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THE PRINCIPLES OF PUBLIC ADMINISTRATION MECHANISMS MODERNIZATION IN THE FIELD OF CUSTOMS AFFAIRS

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Abstract

This study has been carried out in the framework of the state scientific-research work “Administrative processes in the Ukrainian Customs policy implementation” (state registration number 0108U011264).

The author's approach concerning the understanding of the basic principles of public administration mechanisms modernization in the field of Customs affairs is presented. In particular, through the example of the Ukrainian Customs Service the principles of the Customs modernization national system creation are shown.

The authors also point out that the general methodology of the program-oriented and target-oriented approach to management clearly defines a mechanism and operational procedure for targets achieving and principles of resource support. However, the issue of designing an approach to properly identify and set Customs development goals remains very difficult. Therefore, a significant part of this research is devoted to the analysis of three existing approaches to defining objectives (defining objectives in using possibilities, optimization approach to objectives defining, adaptation approach to objectives defining). The authors emphasize the role of regulations designed to ensure the Customs modernization implementation program.

Simultaneously, the scientific paper deals with the diagnostics of the Customs modernization program implementation and the corresponding kinds of control (preventive, current and final). The authors also argue that even having approved key performance indicators (KPIs) for assessing the Customs Service of Ukraine activity, at this stage there is no mechanism to ensure an adequate control over the quality of reform programs implementation. There is lack of overall estimation that would allow periodically and continually assess the effectiveness of Customs reform programs implementation. The authors have proposed a basic diagnostics technique of Customs modernization and development programs implementation and described its basic requirements.

In conclusion, the authors state that a universal generalizing method of Customs

modernization program implementation diagnostics is building an organizational and functional model of modernization based on the program-oriented and target-oriented approach. At the same time the basic technique can be successfully used both for the diagnostics of achieving the Customs Service targets and for public administration system in the field of Customs affairs as a whole as well as for targeting further capacity building of the Customs system.

Keywords: public administration mechanisms in the field of Customs affairs, principles of Customs modernization, program-oriented and target-oriented approach, approaches to defining objectives.

Introduction

Public administration is carried out in all spheres of society. Public administration in the field of Customs affairs is based on the principles and has certain forms, every of which is stipulated by specific tasks and management functions, as well as a special meaning.

Principle (from Latin principium) is a specific notion which includes less patterns, relationships, interconnections themselves than our knowledge about them. Principles are generally understood as the most important, fundamental ideas that make it possible to implement one or another legal phenomenon (Chentsov 2013, p. 28).

Principles of public administration in the field of Customs affairs being significant at a particular stage of social and economic development are reflected in the concepts of activity, for example, in the Concept of the Customs Service of Ukraine Modernization,¹ the Concept of Reforming the Customs Service of Ukraine Activity ‘Face to People’,² the Strategic Plan of the Ministry of Revenues and Charges of Ukraine for 2013-2018,³ working materials as to the strategic development of the Ministry of Revenues and Charges of Ukraine for 2013-2017.⁴

The authors would like to draw more attention to the principles of public administration in the field of Customs affairs in a narrower context, in particular, to describe the principles of public administration mechanisms modernization in the field of Customs affairs.

Public administration mechanisms are understood as ways of resolving contradictions of a phenomenon or process in public administration, a consistent implementation of actions based on fundamental principles, targeting, functional activity using the appropriate forms and methods of management (Odintsova, Dzyundzyuk, Meltyuhova, Mironov & Korotych 2010 in Encyclopedic Dictionary of Public Administration, p. 421).

Principles along with objectives, functions, methods, information, technology and technical means are essential components of public administration mechanisms.

1. The World Customs Organization requirements for Customs Modernization

1.1. The principles of Customs modernization

The basic principles used for the modernization of Customs authorities and public administration mechanisms in the field of Customs affairs have been adopted by means of the program-oriented and target-oriented approach application (Customs-2007, The European Commission, TAXUD 2002; Customs-2013, Decision of the European Parliament and Council 2007; OSCE UNECE Handbook of Best Practices at Border Crossings 2012; Guidelines to Specific Annex H – Customs Offences 1999).

¹ http://www.customs.gov.ua/dmsu/control/uk/рiвНзб/арбсle?ar1_1ë=363502&.ca1^=363480

² http://www.kmu.gov.ua/dmsu; http://www.mdoffice.com.ua/pls/mdoffice/aSNewsDic.getNews?dat=01112010 &num_c=180732

³ <http://minrd.gov.ua>

⁴ dndims.com/upload/files/mndr.3.doc; http://oleksandr-klymenko.com/en/wp-content/uploads/2015/08/Strategiya-Ministerstva----kopiya.pdf

“Modernization (from the Greek “modern”) is improvement, advancement, object renovation, bringing it in accordance with the new requirements and standards, technical specifications, quality indicators” (Dal 2004).

Based on the research made we came to an opinion that modernization of the Customs Service of Ukraine in compliance with the World Customs Organization (WCO) requirements should be implemented through the program-oriented and target-oriented approach taking into account the following basic principles (Berezhniuk 2009):

The principle of development. It indicates that the administration system is aimed at changing the object in accordance with the laws of its development. This is achieved by converting social targeting in, first, a continuous, second, core administration process.

The principle of centralization. The general management of the development and implementation of the modernization program is carried out by of the modernization department created within the State Customs Service of Ukraine (SCSU) and continuing to function under the auspices of the State Fiscal Service of Ukraine (SFSU). It performs the task of designing targeted programs for the remodeling Customs authorities of the respective levels, overseeing the development process and approving report documents.

The principle of continuous improvement of Customs administration process. It means changes in the methods and forms of administrative influence in accordance with changes in the properties of a managed object. It is implemented through the creation of temporary flexible organizational structures suitable for achieving goals without additional institutional levels. This allows the administration system to respond quickly to new social situations, be more sensitive to new trends.

The principle of a spatial and temporal integration.

The idea is that designing programs should be carried out in accordance with the systematic approach requirements. It means that:

- priority areas for SFSU modernization should serve as benchmarks for the Customs modernization goals definition as well as outlining steps for their implementation;
- coordination of subprograms developed in areas of modernization should be made in accordance with the coordination of solutions at the horizontal level by Customs management;
- a common program is developed through integration of subprograms and it should determine the development of Customs offices and their divisions as well as provide for achieving the modernization objectives.

The principle of matching purposes on the basis of common interests.

It reflects the need for coordination function for providing objectively determined social priorities related to the outcomes. It should be noted that the coordination implies finding a suitable balance between the actions, but not offering the sequence of operations.

The principle of participation.

It implies involving all Customs personnel, whose functions and interests are directly related to modernization, into the modernization programs development process. The implementation of this principle is aimed at triggering the creative potential of the staff: professional knowledge, experience, initiative.

The principle of authority delegation.

It means that during the modernization program implementation after the SFSU approval of the presented target program of modernization Customs authorities receive the necessary rights and resources for its implementation and bear full responsibility for this. The SFSU is involved in monitoring, control and, if necessary, adjusting deviations in the program implementation.

The principle of adequacy.

It provides that the programs and the means of their implementation reflect the realities of the present stage of socio-economic development in view of their possible and

necessary changes based on the interests of the state as well as the overall political and economic situation.

The principle of the strategic and current regulation unity.

Strategic regulation is of national importance. Its goal is to save the corresponding compliance of the Customs administration actions to the economic and social strategic course of the state.

1.2. Approaches to the Customs development objectives definition

The general methodology of program-oriented and target-oriented administration approach effectively defines the mechanism and procedure for achieving the objectives as well as principles of resource support. However a very complex issue concerning the proper approach to the determination and formulation of direct objectives of Customs administration development still exists. This is due to the fact that the performance indicators should be based on the goals set by national Customs administrations (e.g. improving appeals, the ratio “staff – profit”, minimizing the human factor, enhancing the quality of services etc.).

There are three approaches to defining objectives:

1. Defining objectives in using possibilities.
2. Optimization approach to objectives defining.
3. Adaptation approach to objectives defining.

To determine objectives in using possibilities it is necessary to orient to a certain satisfactory level of the state and behavior of the system, which is defined as acceptable. In this case, specifying objectives means maintaining the current practice within the system, avoiding deviations, absence of necessity in additional resources and reliance on minor changes in the organizational structure that would not cause resistance from stakeholders. This approach focuses on the definition of goals aimed at addressing the deficiencies generated by the practice having existed in the past.

The optimization approach to objectives defining, according to R. Ackoff, is mainly associated with the use of modeling approach when making a decision on a particular parameter of the system (Ackoff 1972). The solution choice model consists of two components: an objective function and a set of constraints. These constraints, of course, reflect the position of the system in some super system and often have financial and material character.

It also implies quantifying the system’s tasks, goals as well as their relationship. This precisely expresses the imperfection of this approach, since a range of objectives can not be described quantitatively, and such goals are ignored for convenience in constructing the model.

The optimization approach is effective for constructing resource management programs, for example, when the purpose is to minimize the costs in achieving the appropriate level of effect or maximize the effect through using certain resources.

Such an approach is more often used in determining more tactical than strategic goals.

The adaptation approach to defining objectives, according to R. Ackoff, is based on the provision that the goals describing the future state of the system are set depending on the nature of our knowledge of the future [1]. In turn, this knowledge can be classified as definite, indefinite and ignorance.

Definite knowledge characterizes those aspects and features of the future, which existence is inevitable. For example, in defining objectives of the national economy development a number of natural resources of the country, which are now known and which stocks can be calculated, is a specific component of knowledge. Indefinite knowledge characterizes those aspects and features of the future concerning which there is no rigid,

unambiguous confidence in their implementation. For example, future development of transport provides for environmentally-friendly means, but which specific version of the engine will replace the internal combustion engine is still not known. Ignorance refers to those features of the future that can not be defined either separately or in variations.

An important feature of the adaptation approach is that its use decreases the value of retrospectively in determining the objective, i.e. it makes possible to take into account past mistakes.

1.3. The program-oriented and target-oriented approach in Customs management

Application of this method requires deep knowledge of the system's behavior, including purposes, the scale of values within the system as a whole and in its sub-systems, the dynamics of this system etc.

From a methodological point of view, the program-oriented and target-oriented management approach embodies not only one of the ways and methods of management, but a broad methodology for performing a variety of tasks and solving problems arising in various spheres of life and activity of people, state and society. Due to this fact such an approach is nowadays becoming more and more universal covering many areas of administrative activity. According to a number of Ukrainian and foreign authors (Bakumenko, Knyazev, Kravchenko, Surmin & Ulyanchenko et al. in Encyclopedic Dictionary of Public Administration 2010, pp. 519-522), the main advantage of program-oriented and target-oriented approach to management is related to the fact that it can integrate more fully all available resources and use them to perform certain types of tasks. When used properly, it provides great flexibility, dynamism and adaptability of a management system as well as creates conditions for increased responsibility for the performance of tasks and overcoming drawbacks of the functional principle of the vertical hierarchy.

An effective Customs administration is considered worldwide to maximize the welfare of the state, promote the most favourable conditions for foreign trade development, ensure the state budget revenues in full volume as well as provide for achievement of a pre-specified level of utility for the government and international trade participants (Chentsov 2013; Customs-2007; Customs-2013; Murray 2009; Pavlenko, Triakina & Garmash 2013; Sparrow 2000; WCO SAFE Framework of Standards 2011; Widdowson 2004; Woods 2007 et al.). Therefore, the use of the program-oriented and target-oriented management approach in the Customs authorities' modernization can help enhance their effectiveness and ultimately accelerate the development of foreign trade and the national economy (Kuharenko 2000).

The complexity of the implementation of the management cycle aimed at reforming the Customs authorities puts the task of selecting the right decisions and actions in the course of such an implementation. This task can be performed on the basis of diagnostic methods that allow identifying weaknesses in the system and ways to eliminate them.

During the implementation of targeted programs for the Customs administration development, Customs officials, independently or jointly with the employees of other companies and agencies, adopt and practice a number of regulations designed to ensure the implementation of program activities. The focus is put on the regulations hence they are the only basis for any action aimed at the implementation of program activities.

2. Diagnostics and control as tools for achieving Customs modernization program purposes

2.1. Issues of control

The diagnostics of Customs modernization program implementation requires an

appropriate control system (Australian Customs 2001; Chentsov 2013; Kukharenko 2000; Murray 2009; Pysmachenko 2008; Sparrow 2000; WCO SAFE Framework of Standards 2011; Widdowson 2004 et al.). Control is a process to ensure the achievement of program objectives. The purpose of control is to ensure as much as possible compliance of outcomes with objectives (goals) of the program. According to the monitoring time preventive, current and final controls are specified (figure 1).

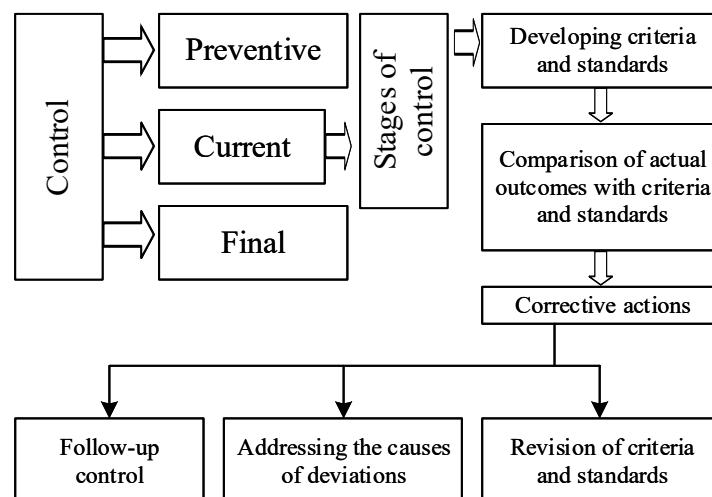


Figure 1. The stages of control during the program implementation

Preventive control is carried out before the actual launching of the program. The main means of control measures is the application of certain rules, procedures and ways of behavior of program participants. Its tasks are to clearly establish the purpose and functions of the customers and program performers as well as provide with labor, material and financial resources.

Current control is carried out directly during the development and implementation of the program. It is based on measuring the current results obtained after performing certain types of work. Regular monitoring the work results, prompt solution of arising problems, decision-making to improve activities contribute to minimizing the deviation of actual results from planned. If to allow deviations to develop freely, they are able to cause serious difficulties in achieving the goals.

Final control performs two functions. Firstly, it provides the information necessary for planning future based on past mistakes. Secondly, monitoring is carried out in order to promote motivation through material and moral incentives of performers. The program performance report is a unique form of final control.

There are three main sub-step within the control procedure: the development of standards and criteria; comparison of them against real results and necessary corrective measures.

The development of criteria and standards is carried out during the development of a draft program. In fact, criteria and standards are this program indicators by means of which the purposes, sub-purposes and tasks of the Customs administration reform program are described.

Comparison of standards and criteria with results is made during current control to determine deviations. At this stage the one of the three main lines of behavior is defined, in particular:

1. If the comparison of actual results with the standards indicates that the purposes are achieved, it is better to continue evaluating results repeating the control cycle and refrain from any action.

2. Differences between results and objectives require certain corrective actions to address the causes of deviations.

3. The awareness of unreality of the objectives and activities to achieve them calls for the revision of standards.

The problem is that this control has mainly a formal character. It is built on a simple statement of the fact if a certain action has been performed or not and specifying which particular document acceptance is considered to be a fulfillment of one or another programmed event. Nowadays there is no mechanism that would ensure adequate control over the quality of implementation of Customs modernization programs, in particular, there is no assessment that would allow periodically and continually assess the effectiveness of Customs reform programs implementation.

It should be noted that in general the existing Customs administrations performance indicators can be divided into four categories:⁵ indicators of time, simplification, procedures and efficiency. If to compare with the international recommendations⁶ such as benchmarks and Customs administrations performance indicators developed by the UNECE Working Party on Customs Questions affecting Transport (WP.30) (UNECE Informal document WP.30/AC.3 (2014) No.1) or international best practices, in particular those described by the Swedish National Audit Office and the Swedish Institute for Public Administration (<http://www.niss.gov.ua/articles/2341/>), we can state that the SFSU current key performance indicators (KRIs)⁷ do not include all the indicators that have been defined by the international community within the “Customs – Business” partnership in the abovementioned document of WP.30 (UNECE Informal document WP.30/AC.3 (2014) No.1, pp. 9-10).

The Ministry of Finance of Ukraine approved as the SFC performance indicators for the current period: significant reduction in the SFC corruption, improved SFC management system, reducing unnecessary inspections and additional charges, improving appeals, reducing tax debts, minimizing human factor, improving the quality of service (<http://www.niss.gov.ua/articles/2341/>; <http://www.minfin.gov.ua/uploads/redactor/files/KPI; Working Materials as to the Strategic Development of the Ministry of Revenues and Charges Ukraine for 2013 – 2017>).

It is important to evaluate how efficiently reform programs are accomplished from the point of view of priority targets achievement. The analysis of the Customs administration and Customs authorities modernization concept for 2010-2015⁸ reveals that the priority objectives such as a full Customs laws compliance, a minimum administrative burden on law-abiding companies, transparent decision-making by Customs, common requirements and treatment to all users of Customs services, effective protection of the public from unfair and illegal trade, threats to health and morality of citizens, risk of terrorism, cooperation with other government agencies, integrity of decision-making by Customs, minimum financial and time costs spent on Customs procedures have not been achieved. This is confirmed by surveys of the European Business Association on performance of Customs authorities (support from the research firm InMind Research Company).⁹

⁵ Informal document WP.30/AC.3 (2014) No.1, UNECE, <http://tfig.unece.org/contents/guidelines.htm>

⁶ Informal document WP.30/AC.3 (2014) No.1, UNECE, <http://tfig.unece.org/contents/guidelines.htm>

⁷ *Klyucheveye pokazateli deyatel'nosti Gosudarstvennoj fiskal'noj sluzhby Ukrainy (KPIs) byli razrabotany i utverzhdeny 27.09.2016 goda Ministerstvom finansov Ukrainy* [Key performance indicators of the State Fiscal Service of Ukraine (KRIs) have been developed and approved on 27.09.2016 by the Ministry of Finance of Ukraine], <http://www.minfin.gov.ua/uploads/redactor/files/KPI.pdf>

⁸ http://www.mdoffice.com.ua/pls/mdoffice/aSNewsDic.getNews?dat=01112010&num_c=180732

⁹ www.eba.com.ua/files/documents/EBA_Custom_Index_2_Ukr.ppt.

2.2. Basic technique of diagnostics of Customs modernization and development programs implementation

Despite the gap identified in the activities of Customs authorities, in our scientific research the authors propose to apply a basic diagnostic technique in the process of modernization program implementation and development of the State Customs Service. This technique can be successfully applied for the same process during the subsequent cycle.

The diagnostics of an economic system is a complex of studies to determine the purposes of economic entities (agencies, organizations, enterprises) functioning, ways of achieving them, identifying problems and solutions to them (Makarova 2004). Diagnostics is a complex of studies comprising such methods as analysis and assessment.

Mission of diagnostics:

- estimating conditions, development planning, effective use of favorable external and internal resources, prevention from negative impact of threats;
- developing common ideas about ways to solve problems, which reduce the effectiveness and hinder the development;
- creating vision of capabilities, feasibility of measures, their priority, deadlines for their implementation and assessment of effects;
- making decisions on mainstreaming available resources, improving methods of their use in activities.

Functions of diagnostics: position analysis revealing certain positions of Customs administrations in the social structure, various states of Customs policy, which significantly differ in the evaluation of possible ways and methods of its implementation; profile analysis is an identification of a common profile with graduation signs of readiness and commitment to changes.

During the State Customs Service and its officials activities for the implementation of Customs policies and modernization programs stable situations were and are, when the traditions of practice system hindered performing tasks. Such situations, depending on their nature, are defined as “gaps” or “bottlenecks”. The term “gap” is interpreted as incompliance between the specified requirements and opportunities in the field of Customs activity in general or a particular activity aimed at the Customs policy objectives achievement. In general, they appear as:

- inconsistency, loss of connection, coordination between something (a point near which the motion in path developed is not possible);
- breach (absence, inability to observe) of direct dependencies and relationships in a set of interrelated processes, succession between them and their elements;
- comparison of alternative ways of representing reality in the form of one or another opposition.

“Bottlenecks” are difficulties caused by various factors and constraints in achieving the desired effect.

The causes of such “bottlenecks” and gaps in the system of activities, in our opinion, can be very diverse, in particular:

- out-of-date tools, techniques and technologies;
- contradiction of the system of activity organization with the changing conditions and necessity to renovate it.

Under such conditions it is essential to revise Customs policy and relatively rapidly rebuild the systems of activity organization aimed at the Customs administration reform and development programs implementation.

In “The principles of management” M. Meskon, M. Albert, F. Hedouri noted that the management process, without which no organization can exist, is a fulfillment of management functions: planning, organizing, motivation, control and regulation. At all these stages methods of diagnostics can be used (Meskon, Albert & Hedouri 1997).

So, while planning it can be required to analyze the existing problems. During accomplishing the organizing function a structural diagnostics can be possible. Working with the company staff, i.e. implementing the function of motivation, it is possible to diagnose personnel. Putting into effect the two closely interrelated functions – control and regulation, a functional diagnostics can be made.

The purpose of the diagnostics of the Customs reform program implementation is as follows:

- improving its efficiency through a systematic study of all the activities and decisions, generalization of the results. The tasks of an organization activity diagnostics are:
- identification of the actual state of the object being analyzed;
- study of the composition and properties of the object, its comparison with known analogues or basic characteristics, standards;
- identification of changes in the object state within a space-time aspect;
- establishing main factors causing changes and taking into account their impact;
- forecast of major activity trends.

The subject is an analysis of targeting results, feasibility of resources usage, performance evaluation.

The objects of the diagnostics of the Customs modernization program implementation is the target program accomplishment altogether and the results of public agencies and their divisions work, which are involved in the diagnostics process. In other words, the object is a complex of system units being subject to management activities, which through their specific functions implement these activities while fulfilling targeted programs. The subject of administration can be defined as a complex of system divisions, which administers the implementation of targeted programs through performing specific functions.

Analyzing the subject of administration separately from the object would mean considering supplements without studying the basic system, which in this case is the object of management.

In a result of the definition of the object and purpose of the study the diagnostics of the administration system is a complex of measures aimed at the identification of “bottlenecks” and “gaps” in the implementation of targeted programs (Makarova 2004).

The diagnostics of the Customs modernization program implementation is based on a comprehensive study of the implementation processes and results and identifying the main cause-and-effect relationships. It comprises:

- study of a combination of technological, socio-economic, legal, environmental and other processes of creation, construction and operation of program implementation management systems;
- identification of organizational structures building principles to ensure the implementation of programs;
- evaluation of the effectiveness of the information, logistical and staffing methods used.

The diagnostics of the Customs modernization program implementation covers a number of key areas:

- identification of key techniques to analyze the state and use of material, human and financial resources;
- establishing ways to improve implementation of the program on the basis of the program-oriented and target-oriented approach to administration;
- assessment of the program implementation results;
- evaluation of the use of financial, human and other resources.

Figure 2 presents the types of diagnostics existing within the program-oriented and target-oriented approach to administration (Besedin 2000).

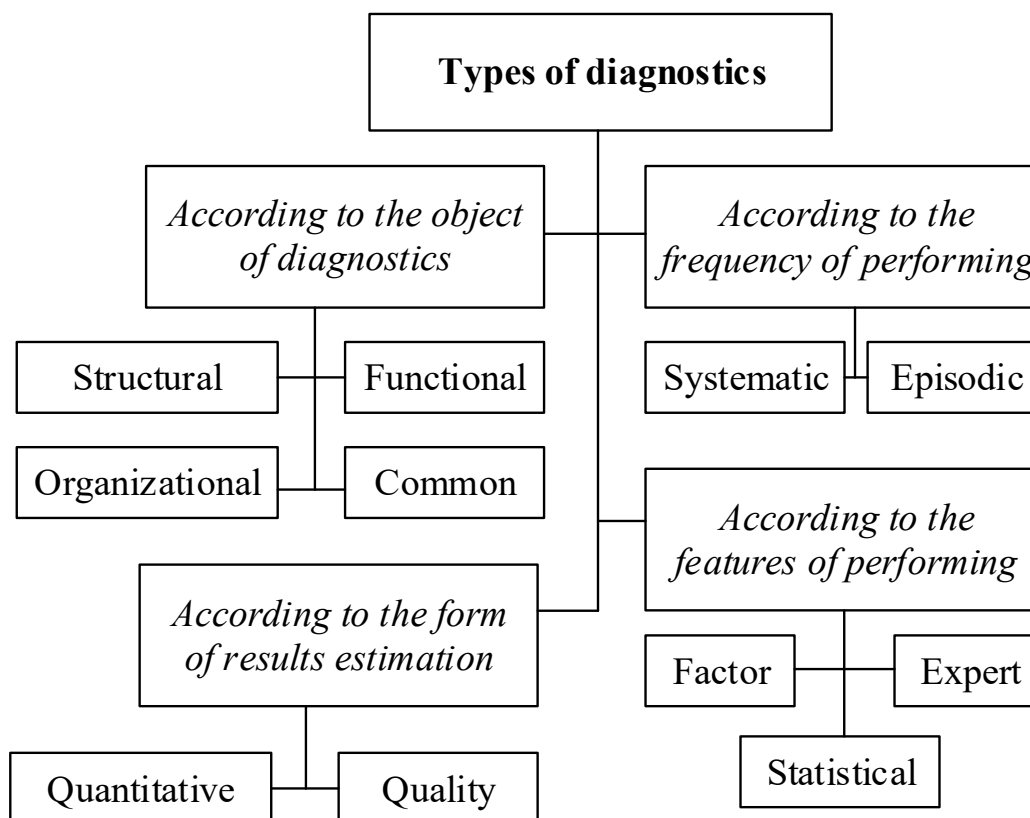


Figure 2. Types of diagnostics

From the mentioned above the type according to the object of diagnostics includes such kinds:

- structural based on the decomposition of the object being studied and the study of the structural characteristics of its elements;
- functional studying the process of functioning (activity) of organizational structures that directly support the implementation of targeted programs;
- organizational, which is the state analysis technology and helps to identify weak points in the working process as well as prepare recommendations to optimize the implementation of targeted programs.

In carrying out the Customs modernization program such kinds of the diagnostics as functional and organizational are proposed to be used.

According to the frequency of performing there are such kinds as:

- systematic diagnostics involving constant researching the Customs modernization program implementation;
- episodic diagnostics based on the periodic, single study.

To carry out the Customs modernization program the episodic diagnostics should be made constantly once a year.

According to the form of results estimation there are defined:

- quantitative diagnostics, which is connected with the need to quantify the economic results of targeted programs implementation. The purpose of this type of diagnostics is to measure, compare the results, the level of costs as well as establish a quantitative measure of the influence of various factors;
- quality diagnostics based on the quality comparative assessments. Its purpose is to determine the characteristics of a particular state and its internal dependencies.

During the Customs modernization program the quantitative and qualitative diagnostics should be made.

According to the features of performing there are defined:

– statistical diagnostics based on a study of the characteristics and patterns of development through the application of mathematical and statistical and economic and statistical methods. It ends in results interpretation, making theoretical and practical conclusions and proposals;

– factor diagnostics based on the factor analysis method, definition and detailed evaluation of each cause, each of the factors resulting in deviations of the actual results from the expected ones.

– expert diagnostics based on a study of the characteristics and patterns of development through a complex of logical and mathematical procedures to obtain expert information, its analysis and synthesis.

Carrying out the Customs modernization program implies using the statistical, factor and expert diagnostics.

Thus, specific requirements for the basic methodology of the diagnostics of the Customs modernization program implementation can be determined, in particular:

1. according to the object of diagnostics – implementation of functional and organizational diagnostics;

2. according to the frequency of performing – carrying out periodic and episodic diagnostics with an interval of one year;

3. according to the form of results estimation – quantitative and qualitative diagnostics;

4. according to the features of performing - statistical, factor, expert diagnostics.

To make a diagnostics in the process of Customs modernization program implementation the following can be suggested as a basic technique (general provisions that may be the basis for techniques creation):

– the diagnostics of the Customs modernization program implementation is carried out to assess the quality of management tasks in the process of the program implementation;

– the diagnostics results should present an organizational and economic rationale for making changes or modernizations during the program implementation process on the basis of the program-oriented and target-oriented approach or confirmation of the correctness and validity of the work done and decisions taken;

– the main purpose of diagnostics is to identify the data needed to find methods of improving the efficiency of the object under control by means of improving its management system.

The primary diagnostics procedures within the program-oriented and target-oriented approach are connected with collecting data about service and administration activities, i.e. organizing and conducting the diagnostic testing of the Customs modernization program implementation. However, the purpose of the diagnostic testing is to not only to study the results achieved, but also identify all positive and negative factors having led to them.

During the diagnostics the main ways to improve the quality of administration tasks should be clarified with the help of economic and mathematical methods in order to achieve defined purposes and criteria for the Customs system activity, assessment of the importance of these tasks and setting priorities for their implementation. A universal generalizing method of diagnostics of the Customs modernization program implementation is building an organizational and functional model based on the program-oriented and target-oriented approach (Raizberg 1975).

During the diagnostics an organizational and functional modernization model can be created by means of two techniques. The first technique includes creation of common

functions and tasks of program-oriented and target-oriented administration, working out consistent and detailed administration tasks, which should ensure construction of a certain “tree” of the targeted program administration tasks.

Such an approach “from tasks” helps clearly determine their list, relationships and hierarchy. “The tree of tasks” is a foundation for developing requirements to the methods of their implementation, the organizational structure of an administrative staff as well as information provision. However, while using this approach, due to the complexity of administering the Customs modernization program implementation, certain management tasks can be missing.

The second technique implies application of a scheme (images) or method of short-term memory of the current program-oriented and target-oriented administration as an initial stage of building an organizational model. This approach is based on establishing the organizational structure of the current Customs modernization program implementation management system, definition of the tasks fulfilled by individual performers, developing a “tree” of the program implementation management tasks in accordance with the current organizational structure.

The basic methodology of the Customs modernization program implementation diagnostics includes complementing or matching the actual “tree” of modernization tasks with a new “tree” of Customs modernization program tasks derived from the analysis of geo-economic trends, which provides an organic combination of two approaches of the organizational modernization model.

Building the organizational and functional model includes two stages: 1) construction of an organizational and functional model of the existing program implementation system; 2) designing an organizational and functional model of a prospective one.

Thus, the organizational and functional model is a starting point and foundation of the basic diagnostics methods of Customs modernization program implementation. It determines the main directions of reforming as well as promotes and facilitates Customs modernization implementation administration system weaknesses revealing. The organizational and functional analysis can also be used as one of the methods in the diagnostics process.

We consider that this basic technique can be successfully applied both for the diagnostics of the Customs targets achieved and for the diagnostics of the Customs authorities administration system.

Summary

The proposed basic technique of Customs modernization program implementation diagnostics will become an effective method of improving Customs modernization management system and help create a flexible by cycles, pace and rhythm, constant source of sufficient information and its transformation into knowledge for decision-making in the Customs field, which guarantees success.

Such a controlling and monitoring diagnostics system will greatly enhance the quality and efficiency of foreign trade control in the context of globalization and be responsive to changes in foreign trade by means of opening new horizons for the continuing process of Customs modernization.

Conducting a periodic diagnostics in the modernization process will improve the effectiveness of the next cycle of Customs modernization administration and can be recommended for use in the process of a cyclic Customs modernization (reforming).

The overall evaluation of Customs modernization program implementation comprises the following.

This should be assessed not only by the State Fiscal Service of Ukraine as a main performer, but also representatives of the expert council. The council must involve both the

representatives of the State Fiscal Service and the representatives of the Scientific-Research Institute of Fiscal Policy, the University of Customs and Finance, the Scientific-Research Center of Customs Affairs as well as the representatives of the customer (the persons authorized by the government of Ukraine), Ministries' and Agencies' programs representatives concerned and experts of the international Customs organizations. The results of the program implementation assessment can be a memorandum with signatures of the evaluation participants certifying the quality of the program implementation.

Concluding remarks

Summing up the scientific approaches proposed by different authors and practical experience of the program-oriented and target-oriented method application for Customs development, it can be stated that this method refers to more modern ways to manage a socio-economic development. Its usage strengthens the targeting of public administration as well as ensures comprehensiveness and consistency of socio-economic processes in achieving the goals of social development. It is a system of elements of the public administration mechanism aimed at achieving long-term objectives of social and economic development of the country through the use of existing resources and subjects of social and economic processes interests' alignment. This program-target method made it possible to use the principles of the public administration mechanisms modernization in the field of Customs affairs.

The construction of the organizational and functional model of modernization based on the program-oriented approach can also be considered as a universal generalizing diagnostic method of the Customs modernization programs implementation. At the same time the basic technique of the Customs modernization programs implementation diagnostics can be successfully used both for diagnostics of achieving Customs targets and the system of public administration of Customs affairs as a whole as well as for targeting of further Customs capacity building.

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