the Development of the State Customs Committee of the Republic of Azerbaijan for 2012-2016. Two of its main priorities focus on:

- *Follow-up to the building of border customs check-points in line with international standards;*
- *Establishment of customs warehouses and temporary storages and construction of customs terminals.*

On the Azerbaijani side, from a customs perspective, the two key challenges are:

- The need to improve SPS sampling at the border. While central national SPS laboratories are in place and a national framework is being established, BCPs remain a weak point in the system as the SCC does not have adequate equipment to collect and store samples. Mistakes in sampling often lead to incorrect results, or require repeated sampling which further delay waiting times at borders;
- Lack of a secure customs clearance area. The lack of a secure customs clearance area outside of the BCP means that shipments which cannot be cleared immediately hold up processing for all shipments. A secure 'overflow' area would allow for secondary checks and facilitate border flows, in line with OSCE recommendations. While the SCC has plans to establish a dedicated terminal area at Red Bridge (in line with their action plan), establishing fencing would kick-start this process and provide a base for the Government to continue with their investments.

Georgia:

In Georgia, customs control falls under the remit of the Georgian Revenue Service (RS), which is part of the Ministry of Finance. The Georgian RS is also responsible for dealing with phyto-sanitary, veterinary and sanitary controls at BCPs. Red Bridge BCP along with other international BCPs was renovated in 2012-13. After the signature of the Association Agreement with the European Union and the Deep and Comprehensive Free Trade Agreement (DCFTA), Georgia has now committed to adopting EU standards in many key areas – specifically chapter 4 on sanitary and phyto-sanitary measures.

On the Georgian side, the main challenges are related to establishing facilities for EU standard SPS verification at the BCP. While checks are currently being carried out, they do not meet the requirements set out in the DCFTA, and need to be upgraded. This requires the establishment of a dedicated facility along with sampling and laboratory equipment. Sanitary, veterinary and phyto-sanitary services as part of the customs, was identified as the segment needing most support within the Georgian customs, not least given the obligations of EU-Georgia association agreement as well as supporting trade facilitation with Azerbaijan.

In the case of both countries, training on modern SPS procedures and sampling will be necessary to match the new equipment. Bearing in mind the principles of integrated border management (IBM), this training should include both the SCC and the RS, establishing the basis for potentially similar SPS verification in the future.

III. BENEFICIARIES AND TARGET GROUPS

In the Republic of Azerbaijan the main beneficiary will be the State Customs Committee, which has sole responsibility of customs and Sanitary and Phyto-sanitary Standards checks at the border.

In Georgia the main beneficiary will be the Revenue Service (RS) of the Ministry of Finance, which is responsible for customs and SPS checks at the border. At present, the Red Bridge BCP does not have facility to carry out SPS controls on spot and therefore fails to meet international standard in this regard.

Indirect beneficiaries will be importers and exporters that use the Red Bridge BCP, as they should benefit from quicker processing at the border.

The final beneficiaries will be the citizens of both countries who will benefit from increased SPS security. The citizens of EU will also benefit through improved and facilitated trade flows.

IV. STRATEGY

The overall objective of the project is to contribute to facilitation of the movement of goods across border between Georgia and Azerbaijan, while at the same time maintaining secure borders through the enhancement of bilateral and multilateral co-operation among the target countries, and EU Member States. A key focus of the project will be sanitary and phyto-sanitary measures, as these aspects are increasingly important to both countries.

Specific objectives of the project are to support institutional development and capacity building of the Georgian RS and SCC of Azerbaijan, including building capacity to carry out SPS controls and exchange of information as appropriate as well as to improve their operational capacities through provision of better infrastructure and modern technology.

Project activities will be mostly carried out at Red Bridge BCP between Georgia and Azerbaijan. However, Revenue Service Staff from other BCPs and HQ will also benefit from capacity building activities carried out by the project.

It is anticipated that the experience gained during the implementation of the project would be replicated by the Customs Authorities of Georgia and Azerbaijan at other parts of the state border.

Facilitation of trade at the border requires provision of modern infrastructure and equipment; well-defined intra-Agency, inter-Agency and international cooperation and information sharing between Customs authorities; professional skills training and zero tolerance of corruption.

The project seeks to meet all of the above requirements, in order to achieve the ultimate goal of facilitation of legal trade, and in so doing meet the overall objective.

The Project will reach these objectives by taking a bilateral and national approach. Subsequently, support will be provided to the relevant customs agencies through training and workshops on the best SPS practises in Europe. The sharing of expertise from EU Member States and relevant international agencies will play an instrumental role in ensuring effectiveness of these activities.

The Project will be implemented through three major activities. This approach will allow the Project team to deliver its expertise and transfer knowledge in a harmonized, gradual and coherent manner.

The specific objectives of the project are to:

- Develop closer cooperation among the Georgian RS and Azerbaijani SCC especially in the area of SPS;
- Facilitate trade between Georgia and Azerbaijan.

It is anticipated that at the end of the project the following results will be achieved:

- Improved capacity of both Georgian RS and Azerbaijani SCC in the management of SPS related issues through strengthening systematic SPS control, assessment of training needs, development of ToT modules (to ensure systematic SPS trainings for staff and new recruits), availability of certified trainers in SPS issues; incorporation of SPS related issues to the curriculums of the national customs academies of both countries to ensure sustainability;
- Improved secure traffic flow on the Azerbaijani side of the Red Bridge achieved through improved SPS controls of Azerbaijani SCC and the establishment of fenced-off control area according to the baseline indicators and statistical info provided by SCC;
- Improved secure traffic flow on the Georgian side of Red Bridge achieved through improved SPS inspection facilities according to the baseline indicators and statistical info provided by RS.

Main activities

To achieve the results above the following groups of activities (modules) shall be undertaken, as follows:

Module 1: Joint Training in EU SPS border check norms for key personnel of Azerbaijani SCC and Georgian RS. The training will be broken down into four chapters:

- General SPS Control Checks at EU Border Inspections Posts (for all);
- Phytosanitary (Plant Health) Issues (for Phytosanitary Inspectors)
- Veterinary (animal health) Issues (for Veterinary Inspectors)
- Food Safety (for all):

This module builds on existing trainings that Georgian and Azerbaijani customs authorities carry out but for which additional technical support is required and beneficial. The role of national administrations benefitting from the trainings should be reflected in sustainability plan developed by partner countries ensuring development of the *train-for-the-trainers* methodology to be applied within training activities.

Additionally, trainings will focus on SPS control at border inspection posts and its technical aspects.

Module 2: Infrastructure and equipment support to Azerbaijani SCC to facilitate movement and increase security at Red Bridge. This will include:

- Completion of a fence around the customs area on the Azerbaijan side to ensure that goods that are to be cleared are under constant control of the authorities. The provisions for the fence will need to be in line with the OSCE Handbook of Best Practices at Border Crossings, 2012 ("Options for the Design of BCP's, page 137);
- Procurement of EU standard laboratory sampling equipment permitting Azerbaijan SCC to efficiently collect and store SPS samples to be verified in central laboratories;

Module 3: Infrastructure and equipment support to Georgian RS to facilitate movement and increase security at Red Bridge. This will include:

- Construction of SPS facilities: Building of infrastructure for veterinary (live animals, products of animal origin HC and NHC) and phytosanitary control, including inspection and unloading rooms for different temperature regimes.
- Procurement of equipment for the inspection of the goods being the subject of SPS control (sampling).

V. Training of Trainers

In order to reach a broad and lasting dissemination of the project objectives specific Training of Trainers Programmes will be developed under Module 1 "Joint Training in EU SPS border check norms for key personnel of Azerbaijani SCC and Georgian RS".

The train-the-trainer concept will be implemented both in advanced on-the-job training as well as in initial education of related officers in both countries.

The ToT programme is expected to reach a broad and lasting implementation of the concept into the education of professionals and will be available beyond the projects duration.

Permanent skills transfer and sustainability of performance improvement are just two compelling arguments for developing ToT programmes instead of ad hoc trainings.

Just a few of the real benefits of this approach can be summarized below:

- Reduced long-term dependence on expensive external resources
- Credibility of the trainers because they understand internal procedures and processes and customer needs
- Enhanced career opportunities from the development of additional skills
- Enhanced integration because the trainers understand the organization's culture, mode of operation, and informal communication methods

The Project should be involved into the whole chain of ToT programme development and implementation, including:

- assistance of SSC and RS in developing selection criteria for Trainers and participate in the selection;
- assistance of SSC and RS in conducting needs assessment of existing training providers for better synergy with the new ToT programme;
- assistance of SSC and RS in better institutionalization of the ToT programme.

Sustainability Plan:

All trainings delivered both in Georgia and Azerbaijan will imply **certification** of the trainers.

Following training programmes are considered:

- 1) General training on customs conventions (e.g. container control, Kyoto and etc)
- 2) Implementation of phytosanitary control on border checkpoint
- 3) Classification of Genetically Modified Organisms
- 4) Modern principles of control of the cargo, transport means and hand language on the border check points.

After completion of the ToT programme, Customs Academy of Azerbaijan SCC will incorporate training modules to complement existing curriculum and to ensure sustainability of the training delivered within the framework of the Project.

The HR division of Georgian Revenue Service permanently conducts advanced and on-the-job training courses for the incumbent customs officers, the SPS specialists as well as new recruits; The train-the-trainer platform of the project will create a new pool of experts/trainers who will be certified as the lecturers by the HR division. These experts/trainers being identified and trained within the scope of the project would further develop and enrich the pool of Revenue Service's own trainers to conduct in-house training for customs officers.

Both RS and SCC will establish network of certified trainers on SPS to exchange information and share recent developments in SPS policies of two border countries.

In addition during all joint trainings and study tours Azerbaijan and Georgia will learn from each other best practices in different training fields.

VI. Results and Resources Framework

PROJECT RESULTS AND RESOURCES LOGICAL FRAMEWORK

Support to the development of Red Bridge Border Crossing Point between Azerbaijan and Georgia		
Partnership Strategy: Project will be implemented in close partnership with State Customs Committee in Azerbaijan and State Customs Committee in Georgia		
Project Title and ID: Support to the development of Red Bridge Border Crossing Point between Azerbaijan and Georgia		
Intended Outputs	Output Targets for Years	Indicative Activities
<p>Enhanced capacity and infrastructure of both Azerbaijan SCC and Georgian RS in the management of SPS related issues.</p> <p>Baseline: 1) No common capacity building activities in area of SPS</p> <p>Indicators:</p> <p>1) Number of Common capacity building activities carried out;</p> <p>Baseline: 2) SPS checks at Red Bridge are not conducted</p>	<p>2016-2018</p> <p>1. At least 10 common capacity building activities carried out</p>	<p>Activity Result 1: Joint Training in EU SPS border check norms for key personnel of Azerbaijani SCC and Georgian RS. The training will be broken down into four chapters</p> <p>1.1 Assessment of Training Needs (AZE, GEO)</p>

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<p>in full compliance with international and EU regulations</p> <p>Indicators:</p> <p>2) Red Bridge BCP to meet international and EU SPS standards and functional on both sides of the border</p> <p>Baseline:</p> <p>Limited awareness on EUMSs best practice on SPS controls at BCPs</p> <p>Indicators:</p> <p>3) Awareness on EUMSs best practice on SPS controls at BCPs</p> <p>Systematic SPS trainings for staff</p>	<p>2. SPS control equipment based on international standards procured, installed and available;</p>	<p>1.2 Development of Training for Trainers Programmes and involvement to the whole chain of the process including selection of the trainers to the certified ToT programme</p>	<p>Act result 1.2:</p> <p>BL 1.1.1.1 National IBM Expert; 1.1.1.2 National SPS Expert. BL 1.2.1 Salary International Experts. BL 2.1 International Travel. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p>
<p>3. At least 10 AZ staff and 10 GE staff participated in Study visits to EUMS</p>	<p>1.3 Delivery of training programmes on General SPS Control Checks at EU Border Inspections Posts; Phyto-sanitary (Plant Health) issues, Veterinary (animal health) issues and Food Safety;</p> <p>- records and feedback from training sessions, study visits, evaluation and training monitoring reports;</p> <p>-incorporation of the SPS issues to the existing curriculum and training modules of the customs academies of SCC and RS</p>	<p>Act result 1.3:</p> <p>BL 1.1.1.1 National IBM Expert; 1.1.1.2 National SPS Expert. BL 1.2.1 Salary International Experts. BL 2.1 International Travel. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p>	

<p>Baseline: 5) SPS facilities and equipment outdated or does not exist; ad hoc SPS control</p> <p>Indicator:</p>	<p>5) SPS facilities and equipment are in place</p>	<p>5. SPS facilities are constructed and equipped; necessary trainings for RS and SCC staff on new equipment conducted</p>	<p>1.5.Organisation of Study Tour to EUMSS to demonstrate best practice on SPS controls at BCPs records and feedback from training sessions, study visits, evaluation and training monitoring reports</p>
<p>Baseline: No systematic average traffic flow control per day on Red Bridge Check Point</p> <p>Indicator</p>	<p>525 traffic means per day according to the statistical data provided by SCC and RS (year tbc)</p>	<p>6. At least 650 traffic means pass the Red Bridge Check point per day by 2018 (data received from different</p>	

<p>Baseline:</p> <p>No fenced off control area</p> <p>Indicator:</p> <p>4. Fenced off control area constructed according to international standards</p> <p>Systematic SPS control according to international standards on place</p>	<p>sources e.g State Statistical Committee of AZE, GeoStat, SCC, RS or regular traffic/trade statistics etc.)</p>		
<p>4. Fenced off control area constructed and secured storage/sampling area in place; necessary trainings for SCC on sampling equipment conducted</p>		<p>Activity Result 2: Infrastructure and equipment support to Azerbaijani SCC to facilitate movement and increase security at Red Bridge</p> <p>2.1 Identification of the proper land territory for the establishment of the terminal complex area covering the parking, warehousing, goods loading/unloading and physical control areas.</p> <p>2.2. Development of Technical Specifications for fence construction, electric installation works provision of water and heating lines, installation of air-conditioning system and sampling laboratory.</p> <p>2.3.Completion of a fence around the customs area on the Azerbaijan side to ensure that goods that</p>	<p>Act result 1.4: BL 1.3 Per diems for mission travel. BL 2. Travel BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p> <p>Act result 2.1: BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p> <p>Act result 2.2: BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p> <p>Act result 2.3:</p>

<p>are to be cleared are under control of the authorities at BCP</p> <p>2.4. Procurement and installation of EU standard laboratory sampling equipment permitting Azerbaijan SCC to efficiently collect and store SPS samples to be verified in central laboratories;</p> <p>2.5 Organizing training on modern SPS procedures and sampling on use of new sampling equipment at BCP</p>	<p>BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 6.1 Fence construction</p> <p>Act result 2.4: BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 3.5 Sampling equipment</p> <p>Act result 2.5: BL 1.1.1.1 National IBM Expert; 1.1.1.2 National SPS Expert. BL 1.2.1 Salary International Experts. BL 2.1 International Travel. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 3.5 Sampling equipment</p>
<p>Baseline:</p> <p>5) SPS facilities and equipment outdated or does not exist; ad hoc SPS control</p> <p>Indicator:</p> <p>5) SPS facilities and equipment are in place</p> <p>Systematic SPS control according to international</p>	<p>Activity Result 3 Infrastructure and equipment support to Georgian RS to facilitate movement and increase security at Red Bridge.</p> <p>3.1 Conducting needs assessment of the required additional infrastructure, analysis of the current equipment needs of Red Bridge BSP;</p> <p>3.2 Development of the Technical Specifications for the construction of the additional infrastructure and sampling equipment</p> <p>3.3 Completion of the construction of the SPS</p>
<p>Indicator:</p> <p>5) SPS facilities and equipment are in place</p> <p>Systematic SPS control according to international</p>	<p>Act result 3.1: BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p> <p>Act result 3.2: BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant</p> <p>Act result 3.3:</p>

standards on place	facilities	<p>BL 1.1.1.4 Part infrastructure engineer. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 6.2 SPS storage facility</p> <p>Act result 3.4: BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 3.6 Storage equipment</p> <p>Act result 3.5: BL 1.1.1.1 National IBM Expert; 1.1.1.2 National SPS Expert. BL 1.2.1 Salary International Experts. BL 2.1 International Travel. BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 3.5 Sampling equipment</p>
	<p>3.4 Procurement, delivery and installation of equipment for Red Bridge BCP, in line with needs assessment</p> <p>3.5 Delivery of the trainings on use and maintenance of the procured equipment</p>	
	<p>Activity Result 4 Project Coordination, administration and monitoring activities successfully implemented</p> <p>4.1 Ensure daily management of project activities; 4.2 Ensure daily operation of the office; 4.3 Prepare annual work plans and budget revisions;</p>	<p>Act results 4.1; 4.2; 4.3: BL 1.1.2.1 Country Manager, 1.1.2.3 Adm/Fin Assistant. BL 1.1.2.6 UNDP Programme Officer. 1.1.2.7 UNDP Programme associate.</p>

VII. MANAGEMENT ARRANGEMENTS

The project will be nationally executed, implemented by the State Customs Committee that will act both as the Implementing Partner and the Beneficiary of the project. Implementation support will be provided by the UNDP Country Office. In its capacity as Implementing Partner, SSC will be responsible for overall project management. Besides, SSC will be responsible for the facilitation of all project activities. UNDP will provide support and services including procurement and contracting in accordance with the relevant UNDP Programme and Operational Policies and Procedures.

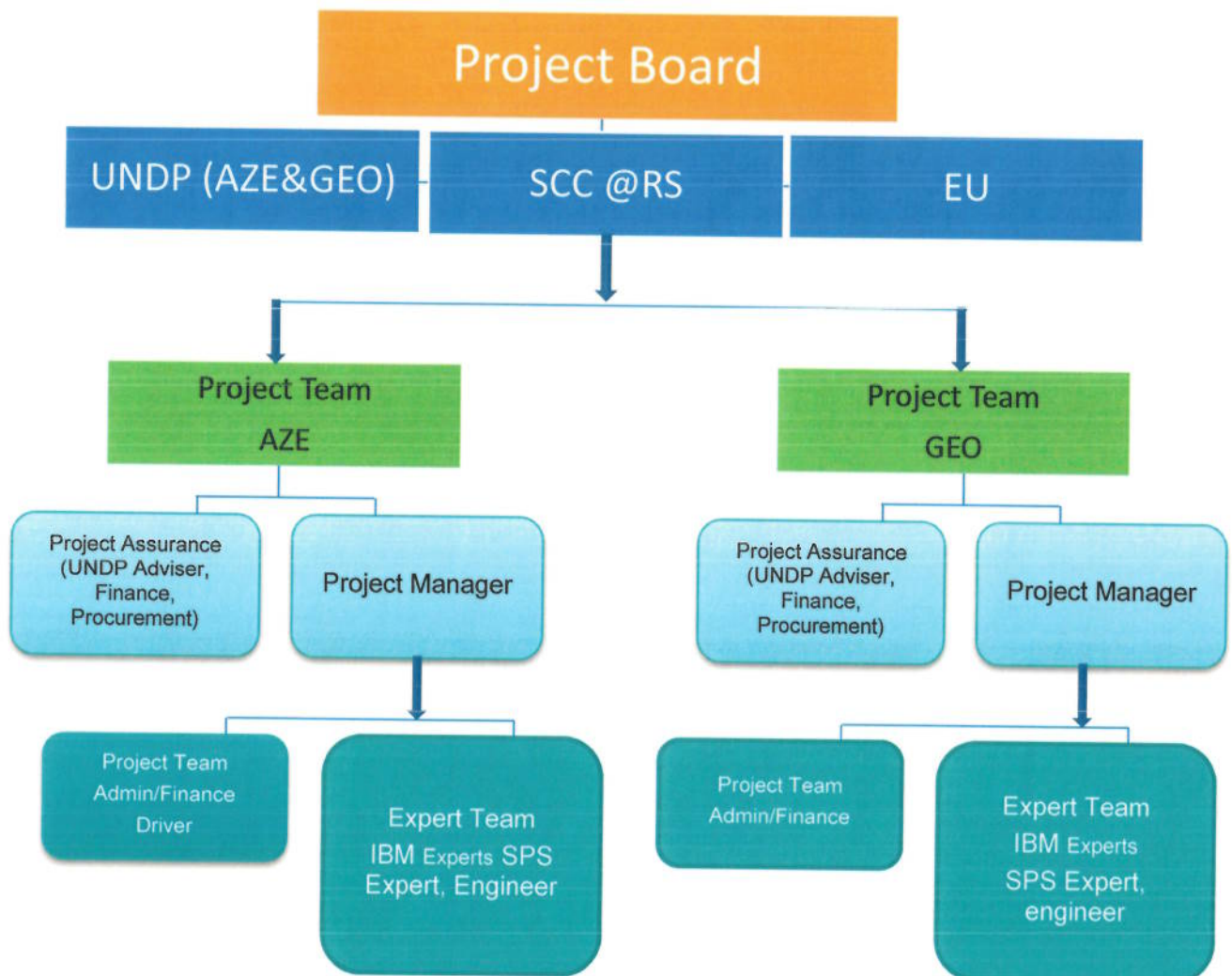
UNDP Country Office in Azerbaijan will have overall responsibility for implementation of the Project and liaison with EU Delegation in Azerbaijan.

UNDP will manage the overall budget and procurement of inputs required for implementation of the action. It will be responsible for monitoring the implementation of the action by the project team, for timely reporting of its progress to the EU as well as for organizing the required external evaluations. Furthermore, it will support the co-ordination and networking with other related initiatives and institutions in the country. The SCC will be UNDP's main national counterpart associated with the implementation of the action in Azerbaijan and RS will be the main national counterpart in Georgia.

A Project Steering Committee (PSC) will be established at the beginning of implementation and will meet at least once a year to monitor the progress of the action, to guide its implementation and to support the action in achieving its listed outputs and objectives. The PSC will be composed of the representatives of the SCC, RS, EC and UNDP. Other stakeholders can be invited to the PSC meetings by the decision of the PSC.

The day-to-day management of the action will be carried out by a Project Management Unit. Two project teams will be established, one in Georgia and one in Azerbaijan, each comprising a Country Manager, two national experts, a Finance/Admin Assistant, part-time infrastructure engineer and a Driver. A Country Manager will lead each project team, and report directly to nominated individuals within their respective UNDP Country Offices.

ORGANIZATIONAL STRUCTURE



Project Expert Profiles:

National IBM expert (AZE and GEO) will provide advice in the area of border management on a regular basis and on institutional and operational issues as required; Provide expertise for implementation of different components/modules of the project and support international experts involved in the implementation of the Programme; Recommend changes to the institutional and operational framework of the relevant agencies related to IBM in particular; Provide inputs on RS and SCC policy documents; Support in planning and implementation of all Modules; Provide training in the framework of the project as required; Participate and provide input for implementation of national/bilateral/multilateral events.

National SPS expert (AZE and GEO) will provide advice specifically on sanitary, veterinary and phytosanitary issues. Assess the training needs of the Revenue Service and SCC in SPS issues as well as equipment needs for carrying out proper SPS control. Support and contribute to the preparation of national and bilateral workshops through provision of expertise; preparation of agendas and workshop topics; Draft regular reports on implementation of project modules; Liaise and cooperate with national and international experts and actors working in SPS field; Support in establishment of cooperation with respective international bodies active in SPS.

Part-time infrastructure engineer (AZE and GEO) will support the project in constructing the SPS facility at the Red Bridge BCP. He/she will produce the final Bill of Quantities and other necessary documents for announcement of tender on construction of SPS facility; produce specifications for works and materials to be used; participate in the pre-bid conference and the tender evaluation process; supervise construction works, conduct on site visits to Red Bridge BCP; monitor and report weekly on the quality and timeliness of construction; Ensure compliance of implemented works with BoQ and the provided bid; Produce written acceptance of construction works based on full compliance with tender requirements and timely delivery at the end of each construction phase and at the end of the construction. Produce written acceptance of construction works based on full compliance with tender requirements and timely delivery at the end of the contract signed by the Project Manager, representative of Revenue Service of Georgia and State Customs Committee of Azerbaijan and the construction company representatives.

Project Assurance (AZE and GEO): UNDP in both countries will designate a Programme Advisor and/or Programme Associate to provide independent project oversight and monitoring functions, to ensure that project activities are managed and milestones accomplished. The UNDP Programme Advisor will be responsible for reviewing Risk, Issues logs, Annual Plan of Activities, budgets and ensuring compliance with the Monitoring and Communications Plan.

Project Manager (AZE and GEO): The Project Manager will be tasked with the day-to-day management of project activities, as well as with financial and administrative reporting. He/she will be responsible for project implementation and will be guided by Annual and Quarterly Work Plans and follow the RBM standards. PM's prime responsibility is to ensure that the project produces the planned outputs by undertaking relevant activities specified in the project document up to the required quality standards and within the specified constraints of time and cost.

Project envisages part time Project Manager for Georgia and full time Project Manager for Azerbaijan.

Project finance / administrative staff: (AZE and GEO)

Under the guidance of the Project Manager, the Project Admin/Finance assistant will prepare procurement plan, supporting documents for contracting and payments, and participate in project monitoring activities. The project's finance and administrative assistant will provide support services related to administrative, procurement and financial issues such as preparation of payment and contract requests, raising requisitions, due filing and maintenance of inventory records, travel arrangements.

Project Cleaner (GEO)

Project Cleaner will be recruited to ensure proper cleaning and keeping hygienic of the premises of the project.

Project Driver (GEO)

The Project Driver will provide driving services on field trips in/or out out-side the country

VIII. 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:

Within the annual cycle

- On a quarterly basis, 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.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR 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.

IX. Legal Context

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner 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 Implementing Partner'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 the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that no 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/sc/committees/1267/qa_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.

1. Budget for the Red Bridge SPS Azerbaijan

Costs	All Years			
	Unit	# of units	Unit rate (in EUR)	Costs (in EUR)
1. Human Resources				
1.1 Salaries (gross salaries including social security charges and other related costs, local staff) ⁴				
1.1.1 Technical				
1.1.1.1 National Customs Expert	Per month	20.00	900.00	18,000.00
1.1.1.2 National SPS Expert	Per month	20.00	900.00	18,000.00
1.1.1.3 Part time Engineer	Per month	5.00	1,000.00	5,000.00
1.1.2 Administrative/ support staff				
1.1.2.1 Country Manager	Per month	24.00	2,750.00	66,000.00
1.1.2.3 Admin/Finance Assistant	Per month	24.00	1,700.00	40,800.00
1.1.2.4 UNDP Azerbaijan Programme officer	Per month	2.00	5,000.00	10,000.00
1.2 Salaries (gross salaries including social security charges and other related costs, expat/int. staff)				
1.2.1 Salary, International Experts	Per Day/Per Expert	74.00	400.00	29,600.00
1.3 Per diems for missions/travel				
1.3.3.1 Per Diem, Workshop Participants	Per diem	326.00	180.00	58,680.00
Closing (7 persons, 2 days) - 14 days				
- Bilateral ws. In GEO (2 ws, 12 pers, 4 days) - 96 days				
- National ws (6 ws, 12 pers, 3 days) - 216 days				
1.3.3.2 Per Diem, Study Tour Participants	Per diem	50.00	220.00	11,000.00
1.3.3.3 Per Diem for International Experts in Azerbaijan	Per diem	70.00	180.00	12,600.00
Subtotal Human Resources				269,680.00
2. Travel⁶				
2.1. International travel for International experts	Per flight	20.00	400.00	8,000.00
2.2. International travel for Study Tour and Workshop Participants	Per flight	32.00	625.00	20,000.00
2.3. Local transportation	Per event	10.00	400.00	4,000.00
Subtotal Travel				32,000.00
3. Equipment and supplies⁷				
3.1 Purchase or rent of vehicles	Per unit	1.00	30,000.00	30,000.00
3.2 Furniture, computer equipment				
3.3 Machines, tools...		1.00	7,000.00	7,000.00

3.4 Spare parts/equipment for machines, tools								-
3.5 Sampling equipment			1			190,000.00		190,000.00
Subtotal Equipment and supplies								227,000.00
4. Local office								
4.1 Vehicle costs			24.00			200.00		4,800.00
4.2 Office rent			24.00	Per month		300.00		7,200.00
4.3 Consumables - office supplies			24.00	Per month		400.00		9,600.00
4.4 Other services (tel/fax, electricity/heating, maintenance)			24.00	Per month		200.00		4,800.00
Subtotal Local office								26,400.00
5. Other costs, services⁸								
5.1 Publications ⁹			1.00	Per year		4,000.00		4,000.00
5.2 Studies, research ⁹								-
5.3 Expenditure verification								-
5.4 Evaluation and audit			1.00	Per action		5,000.00		5,000.00
5.5 Translation, interpreters			2.00	Per year		4,388.00		8,776.00
5.6 Financial services (bank guarantee costs etc.)								-
5.7 Costs of conferences/seminars ⁹			8.00	Per event		3,500.00		28,000.00
5.8. Visibility actions ¹⁰			1.00	Per action		8,000.00		8,000.00
Subtotal Other costs, services								53,776.00
6. Other								
6.1. Fence construction at RB BCP			1.00	Per activity		634,077.00		634,077.00
Subtotal Other								634,077.00
7. Subtotal direct eligible costs of the Action (1-6)								1,242,933.00
8. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)								
9. Total direct eligible costs of the Action (7+ 8)								1,242,933.00
10. Administrative costs (maximum 7% of 9, total direct eligible costs of the Action)								87,005
11. Total eligible costs (9+10)								1,329,938
12. Taxes ¹¹								
13. Total accepted¹¹ costs of the Action (11+12)								1,329,938

**COST-SHARING AGREEMENT BETWEEN THE UNITED NATIONS
DEVELOPMENT PROGRAMME AND THE STATE CUSTOMS COMMITTEE
OF THE REPUBLIC OF AZERBAIJAN**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the State Customs Committee of the Republic of Azerbaijan (hereinafter referred to as the "Committee") have agreed to co-operate in the implementation of a project in the Republic of Azerbaijan (hereinafter referred to as "the Project"), as described in the Project document [Project ID 92997 and title "Support to the development of Red Bridge Border Crossing Point between Azerbaijan and Georgia], in the Republic of Azerbaijan, and submitted to the SCC for information.

WHEREAS the SCC has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the "Project";

WHEREAS the UNDP shall designate an Implementing Partner for the implementation of the "Project" financed from the contribution (hereinafter referred to as "Implementing Partner")

NOW THEREFORE, UNDP and the SCC hereby agree as follows:

Article I

1. The SCC shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of Euro 266,000.
2. The SCC shall, in accordance with the schedule of payments set out below, deposit the contribution in in EUR **266,000** at the Yapi Kredi Bank Azerbaijan.

Bank name:	Yapi Kredi Bank, Azerbaijan
Bank address:	"Elmler Akademiyasi" branch, H.Javid Avenue, 528/57 block apt., 1
Code:	509987
Tax ID of Bank:	9900009021
Core account:	AZ51NABZ01350100000000012944
Bank account name:	UNDP, Azerbaijan
S.W.I.F.T. BIC:	KABAAZ22
Accounts:	AZ32KABA00000000000000021008AZN, AZ10KABA00000000000000021016 USD
Tax ID of UNDP:	9900084261

<u>Date payment due</u>		<u>Amount (stated currency)</u>
(a)	1 st quarter 2017	Euro 66,500
(b)	2 nd quarter 2017	Euro 66,500
(c)	3 rd quarter 2017	Euro 66,500
(d)	4 th quarter 2017	Euro 66,500

3. The SCC will inform UNDP when the Contribution is paid via an e-mail with remittance information to contributions@undp.org, providing the following information: SCC's name, UNDP country office, [Project no. and title], SCC reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.
4. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the SCC with a view to determining whether any further financing could be provided by the SCC. Should such further financing not be available, the assistance to be provided to "the Project" may be reduced, suspended or terminated by UNDP.
5. The above schedule of payments¹ takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
6. All financial accounts and statements shall be expressed in United States dollars.
7. UNDP may agree to accept Contributions in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 6 above. Any change in the currency of the Contribution shall be made only in agreement with UNDP.
9. Any interest revenue attributable to the contribution shall be credited to the UNDP Account and shall be utilized in accordance with established UNDP procedures.

Article II

¹ It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the country offices.

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 5%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

Article III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects.
2. Project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above. UNDP shall not start implementation of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).
2. If unforeseen increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the SCC on a timely basis a supplementary estimate showing the further financing that will be necessary. The SCC shall use its best endeavors to make available to UNDP the additional funds required.
3. If the Contribution referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the SCC or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article V

Ownership of equipment, supplies and other property financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

Article VI

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP.

Article VII

UNDP shall provide the SCC on request with financial and other reports prepared in accordance with UNDP reporting procedures.

Article VIII

1. UNDP shall notify the SCC when all activities relating to "the Project" have been completed in accordance with the Prodoc.
2. Notwithstanding the completion of all activities relating to "the Project", UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNDP shall notify the SCC and consult with the SCC on the manner in which such commitments and liabilities may be satisfied.
4. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the SCC.

Article IX

1. After consultations have taken place between the two Parties to this Agreement and provided that the funds from the Contribution already received are, together with other funds available to "the Project", sufficient to meet all commitments and liabilities incurred in the implementation of "the Project", this Agreement may be terminated by UNDP or by the SCC. The Agreement shall cease to be in force thirty

days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.

2. If the unutilized contribution-payments, together with other funds available to “the Project”, are insufficient to meet such commitments and liabilities, UNDP shall notify the SCC and consult with the SCC on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the SCC.

Article X

Any notice or correspondence between UNDP and the SCC will be addressed as follows:

- (a) To the SCC: Mr. Aydin Aliyev, Lieutenant-general of customs service, Chairman of the State Customs Committee of the Republic of Azerbaijan
Address: 2, Inshaatchilar ave, AZ 1073, Baku, Azerbaijan
- (b) Upon receipt of funds, UNDP shall send an electronic receipt to the SCC email address provided below as confirmation that the remitted funds have been received by UNDP

SCC email address: international@customs.gov.az
Attention: Mr. Aydin Aliyev

- (c) To UNDP: Ms. Nato Alhazishvili, UNDP Resident Representative a.i.

Address: United Nations Development Programme
3, Istiglaliyyat Street, Baku 1001, Azerbaijan

Article XI