American University in Kosovo/ Rochester Institute for Technology

Professional Public Administration Master Program

FINAL REPORT

Kosovo’s new Customs Declaration Processing System

By: Bujar Haxhidauti

Mentor: Professor Brian Bowen
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Vahidin Qerimi – Head of the sector for data base and applications – KC IT Department
Ardian Jashari – Head of the Airport Customs Station
ACRONYMS

KC - Kosovo Customs

UNCTAD – United Nation Conference on Trade and Development

CDPS – Customs Declaration Processing System

ASYCUDA – Automated System for Customs Data, developed by UNCTAD

ASYCUDA World – ASYCUDA System Ver.4, internet based

TIMS – Trader Information Management System

DTI – Direct Trader Input

HQ – Headquarters

NPT – National Project Team

SAD – Single Administrative Document

OS – Operating Systems (e.g. Unix, Linux, IBM-AIX, HP-UX, Windows etc).

PC – Personal Computer

VPN – Virtual Private Network

VAN – Vide Area Network

WTO – World Trade Organization

XML – Extensible Markup Language

CAAS – Crown Agents Application Service

ICT – Information and Communication Technology
EXECUTIVE SUMMARY

This capstone project assessed available options for new Customs Declaration Processing System for Kosovo Customs. The outcome of the analysis clearly shows that Automated System for Customs Data (ASYCUDA World) of United Nation Conference for Trade Aid and Development is the most suitable system for Kosovo Customs.(4)

<table>
<thead>
<tr>
<th>Software</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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</table>

The new proposed system UNCTAD ASYCUDA World streamlines and harmonizes the customs procedures and provides full automation of Customs operations. As a result of this, KC will establish a transparent clearance processing mechanism with a Document Tracking Utility available for all agents and will fully implement Direct Trader Input (DTI) operations.

The cost of the chosen UNCTAD CDPS is 1 million €. All other options turned out to be an excess of more that 3 million € making the UNCTAD option the most desirable from the financial point of view. Kosovo Customs will have no cost to procure ASYCUDA World from UNCTAD. Within the cost of implementation (1 million €) is included also the cost of a training package for the project team and and local IT staff. Kosovo Customs will finance the implementation of this project based on the direct contract between Kosovo Ministry of Finance with UNCTAD.
ASYCUDA World will ensure transparency in the Customs clearance process. Full automation of the Customs operations, procedures and regimes (cargo control, declaration clearance process, transit monitoring) plays an important role in the consistent enforcement of Customs legislation, regulation and procedures in all Customs offices, implementation of risk-management in the operational Customs environment, provision of accurate and timely information to managers, elaboration of revenue and customs statistics etc.

The implementation of ASYCUDA World in KC will result in the replacement or eventually re-development of existing applications in an IT technology compatible with the latest ASYCUDA technology. Additional functionalities include the abilities to attach images to customs declaration, e.g. picture of the truck, driver, registration numbers, scanned documents, scanned image of a truck etc, which bridges the gap between physical goods and the supporting documents. These benefits will facilitate goods identification, inspection and tracking, and reinforces post-clearance processes.
Chapter 1 – Historical Traditions and Customs Duties

1.1. Why do Customs Controls Exist?

Customs tax are involved in the implementation and enforcement of the legislation related to external trade, not only for customs duties and commercial policy measures, but also as regards security, anti-dumping, consumer protection, environmental, cultural and agricultural controls. The most important control areas in which customs authorities have a control responsibility are:

- Controls of the nature and the amounts of duties applicable according to the correct description of commodity code, origin and customs value of goods.
- Control of goods under customs supervision (goods in temporary storage and placed under certain customs procedures).
- Controls on commercial policy measures and commercial traffic.
- Controls for security, safety and public health requirements.
- Controls in the cross-border movement of cash in order to combat money laundering.
- Control on compliance with environmental legislation.
- Controls on compliance with veterinary, phyto-sanitary, health and quality regulations.
- Customs controls must be quick, effective and based on modern risk management techniques.

Previously, customs controls tended to focus on the fiscal aspects of customs work but in recent years there has been an increasing emphasis on the importance of customs controls for purposes such as security, safety, protection of the environment.

Effective controls require close co-operation with business, particularly when it comes to exchange of information, and avoiding unnecessary delays or costs arising from the implementations of controls. Customs is also involved in many activities relating to the fight against illicit traffic of drugs and organized crime as well as supporting the work of other services.

Today, customs are facing new challenges: they must ensure the smooth flow of trade whilst applying necessary controls on the one hand, whilst guaranteeing protecting the health and safety of the citizens. To achieve the correct balance between these demands, customs procedures and control methods must be modernized and co-operation between the different services must be reinforced. Therefore, the full use of modern technology should be applied, including maximizing the benefits of modern IT techniques as well as specialized examination equipment.
With simplified customs legislation, streamlined customs processes and procedures and convergence of IT systems, traders would save money and time in their business transactions with customs. This would enhance the competitiveness of businesses in international markets and thereby advance the growth and jobs.

1.2. **Europe – Middle Age**

Customs tax in the Ottoman Empire was called “zeqati ashir” and represented one of bases of religious aids. This tax, was imposed on trading goods. Domestic traders were charged 2.5% but foreign traders with 10%. There were four types of this customs tax: on imports, exports,
consumption and transit. Under the Ottoman rule customs were divided on internal and external customs. External customs was dealing with customs duties collected in base of international trade agreements that Empire had with other countries. Internal customs dealt with taxes that the Empire imposed toward each separate countries occupied by the Empire and they were administered by dividing them on: see port customs; border customs and land customs.

Foreign trade activities were dependant from the special authorization of the Turkish government, were the right for trade with the Empire was given to the foreign citizens as a special privilege. In those authorizations were written precisely commodities that were allowed for import and export, meaning that all other goods not specified were under restriction for imp-exp. By entering on trade relations with other countries (kingdom’s) the Ottoman Empire accepted to the certain extent the principles of free trade. Those trade relations were strengthening when the Sultan gave trade privileges to Venice and Austria. Sultan Mehmet IV and King of France Louis XV signed a trade agreement in the year 1668 by which customs tax was reduced from 5% to 3%.

On March 1840, one year after the Tanzimat Reform, it was decided that in the economy customs revenues should be administered by customs officials. Customs Administration was reformed with new tariffs, for internal customs and for external customs. According to this system, central administration of customs would deposit the revenues at the central treasury. In 1857 they started to give receipts to the tax payers for the paid customs duties, use of customs seal etc. The Ottoman Empire signed trade agreements also with United Kingdom, Russia, Spain, and USA and later with Portugal and Prussia. According to those agreements, it was decided that customs tax on import should be 8%, export tax should be reduced from 12% to 8% with condition that after 8 years from signature to decrease it into 1%. Transit tax was 2% and 8 years after the signature of agreements it would decrease to 1%. Inland customs duty was collected in currency and when the merchants disagreed it was collected in nature.

In 1870 see port customs; border customs and land customs were organized as separate Directorates within the Customs Administration.

1.3. Yugoslavia and Customs Duties

Customs Service of Yugoslavia was organized in three levels:

- Customs Branches (stations)
- Regional Customs
- Headquarter of Yugoslav Customs Service based in Belgrade
Customs were organized based on the Law for Customs Service by which was established the form of organization, operational and functional hierarchy, competencies and level of decision making etc. In the other hand Customs Law was operational law by which were regulated procedures of customs clearance of goods at import and export. Those two laws were unique and implemented in whole Federal Socialist Republic of Yugoslavia (from Triglav to Gevgelia).

Although, it had its Director, Customs Administration in organizational schema was a unit of Federal Ministry of Finance. Federal Directorate of Customs toward its regional branches was a supreme level on decision making of the customs issues. Within Federal Directorate there were specialized Departments for several issues and they have offered to the regional customs branches trainings, professional advices and logistical assistance.
Chapter 2 – Customs Duties in Kosovo 1980-2010


Kosovo until 1989 was part of the Yugoslav Federation with its representatives in federal institutions. Pristina Customs was one of 41 regional customs offices of Yugoslavia. It had only one customs branch in the border with Albania but with very low traffic of people and few exports of mineral concentrate of chrome.

Pristina Customs was part of unique customs system of Yugoslavia with competencies and responsibilities defined by law respecting Federal Customs Directorate which had supreme authority and hierarchy. Until 1992 (Macedonian Independence) Pristina Customs had 55 employees. The Branch has its head of operations with operational competencies to coordinate activities. Within Pristina Customs there were 3 sectors such as:

- Sector for administrative procedures (internal audit)
- Sector for revision (supervision of the implementation of Customs Code and preparing recommendations for the Head of the Customs Branch) and
- Sector for treatment of customs offences.

Within the Pristina Customs there were 4 customs stations for internal customs clearance:

- **Pristina Customs Station** – customs clearance of the consignments from the border crossing points, mainly by railway, but also with trucks.
- **Mitrovica Customs Station** – mainly dealing with import-export customs procedures for the consignments of the “TREPCA” and other companies and personal belongings.
- **Prizren Customs Station**
- **Ferizaj Customs Station**

All 4 customs stations were supervised by Pristina Regional Customs.

A removal of the autonomy of Kosovo strangely didn’t have negative impact in the course of work of Pristina Customs, at least not to the same extent compared with other economic activities at those circumstances. As Customs was an institution at federal level it was not under the competence of the Republic of Serbia. At that time almost all regional customs administrations of Yugoslavia were making efforts to depart from federal customs system. Especially, the leadership of Montenegro was not pleased with the imposing of representatives of Serbian nationalist policies in the Directory of Customs in Belgrade. During the 1990/1991 two Kosovar customs officers for political reasons were expelled from the service.

Normally, international economic sanctions imposed on Yugoslavia during the nineties and increased impact of Serbia in the functionality of Customs caused smuggling organized by state in the border crossing points.
Competencies of Kosovar customs officers in the Pristina Customs were reduced by very strict centralized trade and customs policies imposed by Serbia.

After the independence of Slovenia, Croatia, Bosnia & Herzegovina, the Federal Republic of Yugoslavia abandoned common integration policies and started to undertake severe actions against economic operators through Tax and Customs administrations this way by organizing special mixed task groups formed by the Finance Police, Customs and trade inspection. The aim was to collect from the businesses of Serbia, Montenegro, Kosovo and Vojvodina all that revenue lost by the disintegration of Yugoslavia and from international economic sanctions.

Normally, Kosovar businesses were suffering from a wild punishment crusade under the Serbian occupation.

After the independence of Macedonia in the year 1992 it formed a new Customs Station at General Jankovic (Hani i Elezit) and border crossing point Gllobocica as a part of General Jankovic Customs Station. In the mean time it established a customs office in Pristina Airport due to increased volume of passengers and consignments. The overall number of officers was increased from 55 to 76 employees.

After 1998 there were 115 employees (number of Kosovar Albanians under 50% of the employees).

In the year 1995 it formed the Anti smuggling Unit as a specialized unit for customs controls and prevention of smugglings within the Kosovo territory. Certain products that were produced in Yugoslavia were protected by the measures of Ministry for Foreign Trade through Federal Customs Directorate. For a certain range of products there was a mandatory rule to issue import licenses for a limited contingent or quantity. Above that quantity imports were not allowed.

Main taxes for imported goods were customs tax, sales tax and excise taxes. But during the customs clearance only customs tax was obligatory to be payed, and its level was different dependant from the type of goods.

To the customs tax were added two other administrative taxes 3% and 1%. Sales tax and excise were payed internally. The majority of import consignments were customs cleared at regional customs stations.

Prior to that on the border crossings to each truck it was given by customs officers a sort of “customs accompanied letter” with certain time limit to declare the goods for customs clearance to the nearest customs station.

2.2. 1999-2008

In August 1999 UNMIK Administration established the UNMIK Customs Service in Kosovo. The primary duty was to collect revenue for Kosovo’s consolidated Budget from the imported goods. This service started its function with 27 customs officers that were active and before the war with supervision of international staff in the management and monitored and trained by CAM-K (Customs Assistance Mission in Kosovo).

Customs stations for customs clearance of the imported goods were first established in Hani Elezit (Macedonia), Vermice (Albania) and Kulla pass - Peja (Montenegro). Border crossing points in the border
with Serbia were established latter on Mitrovica, Merdare and White land – Gjilan. For years UNMIK Customs Service was supported by the EU with high professional customs managers which had executive authority within the UNMIK Customs Service.

2.3. 2008 – Present

On December 2008 UNMIK Customs Service was transformed into Kosovo Customs. This transition was possible by approval of the new Customs and Excise Code from Kosovar Parliament on 11 November 2008.

This new Customs and Excise Code is fully compliant with EU standards and its aim and objective is to support the economic development of Kosovo. Except revenue collection, Kosovo Customs also protects the society from smuggling of dangerous goods, organized crime and fiscal evasion.

Kosovo Customs is developed based on the EU standards and is completely financed by the Consolidated Budget of Kosovo and has 581 employees. Kosovo Customs secures almost 70% of the revenues for Kosovo Consolidated Budget with cost of 1, 2 cents for 1 €. The International Monetary Fund has praised continuously the performance of the Kosovo Customs by comparing it with the level of the EU Customs Administrations.

Immediately after the independence of Kosovo two border crossing points in the northern part of Kosovo G1 & G31 are without customs control because in February 2008 local Serbs burned out the customs facilities and equipment in those BCP. EULEX is only registering the inflow of commercial trucks in those gates. The majority of commercial consignments that enter through those border posts are not customs cleared in Mitrovica terminal and those goods are regularly smuggled in Kosovo. In the past three years this situation caused the loss of approximately 80 to 100 Million €.

Through the years Customs was supported by several EU missions financed by the European Commission such as CAM-K, CAFAO (Customs and Fiscal Assistance Office) and currently by EU-CTA. They provided technical support, helped to establish the legislation, organization, structure, training and development of customs staff. 20% of the staff belongs to the minorities. Without this assistance many achievements of Kosovo Customs wouldn’t become reality. During 2011 a program financed by the European Commission through IPA will be implemented by EU-CTA mission. This programme will support Integrated Border Management, law enforcement and IT development. This will contribute to increase the administrative capacities of Kosovo Customs in order to fight border crimes, fiscal evasion and corruption.

The web page of Kosovo Customs was established during 2002 and it is being developed as an important tool for communication with economic operators and public.
Automated systems in Customs are one of the most important tools for simplifying international trade procedures. Automated Customs procedures replace the manual processing of Customs documents by the computer-assisted treatment of electronically-transmitted information. Use of automated Customs systems facilitates trade through the normalization of forms and documents, data standardization, simplification and computerization of Customs clearance procedures to accelerate the clearance of goods. It also strengthens Customs operational efficiency for control by implementing sound procedures and providing full audit trails and mechanisms. Automated Customs Systems provide governments with accurate and timely statistics on foreign trade and revenue.

As a complement to customs reform, automation is an integral part of customs modernization which also encompasses the alignment of customs procedures and documents with international standards, conventions and other instruments. This is a critical review that will allow the introduction of international standards and recommended best practices and lead to efficient Customs reform.

The introduction of customs automation also stimulates use of information and communications technology (ICT) by other governmental departments and private sector stakeholders, whose activities involve Customs operations. They include various government agencies, importers, exporters, freight forwarders, carriers, Customs brokers, terminal operators, banks, and shipping and insurance agents. (1)

3.1. Advantages from Automated Customs Procedures

A modern, automated customs administration brings substantial cost savings in trade and transport logistics. The electronic lodging of customs declarations, document processing and goods clearance brings substantial time savings and predictability to all aspects of cross-border trade and limit the room for maneuver by traders and Customs officials alike to circumvent the system. The collection of taxes and duties is enhanced, as is the statistical database for fiscal and economic policy purposes. And finally, as part of the process of the automation of customs, working relationships between Customs and the private sector improve. More specifically, benefits include:

- Faster electronic lodgment of Customs declarations, using Direct Trader Input (DTI) or other online connections;
- Reduced Customs clearance times and less physical examination of shipments owing to the use of risk management applications;
• Increased collection of duties and taxes and less fraud due to the uniform application of laws and regulations, the automated calculation of duties and taxes as well as built-in security;

Enhanced capacity-building of staff and management in both Customs and the private sector (e.g. through training courses on simplified procedures and documents based on international norms, UN recommendations and WCO standards).( 2)

3.2. Case Study of Albania

Albania has started the implementation of ASYCUDA++ during 1993. The project aims were 5 immediate objectives:

• To secure the collection of customs revenue and to improve the efficiency and effectiveness of customs operations through ASYCUDA.
• To strengthen the Government’s capacity in the formulation and implementation of effective economic and fiscal policy through provision of accurate and timely data.
• To strengthen the institutional capacity of the Customs Administration.
• To enhance the Administration capabilities in disseminating trade related information to relevant users and
• To provide standardized data extraction from ASYCUDA to serve as management information on international trade.

On February 2008 Albanian Customs Administration has signed a contract with UNCTAD for the installation of new ASYCUDA World system. There are several indicators that the project was successful, and the expected impacts attained. These can be summarized as follows:

• ASYCUDA is actually operational in central and at the level of local border crossing posts and customs terminals for imp-exp activities.
• 100% of customs declarations are processed through ASYCUDA World.
• 100% of customs declarations are made through DTI (Direct Trader Input).
• Transit procedure is monitored on-line.
• Customs controls are assigned automatically to customs offices.
• Automatic update of customs Tariff.
• Accurate statistics
3.3. Lessons Learned

First and foremost, high-level policy support and commitment is necessary for this kind of project, where an entirely new system is implemented. This can be achieved by appointing the most senior and highest-quality personnel in the ASYCUDA Project Management and operational posts;

Secondly, it is essential that other Government Ministries involved in international trade make every effort to reduce the burdens they place upon the business community. This will allow the economy of the country to gain maximum benefit from the simplified Customs clearance procedures, which have been introduced as part of the ASYCUDA World.

Thirdly, in a project of this complexity, thorough testing must precede the live implementation of the ASYCUDA system.

Fourthly, the timing of training and procurement activities must be properly planned in order that the host country gains the maximum benefit.

Fifthly, in the design of projects intended to bring about fundamental changes in the way organizations conduct their business, no effort should be spared to understand both the intended and unintended consequences of these changes and to prepare those who will be affected by the changes to cope with them more successfully.
Figure – 3.1. The Implementation Map of ASYCUDA World in Albania
ASYCUDA World is fully operational in:

1. Customs Headquarters *(Tirana)*
2. Tirana Customs House
3. Durrës Port Customs Office
4. Rinas International Airport *(Tirana)*
5. Lezha Customs Office
6. Fier Customs Office
7. Vlora Port Customs Office
8. Shkodra Customs Office
9. Bajza Customs Office
10. Hani-Hotit Customs Office *(border with Montenegro)*
11. Berat Customs Office
12. Korca Customs Office
13. Tre Urat Customs Office
14. Saranda Customs Office
15. Elbasan Customs Office
16. Morina Customs Office *(border with Kosovo)*
17. Blada Customs Office *(border with Macedonia)*
18. Qafe Thana Customs Office *(border with Macedonia)*
19. Kapståtica Customs Office *(border with Greece)*
20. Kakavia Customs Office *(border with Greece)* (6).
Chapter 4 – TIMS System in Kosovo Customs

The current system TIMS (Trader Information Management System) in use by Kosovo Customs was developed approximately 7 years ago by a UK company, Crown Agents. At the time it was the state of the art and provided Kosovo Customs with some very advanced, high-tech tools for electronic customs declaration processing.

The UNMIK Customs Service starting as of July 2004 entered into a 1+1 year contract for development and implementation of TIMS System in each customs station. Due to lack of reliable network infrastructure at that time it was decided to use a decentralized approach with client-server windows based application. This means that each customs station will be equipped with one server, each of them will serve computers in that office, while communication with the center will be performed on a scheduled basis.

Fig.4.1. - Overall infrastructure of TIMS
The UNMIK Customs completed the implementation of TIMS on July 2004. Each customs station was enabled to proceed with a Customs Declaration Processing System. The contract with Crown Agents expired at the end of 2008. Attempts to extend the contract with updated contract terms proved to be unsuccessful. As Kosovo Customs has not foreseen the benefit from continuing to build the current Customs Declaration Processing system under the old contract conditions discussions then began on a straight maintenance contract. The proposed maintenance costs of the system were very high which kicked off the process for looking at other, comparable and more advanced systems.

Trade Information Management System (TIMS) is a product of Crown Agents in functionality since July 2004. Basically it is package consisting of different applications aimed to support day-to-day operation of Kosovo Customs, where two main modules are: Customs Declaration Processing – which provides facilities to process and store customs declarations and also supports different customs procedures, and as well stand-alone or other integrated modules. When we say stand alone, we mean on part of a system which is independently installed on Customs Agent computers, while other integrated modules are parts which support other activities of customs Business like; investigation, intelligence, maintenance of referential data (e.g tariff, exchange rate, traders, etc). It is a software package aimed at supporting and sustaining the efficient day-to-day operation of a KC and consists of a declaration processing system as well as stand-alone or integrated support modules.

All TIMS functions are structured using local and central (or regional) modules with static encryption XML facilities (XML (Extensible Markup Language) is a set of rules for encoding documents electronically) allowing the transfer of data. TIMS is implemented in the distributed mode (distributed means each customs station has its own server) as a result of its two-tier application architecture (two tier means: client server application which is described earlier).

Table - 4.1. Quantity of Single Administrative Documents processed by KC from July 2004 -2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity of SAD</th>
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<td>226,388</td>
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<tr>
<td>Total</td>
<td>1,334,442</td>
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</table>
The Kosovo Customs cannot operate without reliable, accurate, and real-time information to be able to react in a proper manner. The solution is to implement integrated ICT systems that will ensure that KC operational staff at all levels will have immediate and accurate access to information.

Current setup of the KC ICT Infrastructure produces complex ICT administrative tasks. The application and enquiry system is not flexible, installed on several (many) data layers and in case of minor changes of the system implementation will require a lot of administrative efforts. In case when we need to implement minor changes in system and to introduce for e.g. new license for import of certain goods, this task even thought is simple, it’s very complicated because we need to update many server and hundreds of Customs Agents manually.

TIMS system is split into three principles modules which are known as follow:

- TIMS Central
- TIMS Local
- CAAS (Crown Agents Application Service)

Functionalities cover on the TIMS Central Location:

- **Traders** – Business Registration Office is maintaining Trader Data using Trader Module. This module is maintained manually by KC without any communication and data replication with Ministry of Trade (responsible to provide business license) and Tax Administration of Kosova.

- **Exchange rates** – The data is entered manually and maintained by Finance Unit in Central Office according to the information’s received from Central Bank of Kosova and same data is being replicated with all the local offices on weekly basis (once a week, every Tuesday)

- **Prices** – module with references for valuation of goods for customs purposes.

- **Freight costs** – module needed in the process of customs clearance of goods.

- **Taxes** – Taxes (VAT), Excise and Customs duties are calculated automatically from tariff reference table

- **Tariff codes** – Tariff is maintained yearly and according to National Law (manually with external tools), fully compliant with EU Tariff, is on the level of Combined Nomenclature and maintained on national 10 digit level.
• **Risk management** – risk profiles are maintained on central location and replicated locally. Every Risk Profile has a reference number, instructions for customs officers, validity date range and performance reports are generated automatically (using inspection results). Data from SADs input into TIMS is scanned to match Risk Profiles when customs officer accept the SAD. If any criteria from Risk Profiles hit any of SAD records the SAD status is changed into “AWAITING INSPECTION” and can be processed in module for inspection where the officers can receive instruction for action and must provide a feedback about findings.

• **Intelligence module** - module has not been in use

• **GIRO – payment reconciliation** – This module is providing facility for automatic reconciliation of all the payments with the information’s received from Central Bank of Kosova.

• **Non – SAD payment** – provides facility for issuing payment’s for all the income types currently collected by Customs using standard GIRO format.

**Functionalties cover on the TIMS Local:**

- SAD Preliminary Declaration
  - Evidence of Presentation of Goods (EP)
  - Empty trucks
- SAD Processing
  - Create New SAD: From DTI or manually by Customs officer
  - Accept SAD
  - SAD Administration
  - Ammend SAD
  - Run Risk Profile
  - Examination / Inspections
  - Issue Payment Notice
  - Accept Payment
o Clear SAD
o Closure of Transit and Export procedures
o Offence
o Search Offences
o NON SAD Payments

CAAS

Crown Agents Application Service (CAAS) is an application developed by Crown Agents with the purpose of supporting the communication between the sites where the TIMS application is installed. CAAS is running as a Windows service application and is configurable to perform different types of tasks in order to move data from different TIMS databases following the logic of star topology introduced by TIMS application. CAAS service is running according to preconfigured schedules but also is able to perform the ad hoc job if required. The transfer of data is done through EDI files (encrypted XML files) which are created on every server where the TIMS is installed. EDI files can contain different types of data like: data for SAD’s, Traders, Risk profiles, Exchange Rates, Inspections, Valuations, ANPR (Automatic Number Plate Recognition), etc.

CAAS service also receives records from customs agents through e-mail (SMTP protocol) which are sent as attachments in form of encrypted XML file called DTI file (extension .dti).

CAAS receive records from banks through flat delimited text files which are currently manually stored in a specific folder.

The common tasks performed by CAAS:

- SEND and RECEIVE EDI FILES from local to central server and vice versa
- Receive DTI files (files created by customs agents for SAD declaration)
- Extract Revenue Data – weekly report for revenues is produced and extracted in Excel Form (excel spreadsheet)
- Reconcile payments – all payment notices in TIMS are printed in a special designed form from central bank called GIRO FORM from which the commercial banks are able to collect
the information and later central bank sent the information which is reconciled by CAAS on daily base.

TIMS Direct Trader Input (DTI) application is developed by Crown Agents, installed locally on trader’s level as stand-alone application. Each customs agent has a reference number since the agents are the only foreign subject exchanging data with TIMS and they in regular bases present to customs SAD (Single Administrative Documents) for customs clearance of goods.

Fig.4.2. Structure of TIMS Direct Trade Input (DTI)
Currently TIMS is installed on 15 servers, 3 on central level and 12 locally and it is not EU compliant. The application requires manual installation, configuration and maintenance of every local Oracle database and application files. This model produces complex ICT administrative and maintenance tasks which require full time involvement of human resources.

During this years of life time of TIMS we have been facing different requirements for development of new modules and functionalities which expressed in financial figures were around 150.000 €/year.

The authorities in the national domain must communicate with each other and according to current setup this is not possible. Troubleshooting problems with this model would be considerably more complicated and time consuming. In average, 4 updates and/or fixes are applied yearly and approximate time for applying the updates is 30-40 min. Taking in consideration the number of TIMS servers, these processes are producing a complex administrative tasks.

Kosovo Customs has to identify, select and implement a new CDPS system that will enable its staff to conduct the customs clearance procedures faster by shortening the average time needed, a system with efficient risk-management facility to combat fraud, smuggling and preventing the entrance of prohibited goods. A system that will represent a tool for the management in supervising the performance of the customs staff by recording all their activities historically in each separate customs declaration processed.
CHAPTER 5 – Assessment and Implementation

IT and Customs staff reviewed all available proposals as options for new CDPS system for the needs of Kosovo Customs. Their efforts were concentrated to identify possible solutions and to determine if those systems would have the potential to meet the needs of KC.

Five software options were considered for a new Customs Declaration Processing System:

5.1. **TRIPS** – software developed by UK Company CROWN AGENTS. The capital costs for procuring price and implementation cost for this CDPS was 2 million € plus 1.38 million € for the maintenance and other non-recurring costs for additional 3 years. The payment of the capital costs (2 million €) were proposed to be financed and amortized/paid off over 6 months of the proposed project activities focused on development and transfer of TIMS system functionality on new Web Based Technology.

5.2. **AIDA** – a software developed by Italian company “Sogei” and used by Italian Customs and Tax Administration. Capital costs for this system were 2.5 million € plus 1.725 million € the maintenance and other non-recurring costs for additional 3 years. The payment of capital cost could be financed and amortized/paid off over 24 months of project activities focused on development/adopterion of CDPS core modules and Localization/Translation for KC.

5.3. **BLUE INFINITY – CYBERNETICA** - software developed by Slovenian company. The capital cost for its procure price and implementation costs were 2 million € plus 1.38 million € for the maintenance and other non-recurring costs for additional 3 years. The capital costs were proposed to be financed and amortized/paid off over 18 months of project activities focused on development/adopterion of CDPS core modules and Localization/Translation for Kosovo Customs even thought this solution doesn’t provide multilingual support.
5.4. **ASYCUDA WORLD – UNCTAD** – Automated System for Customs Data. Capital costs for the proposed system are approximately 1 million € plus 240,000 € for the maintenance and other non-recurring costs for additional 3 years. These costs are proposed to be financed and amortized/paid off over the estimated 18 months of project activities mainly focused on localization and implementation of the working version during the first 6 months and subsequently the following 12 months on other activities required for knowledge transfer to local staff, trainings, seminars, cooperation with other countries using system etc. In case that project would be implemented in a shorter period of time than anticipated due to the effort of local IT and Customs staff the budget is refundable to the Government of Kosovo.

5.5. **IBM – INTRASOFT** – software developed by IBM Corporation from U.S.A. Capital costs for this system are approximately 4 million € and 2,76 million € for maintenance and other non-recurring costs for additional 3 years. Capital costs are proposed to be financed and amortized/paid off over 18 months of project activities focused on development/adoption of CDPS core modules and Localization/Translation for Kosovo Customs needs.
## Financial Cost Benefit Analysis for Each Available Option

### Table 5.1. UNCTAD - ASYCUDA World - Annual Costs

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASYCUDA WORLD - Cost to Procure</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>ASYCUDA WORLD - Cost to Implement</strong></td>
<td>€ 667,000.00</td>
<td>€ 333,000.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>ASYCUDA WORLD - Maintenance</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 30,000.00</td>
<td>€ 30,000.00</td>
<td>€ 30,000.00</td>
</tr>
<tr>
<td><strong>ASYCUDA WORLD - Other Non-Recurring Costs (Updating Development Team with new technology achievements)</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 50,000.00</td>
<td>€ 50,000.00</td>
<td>€ 50,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€ 667,000.00</strong></td>
<td><strong>€ 333,000.00</strong></td>
<td><strong>€ 80,000.00</strong></td>
<td><strong>€ 80,000.00</strong></td>
<td><strong>€ 80,000.00</strong></td>
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</tbody>
</table>

### Table 5.2. CROWN AGENTS - TRIPS Annual Costs

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CROWN AGENTS - TRIPS - Cost to Procure</strong></td>
<td>€ 1,200,000.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>CROWN AGENTS - TRIPS - Cost to Implement</strong></td>
<td>€ 800,000.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>CROWN AGENTS - TRIPS - Maintenance</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 160,000.00</td>
<td>€ 160,000.00</td>
<td>€ 160,000.00</td>
</tr>
<tr>
<td><strong>CROWN AGENTS - TRIPS - Other Non-Recurring Costs</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 300,000.00</td>
<td>€ 300,000.00</td>
<td>€ 300,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€ 2,000,000.00</strong></td>
<td><strong>€ 0.00</strong></td>
<td><strong>€ 460,000.00</strong></td>
<td><strong>€ 460,000.00</strong></td>
<td><strong>€ 460,000.00</strong></td>
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</tbody>
</table>

### Table 5.3. SOGEI - AIDA Annual Costs

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOGEI -AIDA - Cost to Procure</strong></td>
<td>€ 1,000,000.00</td>
<td>€ 500,000.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>SOGEI -AIDA - Cost to Implement</strong></td>
<td>€ 667,000.00</td>
<td>€ 333,000.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
</tr>
<tr>
<td><strong>SOGEI -AIDA - Maintenance</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 200,000.00</td>
<td>€ 200,000.00</td>
<td>€ 200,000.00</td>
</tr>
<tr>
<td><strong>SOGEI -AIDA - Other Non-Recurring Costs</strong></td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 375,000.00</td>
<td>€ 375,000.00</td>
<td>€ 375,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€ 1,667,000.00</strong></td>
<td><strong>€ 833,000.00</strong></td>
<td><strong>€ 575,000.00</strong></td>
<td><strong>€ 575,000.00</strong></td>
<td><strong>€ 575,000.00</strong></td>
</tr>
</tbody>
</table>
Each compared system has different level of capital costs needed for procurement, implementation and for the maintenance of the systems, except AIDA and BLUE INFINITY that have identical costs. A striking difference of the compared systems is the maintenance costs. Systems have miscellaneous operational costs for daily and monthly systems checks etc.

This project is designed to produce benefits for the economy of Kosovo, and thus ultimately the population, in overall terms. The major practical result will be a streamlined Customs Administration providing an efficient service to Trade Community. For the purposes of this project document, the target beneficiaries are the following:

- KC and the Customs personnel, through the provision of accurate data for risk assessment and selectivity purpose, and eventually their possible transfer to more important aspects of the customs work.

<table>
<thead>
<tr>
<th>Table 5.4. BLUE INFINITY - CYBERNETICA Annual Costs</th>
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<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Cost to Procure</td>
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<tr>
<td>Cost to Implement</td>
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<tr>
<td>Maintenance</td>
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<tr>
<td>Other Non-Recurring Costs</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 5.5. IBM - INTRASOFT Annual Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Cost to Procure</td>
</tr>
<tr>
<td>Cost to Implement</td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Other Non-Recurring Costs</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>
Other departments, through the availability of accurate and timely statistical data that will be made available as result of the full computerization of the Customs operations.

- Trade Community, through faster clearance of goods by the use of KC ASYCUDA World system, harmonized and simplified customs procedures and working practices, and significant reduction of commercial fraud.

In developing the latest ASYCUDA version (AW), UNCTAD has designed the software deliberately to make use of the latest reliable IT technologies. The main AW advantages are summarized below:

5.6. Functional
- Automation of all Customs procedures and regimes (cargo control, declaration clearance process, transit monitoring), as well as accounting and risk-assessment/selectivity.
- Robust Customs control capabilities: manifest, full declaration processing, transit, risk-assessment and selectivity, accounting etc), including on-line consultation of external databases, attachment of barcodes etc.
- Possibility to attach images to customs declaration, e.g. picture of the truck, driver, registration numbers, scanned documents, scanned image of a truck etc, which bridges the gap between physical goods and the supporting documents, facilitates goods identification, inspection and tracking, and reinforces post-clearance processes.
- Automated calculation of duties and taxes, and accounting, which is a prerequisite of timely and accurate statistics. Easier aggregation and processing of data regionally and nationally and, consequently, a sound basis for better and faster economic decision-making.
- Fully supported trade facilitation, including increased services for trade community, e.g. Internet access, simpler procedures and documentation etc.
- Full support of e-government and capability to inter-operate on-line with external/departmental systems and databases.
- Customs user-friendly language for taxation rules and selectivity.
- Automated Customs workflow, including management by the system of the Declaration Processing Path.
- Implementation of ISO, UN, WCO and WTO relevant standards, including WCO Data Model
- Full built-in capability to support specific requirements and frequent changes, in an integrated system environment.
- Full document changes tracking. Full and complete audit history.

5.7. Technical

- Independence of operating system and RDBMS, which ensures implementation on a wide range of software and hardware platforms, from mainframes to stand-alone equipment (PCs) and portable equipment (PDAs, mobile phones, tablet PCs etc). Scalability is therefore limited by the hardware (servers & telecoms) available for the implementation of the system only.
- Possibility for several types of clients: thick clients (stand-alone clients), thin clients (with major Web Browsers) and ultra-thin clients (for mobile devices).
- Multi-language/alphabet (user-interface & data), Unicode, E-documents (documents ownership management)
- Robust built-in security features, including user authentication (group, name and password), asymmetric encryption, PKI, electronic signature etc.
- Changes & updates of the reference data done without programming.
- Minimized installation/maintenance costs.

The most important AW advantage is the total ownership of the beneficiary organization, which could implement the e-documents provided by UNCTAD, adapt them according to specific requirements and/or develop new ones by derivation from the existing one. The software ensures that all new adaptations/developments will be compliant with the internal AW standards mentioned above.

5.8. Risks

While the project addresses a set of problems of vital importance to the future Customs revenue, it also touches on a number of issues of a highly-sensitive nature. Among the risks, which might affect the achievement of its objectives, the most important ones are:
• Lack of commitment of KC/senior managers to implement the project.
• Failure of KC to take appropriate action on key administrative/operational recommendations emanating from the project, or to make full use of all available administrative measures already at its disposal to ensure consistent and effective use of advanced programs and technology.
• Failure of KC to provide the requisite numbers of full time trained project personnel.
• Failure of KC to ensure the adequate provision of suitable accommodation at each of the identified pilot locations.
• Failure of KC and/or UNCTAD to identify high quality project inputs (expertise, training and equipment) and make them available on time.
• Failure of UNCTAD to provide experienced experts in implementation of AW.
• Insufficient quality assurance/project co-ordination by UNCTAD of key components of the project.
• Delays in the procurement of or the required ICT hardware and associated services, or the procurement of ICT hardware noncompliant with the UNCTAD ASYCUDA minimum technical requirements.

5.9. Backup Procedure in the Event of a Systems Failure

Background

Currently, Kosovo Customs deploy tools for the electronic processing of customs documents. TIMS is the application used at KC, created to support customs procedures at all customs offices where customs clearance procedures take place and to provide data for all sectors in connection with customs procedures.

It is of course mandatory that all clearances are processed through TIMS, unless exceptional circumstances dictate otherwise.

The following may be considered as exceptional circumstances:
1. Errors in application files
2. Database errors
3. Network errors
4. Server errors
5. Total systems failure

In all of the above cases, manual processing will have to be employed, a process which is laid down under the Kosovo Customs Code provisions for the manual processing of documents. (5)

**Manual Backup Processing**

Single Administrative Documents (SAD) can be provided to companies, agents or brokers in hard copy. These documents can be bought/purchased in a preprinted format from the Kosovo Customs HQ in Pristina. Agents/Declarants will need to complete the SAD forms manually (in handwritten form), using typewriters or using the TIMS Direct Trader Input (DTI) module which is installed and in use in their business premises.

The above printed SAD forms will need to be signed and submitted together with other required documents (such as invoices, CMR, TIR Carnet etc) at the customs terminal where they wish to clear their goods. Customs officers will be required to manually check the submitted documents. In practice this means checking that all the required fields in the form are duly completed according to the Customs Code, checking that the calculation of taxes are correct and verifying the validity and authenticity of other documents.

When a Customs officer decides to accept a SAD document, it will need to be registered in what is known as the “Common Register of Single Administrative Documents’ book which has 11 fields on each page:
1. Type/ Regime
2. Sequence number
3. Date
4. Exporter/ Importer
5. Procedure
6. Number of supervising document (previous number)
7. Type of goods
8. Gross weight (kg)
9. Sequence number
10. Date of processing
11. Remarks

Upon acceptance and if there are duties payable, a Payment Notice will need to be issued. After the required amount is paid in to the Kosovo Customs Bank Account, the Custom Officer will confirm the payment and the consignment released from customs supervision.

**Consequences**

A Systems failure or even a partial malfunction of a Customs data processing system could lead to serious consequences including:

- Reduced collection of duties and taxes and increased likelihood of fraud due to the non-availability of automated systems and the automated calculation of duties and taxes;
- Increased Customs clearance times and greater need for physical examination of shipments due to the lack of availability of risk management applications;
- Undervaluation of goods;
- Less transparent procedures and documents not compliant or meeting with International or European standards;
- Slower lodgment of Customs declarations and delays in Customs clearance;
- Increased need for Customs auditing of documents and records after release of goods;
- Inaccurate production of trade and financial data and management information;
- Inability to provide Transit data
- Decrease in overall revenue due to the inefficient manual involvement in customs
clearance procedures and insufficient/inadequate protection of revenue collected.

The Border Crossing Point (BCP) at Hani i Elezit together with the Internal Customs Clearance
Office InterEuropa account for almost 50% of all revenue collected by Kosovo Customs. It is
therefore appropriate to consider the introduction of backup stand alone systems at each of these
two locations in order to facilitate the timely and more efficient processing of customs
declarations and the collection of customs duties and taxes which is relied upon to provide the
major portion of the national revenue of Kosovo.

Kosovo Customs IT Department currently has in place simple backup procedures using network
and local drives as backup accessory in which KC stores data files and other customs data
processing information to assist KC Officers to ensure continuity of customs procedures and
speed up clearance in the event of a system failure. These steps will allow for a relatively smooth
continuity of business without the major need for manual intervention and processing. These
procedures must be established so that KC users and managers are able to handle any situation
where the computerized system is out of work. Customs declaration processing and clearance
must continue and the data recovered when the system is functional.
Chapter 6 – Pilot Installation Procedures

The purpose of the pilot stage will be to test the KC AW prototype system, as configured to comply with KC requirements, in real operational environment. During this stage it is intended to identify any eventual changes of the KC AW prototype system required to produce a viable rollout of the system throughout the country, implement the required changes and rollout the resulting operational system.

The accepted KC AW prototype will be implemented in all remaining Customs Offices and their subordinated Customs Posts.

The implementation of the UNCTAD ASYCUDA system will allow for the computerization of all customs operations, including risk-management and selectivity, through the Risk-Management Module, the Valuation Control in line with WTO valuation system, and the full automation and control of Transit operations.

The latest ASYCUDA version to be implemented in KC is based on state-of-the-art IT technologies (web, Java etc) and it could be one of the core elements of the implementation of e-Customs and e-business in Kosovo. UNCTAD will provide the technical specifications and compatibility requirements for the ASYCUDA-related elements and all procurements shall be undertaken by, and remain under the responsibility of KC.

The project will last 18 months and will be implemented in two phases: Phase 1 – Prototyping and Piloting of the system in the KC headquarters and few significant Customs Offices and their subordinated Customs Posts, and Phase 2 - Rollout of the system to all remaining Customs sites.

UNCTAD has been authorized by UNMIK to act on its behalf, in accordance with UN Security Council resolution 1244 (1999) concerning the implementation of the present Agreement. UNCTAD will closely coordinate its activities with EULEX, in particular EULEX Customs, which operates in Kosovo under the framework of UN Security Council resolution 1244 (1999).

A major component of the project is the technical and functional training of the KC Experts, with the view to ensure the KC ownership of the system and to create self-sufficiency in the organization and independence from external technical assistance in the further enhancement and operation of the KC ASYCUDA system.


6.1. Installation of AW in KC HQ

A base system, including reference data, screen printouts, messages and utilities (latest version of the UNCTAD ASYCUDA standard system in the English, Albanian and Serbian language) will be installed and configured at the KC HQ in Pristina for verification of translation by the NPT vs. the Customs language and terms used in the KC.

The base system screens, printouts and messages will be made available in English, Albanian and Serbian language (imported from the current IT system) and will, as necessary, require translation into the Customs language and terminology used in the Customs and Customs-related legislation in Kosovo. Experience with similar processes in other projects indicates that this does not normally take less than four weeks. In particular this work will need substantial input from the KC in order to ensure that the correct technical Customs vocabulary and terms are used.

6.2. Pilot Installation of ASYCUDA World in BCP Kulla

For pilot installation of software it has been decided to choose the border crossing point Kulla pass near to the border line with Montenegro. We selected this site because the customs procedures at border crossing points are much simpler than in customs terminals where customs clearance take place and were all customs procedures are implemented.

On BCP Kulla for example only some procedures are applied such as:

- Registering/evidence into software of each import consignment
- Confirmation of export and transit consignments
- Simplified procedure of customs clearance of the goods for personal use.

After the successful implementation of AW in BCP Kulla than we would continue a process of installing AW in all other BCP and in parallel in customs terminals.
6.3. KC AW Pilot Implementation
The IT hardware and software and the communications equipment will be installed and the network tested. The KC AW prototype, including all reference data, parameters etc, will be installed and configured in the first site.

The new operational procedures will be implemented in the pilot office. It takes normally around ten days to train the staff and start carrying out the tasks in the new environment. This feature will also be included in the training module for Senior Managers.

The numerous reference data, including Customs Tariff will be integrated into the system, with all the close inter-relationships between the reference data: for example, Customs procedure codes, which identify exemptions or partial exemptions, tax codes etc, must be linked to the appropriate tariff lines. This work builds the core of the application software and must be meticulously carried out with thorough validation and testing.

6.4. Testing of the Full System / System Acceptance
The full KC AW declaration-processing system will be tested using the declarations being processed manually or through the existing computer system (as appropriate) in the pilot office and the necessary fine-tuning will be undertaken.

The existing IT system and the KC AW system will be run in parallel for maximum one month, in order to test that the results are identical. During this stage it is intended to identify any eventual changes of the pilot system, required to produce a viable rollout of the system throughout the country, implement the required changes and rollout the resulting operational system.

The final period of two weeks should be sufficient to validate the full data extraction and integration programs for the production of management reports.

During this stage it is intended to identify any changes required to the KC AW prototype system in order to produce a viable rollout of the system throughout the country, implement the required changes and rollout the resulting operational system. At the end of this stage an evaluation will be carried out by UNCTAD (resident experts and/or Geneva experts) and KC concerning the general acceptability of the KC AW prototype and its pilot implementation, and any perceived limitations regarding functionality, technical performance and conformance to the relevant Customs legislation.
6.5. Inventory of New Procedures / Definition of New Declaration - Processing Path / Publication of New Procedures

The UNCTAD Customs Analyst(s) and Customs Adviser will provide technical assistance to KC in the definition of structural, operational and/or procedural changes that might be required by the automation of the customs operations, and corresponding definition of declaration processing flow. This work will finally define Customs procedures adapted for computerization of operations and a standardized declaration-processing path, standardized accounting procedures etc. This process will include procedures for error handling, payment methods, accounting and clearance, among others. The amended procedures and new declaration-processing path will be documented and subsequently disseminated to the Customs staff and the Trade Community.

6.6. KC AW Rollout in All Remaining Customs Sites

The KC AW system once built, piloted and accepted, can be rolled-out used at all locations provided that the necessary hardware, communications etc, are available. In dealing with the rollout program, it will be necessary that during prior stages of the project a site preparation type activity will be carried out in all remaining sites identified for computerization, in order to determine and evaluate their specific technical needs and undertake the works accordingly.

In the meantime, it will also be necessary to identify the training priorities and to schedule the training activities required for both the customs personnel and the trade operators during the Rollout Phase.

An analysis should be undertaken to determine the feasibility of introducing different KC AW functional options in those Customs Offices with higher volume transactions and active trade communities, thereby maximizing the use of the system in the most effective and efficient way. It is recommended that the analysis ensures the greatest possible use of the information sources and IT techniques available for customs control purposes, whilst at the same time facilitating the procedures for the Trade Community.
Chapter 7 – Training Programme

7.1. ASYCUDA Awareness Programs

Awareness events/programs will be delivered in different phases of this project and will be coordinated with the project Work Plan. In the initial stage however the following events will be organized in Kosovo:

Mobilization Workshops will be provided for the KC Project Team (NPT) in order to provide the participants with an overview of the system, and to outline their and other external parties’ specific responsibilities in relation to the implementation activities. Duration is 1 day.
Awareness Seminars for senior policy and decision makers in KC, together with a series of individual meetings with associated parties, will be held in order to encourage and reinforce the need for support and commitment during the implementation of the project and beyond.
Duration 1 day.

7.2. AW Foundation Training

The AW Foundation Training will be delivered to a core of NPT (3-4 experts), to allow them to actively participate in the development of the KC AW prototype. These training courses will be organized in one of the UNCTAD training facilities, where the KC experts will have free access to the UNCTAD/ASYCUDA experts that designed, developed and continuously enhance the ASYCUDA system, in the line with the new developments in the Customs and IT sectors.
Duration 3 weeks. Location in one of the countries where ASYCUDA World is functional.

7.3. ASYCUDA – Technical Training Course

The ASYCUDA technical training courses are intended for the IT personnel working on the NPT. This course will be given at the commencement of the project. The course will provide the technical information required for the installation, translation and maintenance of the
ASYCUDA system. It will be delivered in English. The course is designed for those technicians responsible for installing, administering and maintaining the system. The course will be given to a team of up to 6 programmers/technicians. Duration 2 weeks. Location in country.

7.4. ASYCUDA - Functional Training Course
This course will be given at the commencement of the project but following the successful completion of the Technical Foundation Training course. This course is designed for all those (Customs and IT) responsible for building, installing and maintaining the system. The training is critical to the on-going stability of the software and its ability to respond to legal, fiscal and administrative changes.
This course is intended to illustrate how the taxation system, tariff, tables and associated manual systems can be implemented on ASYCUDA and to teach the participants how to set-up, operate and implement the ASYCUDA system. Duration 2 weeks. Location in country.

7.5. ASYCUDA - User Training Courses
The courses listed below address specifically the Customs Managers, Supervisors and day-to-day users of the system. It is recommended that the pre-developed training packages are modified (as necessary) and delivered to the national customs personnel in-country, by members of the NPT, with the assistance and support of the Customs Training Department (if applicable) and in-country UNCTAD advisers. Duration is 2 days.

7.6. Trainer Skills Training
In order to deliver the courses outlined in paragraphs above relating to the running and managing of the ASYCUDA system, it will be necessary to ensure that customs personnel (NPT and/or Training Department) who will be responsible for undertaking the training during the implementation phases, have the requisite trainer skills. To this end, it may be necessary for a number of individuals to be provided with an appropriate course to enhance their ability to design and deliver the training required throughout the implementation.
An advanced training course will be provided for NPT, usually around 6/8 weeks after the Functional Foundation Course. It will provide the participants with the further knowledge and
skills necessary to continue building the system. The activity will form part of a technical support mission, which is aimed at also validating the control files, tariff and taxation rules already built into the KC AW system by the NPT. Duration 2 weeks.
Chapter 8 – Final Discussions & Recommendations

This report has provided the background discussions for a proposed new CDPS in Kosovo Customs. Several different systems have been considered and each of them had his own particular benefits and associated costs.

8.1. Why recommended software is ASYCUDA World?

Because UNCTAD is aiming to allow Kosovo Customs to own the system by enabling KC to develop and enhance the system independently in future. The vendor is offering assistance, training and knowledge transfer in an effective manner through a project which leads toward a full independence of the beneficiary party. The implementation price mainly involves knowledge transfer and training with no future support cost involved. ASYCUDA World is evaluated as a customs information system and it is a non commercial product. The system is centralized, which means that the entire work is performed in a central server which provides online access to an unlimited number of users. Since a centralized approach is used, maintenance of user access and privileges is performed easily and in a short time. Overall, the system does not have any limitations on operating system or database used. Through the system a secure access for external users can be granted at any time for different institutions involved during clearance or post-clearance process (e.g. phitosanitary or veterinary inspection, police, banks, tax administration, ministries etc). The system is EU compliant and enables effective connection with external systems and EU common domain.

This is supported by the fact that older version of system are already in use by five member states. Since it offers facility to attach all kind of printed or written documents (invoices, TIR carnets, CMR, etc.) to an electronic declaration statement, the system in a way may be also called a Document Management System or “paperless” system. After the clearance process, electronic documents are archived and facility for future search and access to these documents is provided. Apart from very sophisticated guarantee management system, it also provides very effective facility to supervise procedures with economic impact including automatic discharge of customs warehouses. System also provides very effective anticorruption measures including automatic assignment of declaration during acceptance or examination phase.
This system is already translated in Albanian and Serbian-Croatian language and there shall not be a need for localizations. There is a good possibility in respect of vicinity and legislation similarities to create a joint team with Albanian Customs for maintenance and future development of ASYCUDA system. This kind of cooperation would decrease the maintenance cost and we consider that significant results may be achieved combining experiences and knowledge of both parties.

8.2. Other Systems Considered

Kosovo Customs has considered also other systems and they had several disadvantages. In case of implementation, of any of those systems partner would remain dependant on vendor services and products. Future support and upgrades usually dealt through commercial contract.

Source codes of those systems were owned by private companies (TRIPS; BLUE INFINITY & CYBERNETIKA and IBM INTRASOFT) or governmental institutions (AIDA) and any access to it should be discussed and agreed separately on basis of a commercial contract or MoU. As a disadvantage of AIDA and TRIPS was that they were “closed” systems and future needs for modification and eventual production of XML files (for data exchange) cannot be done independently.

<table>
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<tr>
<th>TABLE 8.1. Summary of the total costs of available software’s</th>
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<tr>
<td>ASYCUDA WORLD</td>
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<td>TRIPS - CROWN AGENTS</td>
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<tr>
<td>AIDA-SOGEI</td>
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<td>BLUE INFINITY - CYBERNETICA</td>
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<td>IBM INTRASOFT</td>
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8.3. List of Recommendations –

- The Agreement on Asycuda World implementation should be signed between Kosovo’s Ministry of Finance and UNCTAD.
- Overall solution must be capable of meeting all KC’s requirements including receiving, validating, processing, accepting, risk assessment, clearance/routing, duty collection and duty accounting for goods declared to customs.
- An indicative Work Plan, outlining the main implementation activities to be undertaken.
- KC AW prototype developed in accordance with specific requirements, legislation, Customs tariff and taxation rules, language (forms, screens, report etc), codification etc. (Not provided by current system - TIMS)
- CDPS functional properties must be able to fulfil the present legal based needs of KC. They must be able to respond to the needs of the modernizing the processes of the KC.
- Solution should operate in real-time.
- Meeting KC’s reporting and statistical requirements. (Not provided by current system - TIMS)
- CDPS must be able to support declarants to enter to the CDPS using electronic signature or PKI certificates. (Not provided by current system - TIMS)
- System should provide facility for processing, and supervising different types of PWEI, including automatic discharge of the previous procedures and warehouse stocks. (Not provided by current system - TIMS)
- CDPS be able to manage different guarantees used during different customs procedures. (Not provided by current system - TIMS)
- CDPS must offer communication with sub application for general risk evaluation from the point of view of a proper taxation process.
- Facility for recording and managing different Customs Offences and Decisions. (Not provided by current system - TIMS)
- Automatic Number Plate Recognition (ANPR) system for capturing the images of number plate of vehicles passing the border and using OCR technology converting
from image file vehicles registration numbers into xml file. (Not provided by current system - TIMS)

- CDPS needs to support geographically dispersed multiple server installations. This enables the existence of the offline working mode, which is suitable for the Customs Offices with non-reliable communication links to the CDPS installation at the KC HQ.

- Written policies, procedures and operating guidance for backup procedures.

- This module should provide facility for recording and maintaining data on different products and their value for the clearance purposes. This information should be accessible by customs officers during different phases of clearance. (Not provided by current system - TIMS)

- Facility for recording and maintaining data on freight and insurance costs for different types of transport and goods. (Not provided by current system - TIMS)

- Again the solution must offer the elements to take care of necessary transitional phase between new and old declaration environment.

- System should perform the collection and accounting functionality for the new system, including holding trader account and payment details and producing account and analysis reports.

- System should provide facility for producing the overall Revenue report according to KC requirement and same should be extracted into different types of files. (Not provided by current system - TIMS)

- Identifying the duty types and rates applicable including the calculation of duties and taxes payable.

- Possibility of easily introducing and maintaining other types of taxes in future.

- Providing strong anticorruption measurements (e.g. automatically assign documents to officer, detailed audit trail on every event, etc). (Not provided by current system - TIMS)

- Providing a track and trace facility for each individual consignment from the time it is declared to a customs-approved treatment or use, until it is discharged from customs supervision. (Not provided by current system - TIMS)
• Providing facilities allowing traders to transmit declarations in advance. (Not provided by current system - TIMS)

• Providing on-line facilities allowing trader access to view and download their account balances, monthly statements, declaration status, rates of exchange, tariff information, country and other referential and declaration data. (Not provided by current system - TIMS)

• Identifying all errors on a declaration, generating and transmitting response messages outlining errors and reasons for rejection or other information. (Not provided by current system - TIMS)

• Training Strategy should cover all identified layers of KC personnel and stakeholders whose daily activities shall be touched with the new CDPS application.

• Adapt the basic ASYCUDA training modules to KC specific needs and circumstances.

• KC Project Team trained in the AW technology, technical and functional aspects, able to install, configure and maintain the KC AW system.

• KC AW system configured, installed and accepted in the KC HQ, authorized Customs offices and border posts.

• KC AW system implemented in all Customs sites.

References


(3) Strategic Framework of Kosovo Customs 2010 -2012

(4) Financial Cost Benefit Analyze of available options – IT Department

(5) Administrative Instruction nr.78/2009 – The Usage of TIMS application

(6) Albanian Customs Web site.