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Supporting Trade Capacity Building Worldwide

Customs Reform and Modernization

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**Trade and Investment Training:
Programming for Greater Impact
Pretoria, South Africa
March 15-19, 2010**



- Challenges facing Customs Administrations
- Need for Customs Reform and Modernization
- Tools for Customs Modernization
- Impact of Customs Reform and Modernization
- Case Studies
- Keys to Success





Challenges facing Customs Administrations

- The need to better:
 - Meet Government revenue targets
 - Facilitate the movement of legitimate goods and persons
 - Promote economic growth
 - Secure the international supply chain
 - Deter and interdict cross border criminal activities
 - Protect the economy, the environment, and society
 - Laws, regulations and operating procedures
- Proliferation of preferential trade agreements
- Rapid technological advancement
- Inadequate financial resources, facilities, infrastructure; untrained staff





The Need for Customs Reform and Modernization

- The Customs environment is always evolving and Customs administrations must meet new challenges
- Efficient customs administrations are key drivers of socio-economic development and require adequate resources to modernize, both from government & donors
- Customs modernization entails:
 - The comprehensive streamlining of processes, formalities; procedures and documents handled by Customs;
 - Improved legal and regulatory framework;
 - Optimal application of ICT solutions; and
 - Improved human resource management policies.



Tools for Customs Modernization

- Diagnostics
 - WCO Diagnostic Programme
 - WCO Integrity Action Plan
 - USAID TCBaseline
 - WCO Time Release Studies
- International Conventions and Standards
 - WCO Revised Kyoto Convention
 - WCO Framework of Standards
 - WTO Agreement on Customs Valuation
- Best Practice Guides
 - WCO Customs Modernization Handbook
 - USAID Customs Modernization Handbooks





Tools for Customs Modernization

- Partnership Approaches
 - Improved Customs to business relations
 - Authorised Economic Operator partnership programs addressing compliance, facilitation and supply chain security
 - Client Service Standards
 - Business Codes of Ethics
 - Improved Customs to Customs relations
 - Regional AEO Programs
 - Regional Transit Regimes and Guarantees
 - One Stop Border Stations
 - Improved relations among border agencies
 - Automated single window processing
 - Better coordination





Tools for Customs Modernization

- Improved Technology
 - Non-intrusive inspection equipment
 - Customs automation
 - Automated single window processing
- Improved Processes
 - Risk management
 - Cargo selectivity
 - Pre-arrival filing
 - Post-clearance audit based controls
 - Simplification of procedures and forms
 - Regional Transit Regimes and Transit Bond Guarantees

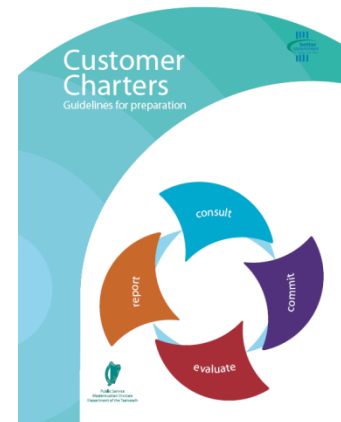
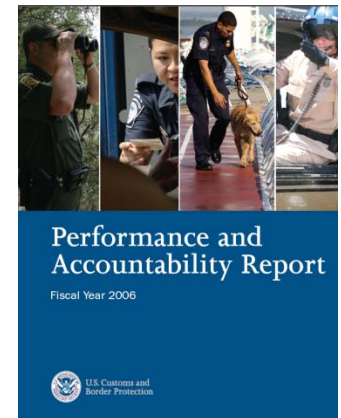




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Tools for Customs Modernization

- Improved Management Practices
 - Customs Vision and Mission Statement
 - Annual Reports
 - Modernized Organisational Structure
 - Change Management Skills
 - Code of Conduct and Disciplinary Procedures
 - Business Code of Ethics
 - Client Service Standards
 - Compliance Goals
 - Advanced Binding Rulings
 - Impartial Complaints and Appeals Systems
 - Internal Checks





Tools for Customs Modernization

- Improved Human Resource Management Systems
 - Better hiring processes
 - Qualifications
 - Background checks
 - Effective training programs
 - Basic, intermediate and advanced skills
 - Management skills
 - Integrity
 - Competitive salary and benefit systems
 - Performance management
 - Performance standards
 - Performance evaluations
 - Performance incentives
 - Performance improvement plans





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Impact of Customs Reform and Modernization

- Reduced delays and costs to traders
- Improved compliance
- Better business practices
- Improved revenue collection
- Risk based utilization of resources
- Modern physical infrastructure
- Professional staff
- Timely and reliable trade statistics





Case Study 1: Time Release Study

- In 2009, the SATRADE Hub assisted Lesotho Revenue Authority (LRA) to carry out a Time Release Study (TRS) to establish a baseline to measure the progress of the LRA Reform and Modernisation Programme
- The Hub worked with a WCO expert and a Lesotho Working Group composed stakeholder representatives
- The study highlighted the following shortcomings and action plan:





Case Study 1: Time Release Study

	Finding	Recommended Strategy
1.	Lack of automation	Automate customs procedures and processes
2.	Legislative deficiencies	Amend Customs law to comply with Revised Kyoto
3.	Procedural deficiencies	Implementation of Revised Kyoto Convention provisions
4.	Lack of infrastructure at border posts	Improve current structures at border posts
5.	Lack of expertise	Redesign training curriculum and provide training



Case Study 1: Time Release Study

- Impact of TRS Study results:
 - LRA approached the Hub for further technical assistance in the review and redrafting of the Customs and Excise Act and Regulations. LRA is currently working on the legislation to facilitate its publication
 - The Hub worked with a Lesotho Working Group and used a Comparative Table to identify the gaps.
 - Success factors:
 - Donor and domestic funding
 - Support by top Customs management
 - Dedicated Working Groups
 - Commitment by all stakeholders
 - Action plan listing priority areas
 - Availability of appropriate expertise





Case Study 2: One-Stop Border Post

- In 2008, the Hub provided technical assistance to Botswana and Namibia by carrying out a feasibility study on establishing a one-stop-border to facilitate trade by combining the activities of both countries' border organizations at a single location.
- The study established the legal framework for extra-territorial border control operations within a common control zone at the border, for foreign hosting within the zone and for overall operation of juxtaposed facilities.

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Case Study 2: One-Stop Border Post

- The OSBP concept has been accepted by key stakeholders in both countries.
- One Stop Border Post success factors:
 - Properly coordinated meetings with stakeholders
 - Commitment from key stakeholders
 - Study team with appropriate expertise
 - Donor funding
 - Effective work plan





Case Study 3: RADDEx

- While the introduction of the SAD 500 was a major step in trade facilitation, the lack of direct exchange of electronic information between border posts continues to negatively affect transit times.
- As a result, Malawi Revenue Authority (MRA) and Tanzania Revenue Authority (TRA) decided to implement the Revenue Authority Digital Data Exchange (RADDEx) system to reduce delays at their border crossings.





Case Study 3: RADDEX

- USAID's Southern Africa Trade Hub and COMPETE projects facilitated the development and implementation
- This was done through meetings, technical workshops and training sessions leading to the establishment of a bilateral operational agreement followed by installation and customization of RADDEX software at MRA and extensive testing and training of ICT technical staff.
- The RADDEX software transmits Customs declaration data from the point of initial lodging, through all affected transit points to final destination.



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Case Study 3: RADDEx

- RADDEx was launched in Malawi in February 2010.
- Impact:
 - Reduced transit times
 - Elimination of cumbersome Customs and trade facilitation procedures
 - Trained ICT staff
- Success factors:
 - Commitment by stakeholders from both countries
 - Donor and domestic funding
 - Political support
 - Availability of experts

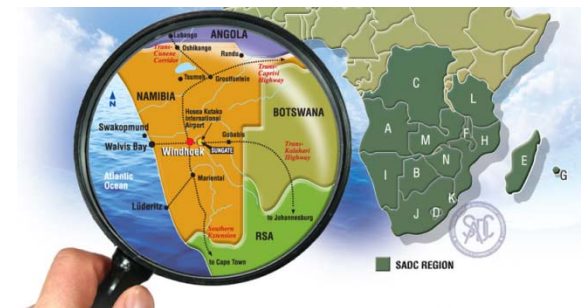




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Case Study 4: TKC Regional AEO Initiative

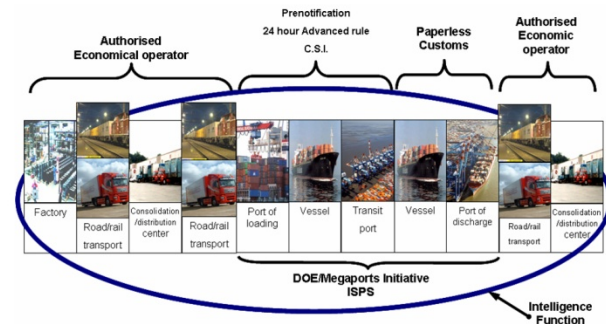
- The need for improved facilitation on African transport and transit corridors has been recognized as part of the overall effort to reduce cost and delays and to improve the overall predictability and reliability of transport.
- Facilitation is a critical component of efforts to increase trade, economic development and regional integration. New Trade Facilitation Tools are seen as means of achieving this objective





Case Study 4: TKC Regional AEO Initiative

- The Trans Kalahari Corridor Management Committee requested the Hub to assist in developing new trade facilitation tools to benefit users of the corridor.
- This request included assessing:
 - the feasibility and readiness of the three Customs authorities to implement a Regional Authorized Economic Operator Program, and
 - the feasibility of a regional risk management modality





Case Study 4: TKC Regional AEO Initiative

- The Hub, working with the TCBoost project conducted an evaluation in February and March 2010 that provided recommendations for a two-level accredited trader program including:
 - Preferred trader certification for regional traders; and
 - AEO certification for traders with trading partners outside the region
- The study provided a recommended plan of action with specific recommendations
- The study also identified the means of establishing a regional risk management modality



Keys to Success

- Assist on the basis of beneficiary country's priorities
- Check on TA from other donors to avoid duplicating and to assist in sequencing the project components
- Involve all relevant stakeholders to ensure ownership of project
- Ensure political support and continuity in leadership to guarantee realisation of objectives and sustainability
- Ensure there is an adequate budget for the plan
- Ensure proper sequencing of programme components that are interlinked (e.g. Customs valuation & post-clearance audit)
- Be flexible in implementing the work plan



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Thank you