WCO SAFE FRAMEWORK of STANDARDS & AEO
A World Bank perspective

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**Goal**: To support client governments in enabling **efficient and sustainable supply chains** through modernization and reform of border management and clearance processes as well as logistics infrastructure and services reducing costs, eliminating bottlenecks, and improving speed, reliability and sustainability of supply chains.
World Bank Group
Trade Facilitation Program

• Focus on three areas:
  – Trade-related infrastructure,
  – Logistics services (markets and regulations),
  – and Trade processes / regulatory policy
    (Customs and Border Management)
Demand:

- Demand from all regions (almost 50 countries in last FY)
- Significant lending for Customs and Border Management, transport projects, regional integration (corridor) projects
- Growing fee-for service work program
- Technical Assistance and Advisory services
- Major contributions to ESW, DPLs
- WTO TFA implementation support
Border Management Program

- **Strong supporter of border management reform and modernization**
  - Major global provider of funding and TA
  - Financed around 120 Customs and border management reform projects in last 20 years
  - Current WBG lending portfolio of over $400 m (+ $100 m’s pipeline) + significant TA
  - TF Project related funding: $7B, 2015
Border Management Program (Cont)

- Progressive **shift from fiscal focus** to **trade facilitation focus**
- In recent years shift **from pure customs projects to border management**, agency reform and modernization
- Technical support for diagnostics, investment and development policy operations (IDA/IBRD)
- Global advocacy and partnerships **WTO TFA implementation support TA** – 26 national and regional projects (Needs Assessments, Validations, T.A., Action Planning + Implementation of Reforms)
What We Do...

**WHY?**
- Demand driven Knowledge production
- **Identifying global good practice**
- Learning and dissemination
- Global advocacy

**Understand the context**
- Apply broad and focused diagnostics
- **Conduct gap assessments**
- Identify baseline data and prioritize needs

**Engage and inform clients**
- Lead technical policy dialogue
- Working with country teams and other GPs
- Convene stakeholders and build reform momentum

**Design interventions**
- Technical advice on project design
- Dialogue with stakeholders
- Design governance structure and
- **M & E framework**

**Deliver**
- TA and Advisory Services
- Lending
- Knowledge

**Evaluate progress and results**
- Implementation support
- Project supervision and QA
- **M and E**
Knowledge Products

- The Bank has a range of knowledge products and instruments:
  - Provide Guidance and support on International Standards and Practices.
  - Facilitates Implementation.
  - Delivery along a continuum (knowledge, policy advice, lending).
  - Practical knowledge products designed to assist Bank Group staff to better engage with client governments and the private sector.
Knowledge Products (Cont)

- Global Data (LPI (outcome), Trade costs (impact), Connectivity, Practical toolkits (TTFA, Border Management, Corridor/, Lagging Regions) Performance monitoring tools (truckers surveys, port dwell time, time for release)
Knowledge Products (Cont)

- Border Management Toolkits
• AEO programs (Pillar 2) integral component of the SAFE Framework, Customs-to-Business Partnership.

• AEO programs are a fundamental part of any contemporary Risk-managed compliance framework.

• Move from ‘transactional’ compliance management to ‘institutional’ approach (end-to-end supply chain)

• Beyond-the-Border (deeper and broader) control strategies.
How does The SAFE Framework and in particular Pillar 2 (AEO) contribute to the design of our TF interventions?

- By establishing a solid framework of practices, standards, rules and principles to base project design and development objectives on, to measure achievement against.

- WCO RKC and SAFE are best examples of ‘good practice’ in this space that can guide our efforts.

- Widely accepted, 169 countries intend to implement.
As part of a broader compliance improvement (Customs Modernization) strategy, including:

- BPR and diagnostics
- Information Technology (NSW / Risk Engine)
- Legislation (revenue / control nexus)
- Infrastructure
- ???

All of these elements can be important components of a comprehensive reform strategy, HOWEVER ....
Bank’s Approach to Border Management Reforms (cont)

- Risk Management (compliance management) is always a cornerstone.
Bank’s Approach to Border Management Reforms (cont)

- AEO = Recognition of improved client voluntary compliance levels.
- Simplified procedures
- Increased self-assessment
- Intervention by exception
- Reduced regulatory scrutiny
- Periodic payment arrangements
- Less onerous reporting
• Trusted Trader (AEO) Scheme.

• Reduces volume of transactions subject to intervention = improved capacity to apply/adopt risk management
  – Screens out lowest risk transactions, provides greater visibility of potential weaknesses in supply chain even before a transaction has commenced.
  – Promotes greater knowledge of supply chain operations / practices and leverages off capacity of private sector.

• Reduces need for direct contact with client
Partnership between Customs and Trade

There are many factors that speak compellingly in favor of the introduction of Customs-trade partnerships.

- The partnerships are the result of developments in security policy such as an international instrument like the WCO SAFE Framework or working to establish an Authorized Economic Operator (AEO) program.

- The objective of the WCO SAFE Framework is **not only to provide security** for the supply chain, **but also facilitating legitimate trade** at the same time.
Partnerships can provide Customs authorities and border agencies with a wide range of other benefits, such as:

1) Improvements to a country’s trading environment
2) Improvements to a country’s competitiveness
3) Linking a country’s logistics infrastructure to the global supply chain
Thank You

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