

INSTITUTIONAL CAPACITY BUILDING

CUSTOMS

Summary Project Fiche

Project n°: LI9803.04.02

Title: Strengthening the Institutional & Administrative Capacity of Customs

Location: Lithuania (countrywide).

Objectives:

Implementation, throughout Lithuania (Headquarters, Regional Offices and local posts), of a modern Customs declaration processing system for imports, exports and transit consignments.

Description:

The project will begin the introduction of a computerised Customs declaration processing system based on the ASYCUDA system developed by UNCTAD. As part of the project a dedicated Project Team, with full co-ordination capability, in the Customs Department will be established. This part of the project has been identified as being suitable for twinning.

Institutional framework:

The project is within Lithuanian Customs, which is an autonomous Department of the Ministry of Finance.

Budget:

	Investment	Institutional building	Total Phare (I + IB)	Recipient	IFI	TOTAL (MECU)
Preparation of sites including system migration	0.258		0.258			0.258
Computer equipment (hardware & software licences including RDBMS)	0.694		0.694			0.694
Training (oracle, Unix, networking, telecom, stats)	0.048		0.048			0.048
TOTAL	1,000		1,000			1,000

Implementation arrangements:

The Implementation Authority will be the CFCU. Though the Terms of Reference of the Tender and the Technical Specification will be prepared by the Informatics Division of the Lithuanian Customs Administration, the Invitation to Tender will be launched by the CFCU, who will also manage the tender process throughout. Where appropriate, twinning arrangements could be set up.

Implementation schedule:

The preparation of the Invitation to Tender, most especially the Terms of reference and the Technical Specification will be commenced in 3Q1998. The tender will be launched in 4Q1998 and the project will begin in 1Q1999. It is scheduled to be completed by 4Q1999.

Equal opportunity:

The Customs Department of Lithuania has an unwritten policy of equal opportunity and the project will sustain this in its approach. Considerations of cost and practicality dictate that the project must of necessity utilise existing Customs personnel. Gender - manifested as either positive or negative discrimination - will not be a factor in the selection process, because of the overwhelming need to concentrate on the optimum utilisation of the available skills set.

Environment:

The project is not directly concerned with environmental issues, but because carriage of goods within Lithuania to and from its Customs points is predominantly by road and old technology rail –with obvious adverse environmental effects - and because the advent of ASYCUDA will rationalise the Customs process that to some degree governs the traffic flow, the project will have a favourable environmental impact. There will also be incidental environmental benefits from the decreased energy demands resulting from reduced staff overhead, more efficient equipment and improved infrastructure. The nature and extent of the streamlining, however, is not known at present (restructuring of Lithuanian Customs is imminently due and the organisational aspects – e.g. regional centrality of the declaration processing versus individual post autonomy - are also under review). Neither screening nor an Environmental Impact report would therefore be meaningful at this time.

Rates of return:

Due to imponderables and the status of the prevailing process that this project will supersede, it is not possible to calculate numeric estimates of the rates of return on the investment, but clearly the return will be highly significant. As in most other countries, Customs operations in Lithuania provide one of the major sources of revenue. ASYCUDA will increase the flow of goods and the collection capacity, speed the rate of collection and improve its accuracy – all contributing to a considerable uplift in revenues.

Investment criteria:

There was a manifest need to modernise Customs operations in Lithuania, not only as a major revenue source, but also to bring those operations into line with Community requirements as a prelude to EU accession. ASYCUDA was chosen both because it offered free software and support and because it was the best technical option.

The criteria for the investment element will act as a catalyst in encouraging the Customs Administration to adopt new standards and levels of automation – and in bringing operations in line with Community requirements as a prelude to EU accession. Investment will also promote sustainability in augmenting the national budget allocation to help the Customs Administration to contain problems of implementation, in ensuring the correct level of appropriately trained personnel to maintain the advantages of automation and in optimising the capabilities of Customs as a major revenue source. It will also provide additionality in that not only did the Lithuanian state commit some 400,000 ECU to Customs Information System in 1997 and 2.3 MECU in 1998 – and is expected to exceed this figure as a result of the budget negotiations for 1999 due to commence in June 1998 – also the United Nations Conference on Trade And Development, UNCTAD, is investing in the project by offering free ASYCUDA software, ASYCUDA training and support. With respect to readiness, the Customs Information System programme aspect specifically addressed this project is ready to be implemented with immediate effect. Competition, however, is not applicable in that the provision of Customs services is not open to competition in Lithuania but competition will be encouraged through Phare tender procedures.

Conditionality and sequencing:

In 1995 the Head of the Lithuanian Customs Informatics Division carried out a comprehensive Evaluation Study of all available options for Customs automation. As a result the ASYCUDA package from UNCTAD, the United Nations Conference on Trade and Development, was chosen. It was then necessary to secure funding for technical support during the pre-implementation phase and to ensure that appropriate national resources were made available for the implementation.

On the level of Government Policy, the Government of the Republic of Lithuania has adopted a comprehensive programme of legislation to promote Lithuania's accession to the EU. This project, as part of the NPAA and passed by the Seimas as a resolution in March 1998, enjoys the full commitment of the Government. On the Programme level, the ASYCUDA project is under the Lithuanian Customs

Administration's Strategic Plan of the Lithuanian Customs: Year 1998 – 2000. It is seen as a key factor in the realisation of that Plan, but should ASYCUDA be considered to have fallen short of expectations, the modernisation process will nevertheless continue and all equipment, site preparation and training would be redeployed to alternative operations directed towards that same purpose. On a Project level, however, in order to ensure the success of ASYCUDA comprehensive planning has already been formulated, a team of 22 personnel has been dedicated full time to the project and facilities for training have been made available. The provisions of this project will enable the ASYCUDA implementation process to be significantly progressed in accordance with the plan.

ANNEX 1

LOGFRAME PLANNING MATRIX			PROGRAMME NUMBER: LI9803.04	Date of drafting MAR 98
Programme title: Strengthening The Institutional & Administrative Capacity of Customs			Contracting period: 1998-2000	Disbursement period expires: 2001
Project number: LI9803.04.02			Total budget	1.00MECU
Wider objectives (1)	Achievement indicators (2)	Sources of information (3)	Assumptions and risks (4)	
1.1 To provide support for the Customs Administration in fulfilling its role in a market economy	2.1 No degradation in clearance times of increased trade flows 2.2 Increase in the level of revenue collection.	3.1 Customs statistics 3.2 EUROSTAT statistics 3.3 Independent surveys 3.4 Programme reports	4.1 The Government will maintain the present economic strategy and will continue to press ahead with EU accession initiatives.	
Immediate objectives (5)	Achievement indicators (6)	Sources of information (7)	Assumptions and risks (8)	
5.1 To commence the introduction of a computerised Customs declaration processing system. 5.2 To establish a dedicated Project Team, with full co-ordination capability, in the Customs Department.	6.1 Timely implementation of the proposed system within budget 6.2 Rapid and efficient processing of all donor documentation. 6.3 Project milestones met by the Team.	7.1 Project control documentation and progress reports. 7.2 Donor documentation.	8.1 There will be continued support by donor organisations. 8.2 There will be a commitment of local staff and office accommodation and facilities.	
Project results (9)	Achievement indicators (10)	Sources of information (11)	Assumptions and risks (12)	
9.1 An operational declaration processing system. 9.2 A fully functional Project Team.	10.1 Timely implementation of the proposed system within budget 10.2 Rapid and efficient processing of all donor programme documentation.	11.1 Project progress reports.	12.1 The Ministry of Finance will provide the required support to the Customs Department.	
Inputs (13) 13.1 Computers and telecommunications equipment; donor and other software. 13.2 Technical assistance; 13.3 Sufficient human resources of the required quality, both internal and external.				

Sub-Project: LI9803.04.02

COMMITMENT

All figures in KECU

DISBURSEMENT

All figures in KECU

[illegible]