

No. 14

ROCB A/P
Good Customs Practice Report
on
WCO-ADB Joint Multi-year Assistance
for SASEC Countries
on Customs Valuation Control



October 2016

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Foreword

In response to collective strong assistance request for enhancing Customs' revenue collection from South Asia Sub-regional Economic Cooperation (SASEC) countries, namely Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka, the Asian Development Bank (ADB) consulted the World Customs Organization (WCO) Secretariat and the Asia/Pacific Regional Office for Capacity Building (ROCB A/P) on the way forward to accommodate their critical needs, and initiated the WCO-ADB Joint Multi-year Assistance for SASEC Countries on Customs Valuation Control (Multi-year Project), which aims at ensuring proper collection of Customs revenue while materializing trade facilitation.

In the course of the consultation with these targeted countries, we heard some views regarding capacity building needs saying "This is not a simple issue and no one size-fits-all solution in this regard. It needs time and support to make a change, hence we (target countries) expect tailor-made and middle-term continuous support from the WCO". We are aware of the needs for continued and layered commitment and support, however, we shall admit the WCO and the ROCB cannot afford to provide all the WCO's one hundred eighty (180) Members with such ample support due to limitations in its budget, time and number of available experts.

These crucial issues brought us an idea of this Multi-year Project. Differentiated from the WCO's conventional one-week long workshop-style support, this Multi-year Project was strategically designed to focus more on fostering core competence in the target countries for developing their sustainable capacity building environment in a 3 year period. As a result, this Multi-year Project successfully brought the following three (3) tangible outcomes, which enable the target countries to conduct their tailor-made and sustainable capacity building activities with:

- Pool of National trainers in the target countries for conducting their tailor-made and sustainable capacity building activities by the countries themselves for enhancing their Customs Valuation Control through various means, such as application of Post Clearance Audit (PCA) techniques,
- A final deliverable (e.g. training materials) set by each target country, and
- Sub-regional cooperation mechanism for Customs Valuation Control

Seizing this opportunity, the ROCB A/P would like to express its heartfelt appreciation to the ADB, the WCO Secretariat, WCO Accredited Experts (ACEs), and the respective SASEC Countries, among others their Project Core Members (PCMs) and Project Support Members (PSMs) for their commitment and hard work for the Project. I also

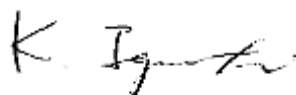
would like to commend my fellow colleague, Mr. Takayuki Miyoshi, a leading resource for this Multi-year project, for taking good care and management of a series of difficult tasks.

This Report is a summary of our 3-year journey successfully completed in June 2016 with accomplishment of all planned activities and achievement of all expected objectives. We shall underline that, however, this is not the ultimate goal of our journey. Rather, the road for reform and modernization continues and these targeted countries need to keep walking towards their own goals. The ROCB A/P hopes this Report will be a good reference/foundation to attain the benefits from this project for all regional Member Administrations.



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October 2016



Kazunari Igarashi
Head of the ROCB A/P

Chapter 1: Project Outline

(1) Background and Aim

Proper management of Customs Valuation ideally through PCA is one of the key measures to materialize trade facilitation, while ensuring the proper collection of national revenue. As such, implementation of audit-based control (PCA) is a component of the Revised Kyoto Convention and the World Trade Organization Agreement on Trade Facilitation. This Multi-year Project was coordinated by the ROCB A/P in cooperation with the ADB and the WCO Secretariat in response to strong requests from the SASEC Countries, aiming to accomplish trade facilitation and proper national revenue collection with the establishment of effective Customs Valuation Control through, such as application of PCA techniques.

(2) Target Countries

The target countries are from “South Asia Sub-regional Economic Cooperation”, so-called SASEC countries, namely Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka.

(3) Duration

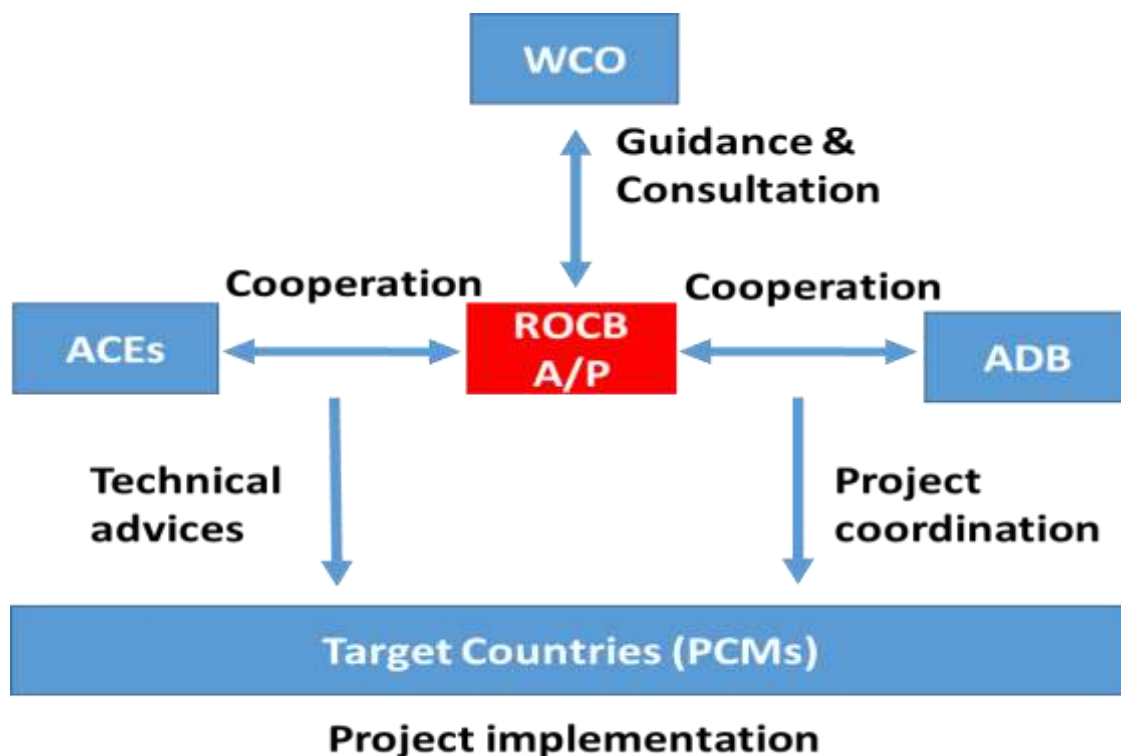
The duration of the Project was three (3) years from July 2013 to June 2016.

(4) Roles

There were five (5) parties involved in this Project, which were: (i) the ADB, (ii) the WCO Secretariat, (iii) WCO Accredited Customs Experts (ACEs), (iv) the target countries, and (v) the ROCB A/P.

As seen in the following Chart 1, the ROCB A/P had been playing a pivotal role in coordinating the Project among these five (5) parties. Regarding the Project coordination, in consultation with the WCO Secretariat, the ADB and the ROCB A/P drew up the Project concept and structure. The ADB also generously financed all activities and took charge of all logistic arrangements, such as arranging venues for regional/national workshops and purchasing air tickets for the ACEs and the PCMs, etc. As to the technical input to the target countries, the ACEs and a Project Coordinator of the ROCB A/P, who is also the ACE on Customs Valuation and PCA, provided the target countries with technical advices during the Project. With such support and input from the ADB, the WCO Secretariat, the ACEs, and the ROCB A/P, the six (6) target countries implemented the Project.

(Chart 1)



(5) Activities

The Project was divided into two (2) phases.

In the first phase, two (2) Sub-regional workshops were organized, in which three (3) PCMs from each target country participated. At these two (2) Sub-regional workshops, the PCMs together with the ADB, the WCO Secretariat, the ACEs and the ROCB A/P undertook the following work, among others:

- Set up their own National Action Plans to decide how to carry out the following two (2) National missions to achieve their determined final deliverables under the Multi-year Project,
- Learned international standards on Customs Valuation and its control, and skill and methodologies for trainers, and
- Discussed regional cooperation for Customs Valuation Control and agreed to exchange information about the Customs Valuation Control among the PCMs through WCO “CLiKC!” platform.

At the second phase, two (2) National missions for each target country were conducted based on their developed National Action Plans. For example, the PCMs with support from the ACEs and the ROCB A/P:

- Conducted a brief diagnostic mission to target countries to identify technical gaps that required improvement for further enhancing the target countries' capacity for proper Customs Valuation Control,
- Developed the final deliverable determined by the country itself in its National Action Plan to accomplish the ultimate objective of the Project, namely establishing the effective Customs Valuation Control in the target country, and
- Conducted a National workshop to their Customs colleagues with their newly developed tailor-made training materials, Standard Operational Procedure (SOP), etc.

In total, we had fourteen (14) on-site activities under this Project as shown in the following Table 1. In-between the two national missions, the leading resource of the ROCB A/P maintained close virtual communication through e-mails and the WCO "CLiKC!" platform.

(Table 1)

[1st Phase]

No	Activity	Date	Venue
1	1 st Sub-regional workshop	03-07. Feb. 2014	Sri Lanka
2	2 nd Sub-regional workshop	21-24. Oct. 2014	Maldives

[2nd Phase]

No	Activity	Date	Venue
1	1 st National mission	18-22. May. 2015	Maldives
2	1 st National mission	22-26. Jun. 2015	Bhutan
3	1 st National mission	19-21. Aug. 2015	Nepal
4	1 st National mission	28. Sep. - 01. Oct. 2015	India
5	1 st National mission	26-30. Oct. 2015	Sri Lanka
6	1 st National mission	14-18. Dec. 2015	Bangladesh
7	2 nd National mission	24-28. Jan. 2016	Maldives

8	2 nd National mission	15-19. Feb. 2016	Sri Lanka
9	2 nd National mission	07-11. Mar. 2016	Nepal
10	2 nd National mission	22-24. Mar. 2016	Bangladesh
11	2 nd National mission	09-12. May. 2016	Bhutan
12	2 nd National mission	06-09. Jun. 2016	India

Chapter 2: Project Characteristics

(1) Structure

Even where the situation in the target countries is different from one to the others, and where there is no simple one-size-fits-all solution, we must not forget about the importance and necessity to stay in line with international standards. Without them, we cannot materialize trade facilitation through the harmonization of the Customs procedures, which is one of the biggest missions of Customs Administrations in the world.

In this Project, the relevant parties have decided to make the best application of these international standards, namely the WCO Guidelines, combined with technical advices from the ACEs and the leading resource of the ROCB A/P. The designated three (3) PCMs of each target country developed their own tailor-made training materials, SOP, etc. This process of developing the tailor-made training materials gave a valuable opportunity to the PCMs to thoroughly learn about the WCO international standards on Customs Valuation Control, including PCA, and they developed a full understanding of these by the end of the Project. In addition to obtaining this knowledge on the international standards, with their ample existing knowledge and experience on their national regulations and practices, the localized training materials developed by the PCMs fully met their actual needs and became very practical.

Moreover, this Project was designed to cover their post-Project activities too. It is expected that the PCMs, with their knowledge of relevant WCO Guidelines and newly developed tailor-made training materials, will conduct National workshops for their Customs colleagues and trade sectors by themselves. The ROCB A/P considers and hopes that it will ensure the achievement of the ultimate objective (i.e. trade facilitation and proper national revenue collection) of this Project.

(2) Individual issues

The followings are individual issues, which were considered to make the Project meet the countries' needs and practical:

Tailor-made

Although the target countries are the members of the same economic Sub-regional group, namely SASEC, their situation, such as population, size of economy, capacity of Customs Valuation Control, etc. varies from one to the others. Therefore, we considered that the Project should be tailor-made to each country. Under the Project, each target country developed its own National Action Plan to carry out the Project in accordance with its unique situation.

Result-oriented

The ROCB A/P is of the view that, without a concrete Project deliverable, the Project cannot be efficient and effective. Therefore, under the Project, each target country sets its own final deliverable within its National Action Plan. The National Action Plan was authorized by the Director General of each Customs Administration at the initial stage of this Project to ensure organizational commitment and support for this Project.

Sustainability-focused

In order to settle the afore-mentioned requests/situations of the target countries and resource limitations of the WCO Secretariat, the parties concerned shared the views that the Project should be designed to foster core competence in the target countries for developing their sustainable capacity building environment.

Country's needs and Expert's diagnosis-based

There is no doubt that the Project should be designed based on the actual needs of the target countries. Normally, the needs must/should be well-recognized by the country itself, however, it is also true that outside people, especially experts on a specific matter, may be able to identify points that need to be improved. Therefore, in this Project, at the first National mission for each country, the ACEs and the ROCB A/P in cooperation with the PCMs and the PSMs conducted a brief diagnostic mission to the country to identify the gaps between their current situation and international standards and the findings of the diagnostic mission were fully reflected to their final deliverables.

Recipient-driven

The ROCB A/P believes that one of the most effective teaching methods is to let people do exercises, not just lecturing them. Therefore, during the Project, the ADB, the WCO Secretariat, the ACEs and the ROCB A/P had kept this belief in mind and tried to let the PCMs and the PSMs do as much as possible while providing them with necessary

supports. Actually, in this Project, Project members of the target countries themselves developed their National Action Plan, implemented the Project based on it, and successfully created the final deliverables. The ROCB A/P considers that this Recipient-driven methodology functioned very well and was able to greatly enhance their capacity.

Multi-year-basis

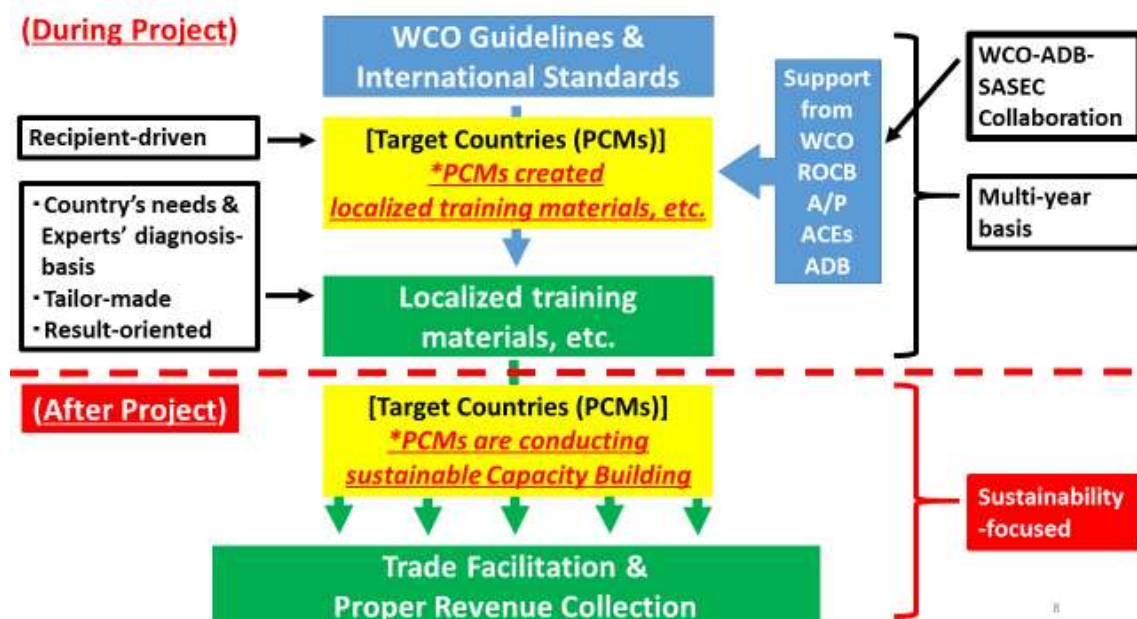
In order to reasonably incorporate these afore-mentioned issues into the Project, it requires a certain Project period, therefore, we drew up the Project design on a Multi-year basis.

WCO(ROCB A/P)-ADB-SASEC Sub-regional Collaboration

It was decided to jointly organize this Project with the ADB as this collaboration would create a great deal of good synergy and make the Project more fruitful. Among others, the ADB's robust relations and networks with the SASEC Countries, including their ex-Customs National consultants stationing in the SASEC Countries, which are established through their long history of collaboration with these countries, helped to facilitate the Project coordination, and their professional logistic arrangements allowed the ACEs and the ROCB A/P to concentrate on Customs technical matters.

A summary chart is shown in the following Chart 2.

(Chart 2)



Chapter 3: Project's Tangible Outcomes

At the end of the 3-year long Project, the following three (3) tangible outcomes were achieved:

- Pool of National trainers (Three (3) designated PCMs of each country) in the target countries for conducting sustainable capacity building activities by the countries themselves for enhancing their Customs Valuation Control. Some of them participated in a WCO Accreditation Workshop and successfully obtained the accreditation as the ACEs from the WCO Secretariat.
- Development of the final deliverable (*) set by each target country, namely India, Maldives, Nepal, and Sri Lanka developed their comprehensive tailor-made training materials, which include international standards, national regulations and practices, and practical case studies, etc. To be more specific, Bangladesh developed a practical Action Plan to upgrade their Valuation database in line with the WTO Valuation Agreement, and Bhutan developed a SOP for their Customs Valuation Control in line with their upcoming new Customs Act.
- Enhancement of Sub-regional cooperation for Customs Valuation Control. The PCMs from the respective SASEC Countries established a firm relationship among themselves through the Project, and agreed to exchange information about the Customs Valuation Control through the WCO "CLiKC!" platform.

These tangible outcomes enable the countries to conduct their tailor-made and sustainable capacity building activities.

(*) Final deliverables:



Chapter 4: Project Impacts

Since the Project was just completed in June 2016, it is still early to talk about the Project Impacts, however, according to the target countries, to-date the following Project Impacts have been observed:

- Amendments of legislation, such as on PCA, Advance Ruling, were made due to

various recommendations made by this Project

- Organizational changes, such as establishment of dedicated PCA units and Valuation Documentation Section, were made as a result of this Project
- Amendments of SOP, such as on PCA and Valuation Control, were made by this Project,
- Upgrade of Customs Valuation Database was made for its better use in line with the WTO Valuation Agreement,
- On-site PCA has started during the Project period,
- Regular training programs on Customs Valuation and PCA for both Customs officers and the private sector are being organized by using the developed training materials,

To-date, the Project has been working well. The tangible outcomes produced by the Project have enabled the target countries to conduct sustainable activities to improve their Customs Valuation Control, which is intended to assist deliver proper revenue collection and trade facilitation in the respective countries.

In the near future, the ROCB A/P expects to hear further good reports on the Project Impacts from the respective countries, such as shortening the Customs clearance time, improvement of transparency of their clearance procedures, detection of frauds, etc.

Chapter 5: Lessons Learned

(1) Keys

Clear identification on country's needs and situation is a must for the strategic Project coordination. For this purpose, it would be effective to conduct a diagnostic mission by the experts to confirm the country's declared needs and situation.

In addition, as introduced above, the issues, such as Tailor-made, Result-oriented, Sustainability-focused, Recipient-driven, Multi-year-basis, etc. are considered to be the keys for good Project design.

Last but not least, it should be also pointed out that it is impossible to successfully complete the Project without securing competent and adequate human resources and their sound working environment for the Project.

(2) Suggestions

This type of Multi-year Project to develop a sustainable capacity building environment in

the target country is considered to be one of the most efficient and effective capacity building approaches. Therefore, we should consider similar Projects along these lines.

For questions and comments about this Report on the WCO-ADB Joint Multi-year Assistance for SASEC Countries on Customs Valuation Control, please write to miyoshi@rocbap.org

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Annex: List of Experts, Project Core Members and Project Supporting Members

Experts (NB. Titles are as of the time of undertaking the missions)	
Mr. Ian Cremer	Senior Technical Officer, WCO
Ms. Benedicte Meille	Senior Technical Officer, WCO
Mr. Takayuki Miyoshi	CCF/Japan Operation Manager and Program Manager for South Asia, ROCB A/P
Mr. Ismail Nashid	Assistant Commissioner, Maldives Customs Service
Mr. Mohammed M.M. Rishafy	Director, Sri Lanka Customs
Mr. Muthucumarasamy Ravindrakumar	Director, Sri Lanka Customs
Ms. Maki Kitaura	Senior Inspector, Japan Customs
Mr. Atsushi Fukui	Supervisory Valuation Specialist, Japan Customs
Mr. Rajendra Singh	Additional Director General, India Customs
Project Core Members (PCMs) and Project Supporting Members (PSMs)	
Bangladesh	
Mr. SM Humayun Kabir	PCMs
Mr. Md. Azizur Rahman	PCMs
Mr. AKM Nurul Huda Azad	PCMs
Mr. Md. Khairul Kabir Mia	PCMs
Mr. Mohammad Akbar Hossain	PSMs
Mr. M Neazur Rahman	PSMs
Mr. M Jahirul Quayum	PSMs
Mr. M Kamruzzaman	PSMs
Mr. M Mahbub Hasan	PSMs
Mr. Md Selim Shek	PSMs
Ms. Mobara Khanam	PSMs
Mr. Mohammad Madbub Hasan	PSMs
Ms. Kanchan Rani Dutta	PSMs
Bhutan	
Mr. Sonam Dorji	PCMs
Mr. Pema Wangchen	PCMs
Mr. Tandin Wangchen	PCMs
Mr. Kesang Yeshey	PCMs
Ms. Bumpa Lhamu	PSMs

Mr. Chunjur Tshering	PSMs
Mr. Ugyen Thinley	PSMs
India	
Mr. Rajendra Singh	PCMs
Mr. Brij Bhushan Gupta	PCMs
Mr. Arvind Kumar Singh	PCMs
Mr. Lalan Kumar	PCMs
Maldives	
Ms. Fathimath Abdul Rahman	PCMs
Mr. Ahmed Waheed	PCMs
Ms. Khadeeja Faiz	PCMs
Mr. Ahmed Abdulla	PSMs
Mr. Abdul Bagir Abdul Kareem	PSMs
Ms. Ramla Ahmed	PSMs
Mr. Moosa Naseer	PSMs
Ms. Fathimath Naaz Yoosuf	PSMs
Mr. Mohamed Faizan	PSMs
Nepal	
Mr. Toyam Raya	PCMs
Mr. Narayam Prasad Sharma	PCMs
Mr. Gopal Prasad Bhattarai	PCMs
Ms. Ambika K. C.	PCMs
Mr. Damodar Regmi	PSMs
Mr. Rup Narayan Bhattarai	PSMs
Mr. Kul Raj Jnawali	PSMs
Mr. Mukti Prasad Pandey	PSMs
Mr. Lava Kumar Adhikari	PSMs
Mr. Gyanendra Raj Dhakal	PSMs
Mr. Uddhab Prasad Dhungana	PSMs
Sri Lanka	
Mr. Thurairajah Raviendraraksh	PCMs
Mr. Milton Roy Ranarajah	PCMs
Mr. Mohamed Abusali Nazir	PCMs
Mr. J. P. Chandraratne	PSMs
Mr. H. K. M. S. Jayaratne	PSMs
Mr. J. M. M. W. Bandara	PSMs