

**BUILDING TRADE CAPACITY THROUGH CUSTOMS  
MODERNIZATION IN THE EAST AND SOUTHERN AFRICA  
REGION**

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**ACTIVITY/PROGRESS REPORT  
October 2011- April 2013**

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## **1. ABBREVIATIONS AND ACRONYMS**

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EAC – East African Community

SADC – Southern Africa Development Community

COMESA – Common Market for East and Southern Africa

SACU – Southern African Customs Union

ESA – East and Southern Africa

RILO - Regional Intelligence Liaison Office

ROCB - Regional Office for Capacity Building

RTC - Regional Training Centre

RSG - Regional Steering Group

NCP – National Contact Points

WCO - World Customs Organization

## 2. BACKGROUND

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On 8 September 2011, the World Customs Organization (WCO) and the Ministry for Foreign Affairs of Finland signed an agreement for a three year project: *Building Trade Capacity through Customs Modernization in the East and Southern Africa Region*, which addresses the very needs for customs capacity Building in the WCO East and Southern Africa (ESA) region.

In September 2011, the WCO ESA region consisted of 22 member countries (October 2011): Angola, Botswana, Burundi, Comoros, Djibouti, Ethiopia, Eritrea, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Since, two new countries namely South Sudan and Somalia have become members of the WCO and thus members of the ESA Region, bringing the total number of member countries in the region to 24 (October 2012).

The overall objective of the Project is to have Customs administrations in the ESA region which are efficiently managed, have good governance and modern working methods, and provide smooth trade facilitation and strict law enforcement.

The purpose of the project is, on the basis of a needs assessment that has been undertaken, that: *the customs administrations have improved leadership and management and simplified and improved customs procedures and border management practices.*

The WCO – ESA Project ‘Building Capacity through Customs Modernization in the East and Southern Africa Region’ consists of the following Components:

1. Leadership and Management Development
2. Support to the Customs Enforcement Network (CEN)
3. Coordinated Border Management Development
4. Support to the ESA Regional Office for Capacity Building
5. The case of Namibia

The Project components are based on the Regional Development Strategy and the Regional Action Plan 2011 – 2013 which had been verified during the appraisal process submitted by the Finnish Government.

The Project aims at the following outputs:

- Custom’s leadership and management is committed to continuous improvement and modernization of as well as further capacity building in their administration, and has improved skills in strategic planning, in change management and in the management of human and financial resources;
- Customs administrations have the necessary hardware and software as well as related knowledge and skills to implement simplified and improved Customs procedures with modern Customs operational techniques (National Customs Enforcement Network, nCEN; intelligence and risk management; information

- technology, including interconnectivity; Post Clearance Audit; effective anti-smuggling);
- Customs administrations and other border agencies are committed to good cooperation and coordinated border management practices and the customs follow simplified and improved customs procedures (Single Window; One Stop Border Post; WCO Data Model);
  - Increased and better cooperation and coordination of policy and procedures among and between the regional customs services; and
  - The ROCB in Nairobi is better equipped and has better skills and practices to coordinate and manage the Project, and in general to provide support and coordination in capacity building to the customs of the member countries;
  - Namibia will be better prepared to plan, decide on, and implement the reforms required following the developments at Walvis Bay port and the substantially increasing transit cargo to neighboring countries.

### **3. LOGICAL ORDER OF THE ACTIVITIES**

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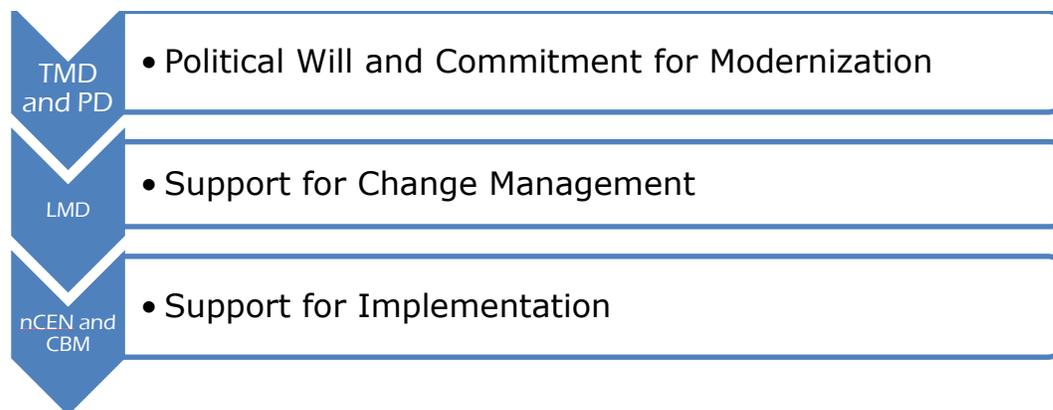
Semi Regional Top Management Dialogues will be carried out first, in order to get strong commitment by the Top Management with the objectives of the Project. The Dialogue aims to bring together the senior executives from Customs administrations to consider and discuss the key strategic issues that impact on their operating environment and ways to respond to these issues.

Then offered the National Policy dialogue the aim is to contribute to a dialogue between government agencies on advancing a coordinated border management agenda and to support the national policy dialogue on coordinated border management through sharing international and national experiences; and also to support the dialogue between Customs and the Private Sector on improving compliance and trade facilitation support.

The second level consists of Leadership and Management Development workshops aimed at senior and promising middle-managers currently involved in management roles within the Customs administration.

This workshop is meant to expose participants to a series of modern management practices and to plant the seed for them to develop their individual leadership qualities.

The third level consists of support for implementation of modern Customs techniques, to enable countries to implement simplified and improved customs procedures and border management practices leading to a better balance between trade facilitation and customs controls and law enforcement. This in turn will be achieved by a substantial reduction of the duplication of efforts, decrease of multiple cargo handling, reduced clearance times, limiting unnecessary delays, decreasing transit costs and lessening the overall trade costs.



#### **4. ACTIVITIES COMPLETED AS FROM 1.10.2011 AND FURTHER PLANNING AS FROM MAY 2013 UNTIL SEPTEMBER 2013**

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##### **4.1. PROJECT MANAGEMENT**

The project is supervised by a Steering Committee (SC) which consists of representatives from the WCO, Finnish Customs, the Ministry for Foreign Affairs of Finland and Namibia, Mauritius, Kenya and South Africa. The three last ones are the current members from the ESA region of the WCO Policy Commission until 2013, and also form a kind of regional coordinating committee also related to other WCO related issues.

Two Steering Committee (SC) meetings have been held, the first one in Kenya in October 2011, the second one in Finland in April 2012. The SC has reviewed the progress of activities and budget development of the Project since its launch in October 2011 and provided further guidance on the activities of the coming months in the 5 Project Components. Meeting resolutions of the two SC meetings have been sent to all ESA DGs.

The third Steering Committee meeting will be held in Mauritius 7 – 8 May 2013.

##### **4.2. COMPONENT 1, LEADERSHIP AND MANAGEMENT DEVELOPMENT:**

“Custom’s leadership and management is committed to continuous improvement and modernization of as well as further capacity building in their administration, and has improved skills in strategic planning, in change management and in the management of human and financial resources.”

The first component of the program consists of two items, namely top management dialogue and leadership and management development workshop. These two items need to be viewed, amongst others, as enablers for the successful implementation of the other components of the program.

Activities:

Top Management Dialogues

Leadership and management Development workshops for future and senior managers

## **Top management dialogue**

Overall Objectives of the Dialogues are to:

- Improve understanding of the role of leaders and how to develop leadership qualities
- Develop a greater awareness for key strategic emerging drivers for change in the African context
- Increase ability to lead the organization to meet the many challenges of the 21<sup>st</sup> century
- Increase capacities to implement change and achieve organizational results through effective leadership

### **Progress:**

Under this component, the project has held so far two Top Management Dialogues, the first in Pretoria, South Africa and the second in Gaborone, Botswana with top executives from 9 Member countries, namely: South Africa, Namibia, Kenya, Mauritius, Botswana, Angola, Swaziland, Zimbabwe and Uganda.

Each event brought together Directors General and Deputy Directors General of four to five Customs administrations in the region to discuss key strategic issues that has impact on their organization at a strategic and operational levels. The event provides an opportunity for participants to exchange views and identify some possible ways to address common challenges. The programme also provides for individual country presentations on modernization priorities, strategies and issues related to their implementation, as well as lessons learned and success stories.

Discussions have touched on identifying key institutional and economic factors impacting trade flows, Customs' role in the current trade negotiation round at the World Trade Organization, strategic visioning and compliance management. High level speakers have included representatives from Deloitte, the South African Institute of International Affairs, the South African National Treasury and Regent University. During the first TMD, a regional trade policy specialist was invited to discuss how countries in Africa can prepare for emerging pan African trade liberalization. During the second TMD, to discuss the issue of women in leadership, the WCO invited the former Kenya Revenue Authority Commissioner to share her experience and perspective.

Participants have expressed their overall appreciation for the events. According to the evaluations, the TMD has been considered as a great contributor to the overall reform and modernization in the respective administrations and to improved awareness of strategic Customs re-design and management and Leadership development. The dialogue has also secured high-level support for the overall project work.

Participants have expressed their appreciation for the event and some of the specific comments received include: "The Dialogue was a ground-breaking initiative which should be sustained into the future ..."; "The Dialogue was an excellent opportunity to learn from each other ..."; "The Dialogue was quite informative and an eye-opener ...".

The dialogues have been facilitated by the WCO Capacity Building directorate together with the speakers from the public, private and academic sector.

Planned activities:

The third Top Management Dialogue is scheduled be held in Zambia 4 – 6 June 2013 with participants from Malawi, Mozambique, Rwanda, Tanzania and Zambia

The fourth and the fifth ones for remaining countries in English and in French before the end of September 2013.

### **Leadership and management workshops for future or senior managers**

The overall objectives of the LMD Workshop are to:

- Expose managers to new management approaches and techniques in a wide array of topics aimed at “planting the seed” for managers to take ownership of their own skills development;
- Strengthen leadership capacity by raising self-awareness, improving confidence and increasing understanding of how leaders act and react;
- Strengthen people management skills and clearly establish the link between management and the achievement of results through others;
- Expose managers to various elements of modern Customs administration, best practices and emerging trends in the Customs environment;
- Familiarize managers with best practices related to the promotion of integrity;
- Increase analytical and problem-solving capacity;
- Provide an opportunity for networking between fellow managers and the sharing of experiences.

### **Progress:**

As part of Component 1 of the Project, the WCO Leadership and Management Development Workshop has so far been delivered to a total of 100 senior and middle managers in 6 Customs administrations in the ESA Region, namely: Kenya, Mauritius, Namibia, South Africa, Swaziland, and Uganda. In an effort to further enhance the workshop, and in compliance with the project scope, the WCO has developed the contents of for a new module on Gender Equality and Diversity. The material was developed in close collaboration with a gender issues specialist and tested on two occasions so far, proving to be an effective way to raise awareness among participating managers for these important issues.

Currently, the LMD workshop material is available in English, French and Spanish languages and with the support of the project, a Portuguese version is under development. This will allow the project to potentially deliver to all members of the ESA, in their language

of choice. Similar efforts are underway to ensure an adequate pool of LMD facilitators that can deliver in all four languages.

So far, the post-workshop feedback collected from participants has shown an overwhelming level of satisfaction with the workshop contents and the methodology. Senior officials from all beneficiary administration have also indicated that participants demonstrate a renewed energy and empowerment after their participating, leading them to want to contribute to their respective administration's reform and modernization processes. One workshop participant is quoted: "There are very few courses that, after attending, you remember everything. This course for me was an exception. I came to the realization that everyone can be a leader and my new found mission is to create an environment where individuals discover this for themselves and where possible unleash it".

In support of the LMD Programme, the WCO has also developed an accreditation process to identify and prepare potential LMD facilitators. Thus far, three accreditation workshops have been conducted, 2 in English and 1 in French. As a result of the accreditation process, the WCO has been able to secure five (5) lead facilitators, nine (9) more facilitators have co-facilitated their first workshop and are still under development while nine (9) other potential facilitators still await to deliver their first workshop. Of all those, most can deliver in English, nine (9) can facilitate the LMD workshop in French, four (4) in Spanish, and three (3) in Arabic.

Planned activities:

The next LMD workshops are in different planning phases and will be held in Botswana, Zimbabwe, Zambia and Kenya over the course of the next semester. The last one has been requested by the KRA to be dedicated only for female participants. Based on the availability of qualified LMD facilitators in Portuguese, workshops will also be organized for Mozambique and Angola.

A Women in Leadership Conference followed by the workshop will be organized by the WCO 1 – 5 July 2013 and mainly funded by the World Bank. Support will also be needed from Finland to fund participation of speakers and/or female participants from the ESA Region, pending a respective decision by the Steering Committee and Finland.

As a way to further support the LMD Programme, to ensure greater sustainability and to generate regional ownership, the WCO has secured funding from the World Bank to establish in the ESA region a process through which potential facilitators with limited experience will be taught facilitation skills and with time, be brought to a point where they can take part in the accreditation process.

#### **4.3. COMPONENT 2 - SUPPORT TO THE CUSTOMS ENFORCEMENT NETWORK (CEN)**

'Customs administrations have the necessary hardware and software as well as related knowledge and skills to implement simplified and improved customs procedures with modern customs operational techniques (National Customs Enforcement Network, nCEN; intelligence and risk management; information technology, including interconnectivity; Post Clearance Audit; effective anti-smuggling).'

#### Activities:

- Technical Specifications and software development
- nCEN Implementation
- Training seminars

#### Progress:

##### nCEN Mauritius:

Mauritius has been the first country to pilot the nCEN development and implementation.

After a successful security audit, the nCEN system for Mauritius was first installed on the WCO servers in Brussels, in the meantime that the Customs Department of the Mauritius Revenue Authority set up the proper environment, with the necessary security controls, to host the nCEN system locally. In June 2012, a train-the-trainer training on the usage of nCEN was delivered to 20 officers, in Mauritius, by the WCO. Since then, there has been regular local nCEN training programme to train the Customs officers. In October 2012, the nCEN system was successfully implemented in Mauritius. The system can now be accessed from each and every Customs office.

The Customs Department of the Mauritius Revenue Authority is actively using the nCEN for its intelligence and enforcement operations. With its different databases and analytical tool, the nCEN has become a vital tool for the administration. During the CENMaT meeting in January this year at the WCO head office, Mauritius gave a presentation and explained how nCEN is being beneficial to them, especially regarding the formulation of risk profiles. The number of seizures has increased from 25 in year 2008 to 447 and 240 in year 2011 and 2012 respectively.

Infrastructure wise, Mauritius still needs the backup disks to complete the recommended architecture. Same is expected to be shipped and tested in Mauritius in May 2013. Once the new version of nCEN package, the one that contains the communication tool ICOMM, is released by the WCO (planned for May 2013), the Mauritius nCEN will be upgraded to reflect the latest version.

##### nCEN Kenya

Training on the usage of the new and latest updated version of the various WCO CEN application for Customs officers from Kenya Revenue Authority (KRA, Customs) was delivered in June 2012. The sessions focused on the input of data into the nCEN database, since Kenya is the second pilot country in the ESA region. Elements on the usage of the CENcomm application and on analysis techniques for the identification of trends were also provided. During the training, more than 100 records on seizures carried out or offences detected in Kenya were entered into the national CEN system already made available for KRA. A number of test seizure data were in addition transferred between Mauritius and Kenya by means of the very first ICOMM button created for testing the proof of concept of the transfer of data. Information on the relevant seizures were transferred from one database to the other as expected.

To ensure effective testing of the exchange of information using the ICOMM tool, an instance of the Kenya nCEN was set up at WCO, Brussels. Kenya is using nCEN live from the WCO servers in Brussels. Regarding the implementation of the nCEN in Kenya, the nCEN regional expert has already had meeting and discussed with the Kenya Revenue Authority on the implementation of nCEN in Kenya. The local nCEN team for Kenya is being set up and the procurement will start very soon. Kenya will be implementing the nCEN version with the ICOMM tool.

Roll-out of the nCEN in ESA Region:

The nCEN Road Map was sent to all heads of Customs of the WCO Members, RILOs and ROCBs on 24 September 2012. The purpose of the Road Map was to provide Members with a guide for national implementation.

A secondary and important purpose of the Road Map was to collect all relevant data (in a form of a comprehensive and detailed nCEN questionnaire) for reliable nCEN implementation planning.

Up to now eleven member administrations (including Kenya and excluding Mauritius) have successfully completed and submitted the questionnaire. A database has been set up at the WCO to capture all the details of the questionnaire inputs and provides a standard platform for effective analysis and evaluation. The nCEN regional expert has already completed the questionnaires' input into the database and performed the evaluation. Out of eleven, nine member administrations have satisfied the basic requirements to implement the nCEN., namely Kenya, Malawi, Namibia, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. However, before the procurement and the implementation phase really kicks off, it is recommended that the nCEN regional expert performs pre-deployment assessments in those qualifying member administrations.

Planned activities:

The first pre-deployment assessments are scheduled for the first and second week of May (Zambia and Swaziland). Eight more pre-deployment assessments are being planned before end of September 2013. Regarding those two member Customs administrations which did not initially satisfy the requirements for implementing nCEN, namely Mozambique and Comoros, an assessment will be carried out by the regional expert at their premises, too, and suitable recommendations will be made such that they bridge the gap and become ready for the nCEN implementation too.

Depending on the outcomes of these assessments, nCEN is otherwise expected to be implemented in at least 3 to 4 member administrations by the end of year 2013. The implementation of nCEN in the other ESA member administrations will follow in year 2014.

#### **4.4. COMPONENT 3 - COORDINATED BORDER MANAGEMENT DEVELOPMENT**

“Customs administrations and other border agencies are committed to good cooperation and coordinated border management practices and the customs follow simplified and improved customs procedures (Single Window; One Stop Border Post; WCO Data Model).

Based on the findings at the WCO Regional Donor Conference held in Mauritius in March 2012, it became very obvious that many Donors are working in the CBM area. To avoid any duplication of efforts some analysis was needed.

The Component was reviewed and the new content was approved by the Steering Committee in September 2012 and thus the implementation of most of the activities has started only during the second year of the project.

The Revised Component consists of the following activities:

- National Policy Dialogue with other Stakeholders
- Site visits
- CBM workshops
- TA for Single Window support
- Cross cutting training modules
- Project Map Database development

#### National Policy Dialogues with Other Stakeholders

The overall objectives of these Dialogues are:

- To contribute to a dialogue between government agencies on advancing a coordinated border management agenda
- To support the national policy dialogue on coordinated border management through sharing international and national experiences;
- To support the dialogue between Customs and the Private Sector on improving compliance and trade facilitation support

The first day of the Dialogue is dedicated to discussions between Customs and Private Sector and the second day between Customs and Other Government Agencies.

#### **Progress:**

The National Policy Dialogues with Other Stakeholders are offered to countries that have already participated in the Top Management Dialogue according to the logical order of the activities. The first ones were held in May 2012 in Mauritius and Namibia (7-8 May and 10-11 May 2012).

The latest national policy dialogue under this component was held in Kenya on the 18th and 19th of March 2013. The dialogue was aimed at jump starting a complex process of reducing cargo dwell times at borders by the many Government Agencies working there. The topics included Enabling Delivery through People, Partnerships & Political Will, Compliance Management & Involvement of Business in Modernization and The Concept of Coordinated/ Integrated Border Management. This dialogue was facilitated by the Director of Capacity Building Mr. Erich Kieck and Mr. Mika Poutiainen of Finnish Customs.

The dialogue provided an opportunity for the business fraternity to raise important issues affecting trade facilitation in Kenya while Government Ministries and Agencies were afforded case studies of successful co-operation between Government Agencies at border entry points.

With more than 15 Government agencies at entry and exit points slowing the cargo clearance process, everyone agreed that this state of affairs is unsustainable for today's competitive business environment. One participant commented ' Enhance Customs – business partnership through trust and cooperation' and 'Promote National Dialogue to address emerging challenges'. Many other positive comments were received after the event with most participants stating that such forums needed to be held more frequently.

Delegations from the Kenya and Namibia consisting of members both from Customs and other government agencies have been invited for a site visit to Finland.

Planned activities :

The next ones will be offered to be held in Botswana, Zimbabwe, Swaziland, Uganda and the countries that will participate in the 3rd Top Management Dialogue; Malawi, Mozambique, Rwanda, Tanzania, and Zambia

Site Visits

The first site visits to operational border stations practising good coordinated border management systems have been arranged for the 27-29 May, 2013. The site visits will be to Finland and 6 participants each from Namibia and Kenya have been invited. It was felt that a greater impact will be achieved by having more participants from one country rather than having fewer participants from many countries due to the great number of agencies involved at the borders.

It is expected that on return to their respective countries, participants who have benefitted from the site visits will actively participate in meetings designed to foster greater coordination and harmonious relations between Government Agencies to facilitate border trade. Government to Business partnerships shall also be enhanced by the participants through this activity.

Planned activities :

Depending on the outcome of the first one, the next ones will be offered to the countries that have participated in the Top Management dialogues.

TA for Single Window Support

After the National Policy Dialogue, Mauritius initiated a proposal to the WCO to get assistance in developing a Single window model to be rolled out first in Mauritius and afterwards in the whole Region.

The revised ToR was prepared in April 2013 due to the time constraints in implementation and various timelines have been pushed from 2012 to 2013.

A qualified consultant has been identified by the WCO to support the development and establishment of the Trade Facilitation Single Window and will assist Mauritius in the data harmonization process. Development costs and infrastructure upgrade will also be covered by the Finnish funds.

Planned Activities :

The contract to the Single Window consultant shall be allocated in two phases. The first phase will start as from June 2013 and end in December 2013. The second phase starts on January 2013 until project completion expected by December 2014. In both phases the consultant is expected to accomplish a number of tasks, further, he may be called upon to assist on non-specified Single Window issues.

The consultant shall be on mission to Mauritius at three major milestones of the project implementation (Finalizing design, ensure development going smooth and go-live of project phase 1).

The Mauritius SW is expected to be fully operational by Dec 2014. The implementation will be done in a gradual manner, 5 main agencies are expected to be connected to the system by Dec 2013 and the remaining 10 agencies will do so by end 2014. The regional roll out can be expected to start in January 2014.

#### **4.5.COMPONENT 4 - SUPPORT TO THE ESA ROCB**

“The ROCB in Nairobi is better equipped and has better skills and practices to coordinate and manage the Project, and in general to provide support and coordination in capacity building to the customs of the member countries.”

Activities:

- Recruitment of the Senior Adviser and Regional Experts at the ROCB Nairobi
- Computers and working tools
- Translation costs
- Travel costs

Progress:

The Senior Advisor, Ms. Riitta Passi, was recruited to the ROCB in the beginning of October 2011, and 2 regional experts, Mr. Abdul Bonaya (KRA) and Mr. Naden Vencatachellum (Mauritius Revenue Authority) in the beginning of September and October 2012 respectively. The recruitment process of the 2 experts was delayed due to the clarification of some contract details and delayed finalization of the procedure to recognize the WCO as an international organization by the Kenyan Government.

Mrs. Christine Msemburi from Zimbabwe Revenue Authority (ZIMRA) was appointed as the new Head of the Nairobi ROCB as from October 2012. Her secondment is financially supported by the ESA Members and ZIMRA.

#### **4.6. COMPONENT 5 – CASE OF NAMIBIA**

“Namibia will be better prepared to plan, decide on, and implement the reforms required following the developments at Walvis Bay port and the substantially increasing transit cargo to neighboring countries.”

Based on the study tour to Finland, Namibian Customs & Excise made recommendations for further assistance and revised component was approved by the Steering Committee in March 2013.

Activities (revised):

- setting up & sustaining risk management in Namibia Customs & Excise (NCE)
- prepare a model for coordinated border management
- Investigation of possibilities to introduce LIPRE
- Implementation of the WCO nCEN tool
- Strengthening NCE capacity building & technical training infrastructure
- Risk Management
- Blended/e-learning

Progress:

Finnish Customs and the ROCB are preparing the work plan.

#### **5. PROSPECTS FOR THE PERIOD 1.5.2013 – 30.9.2013**

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The major planned activities for the next period, May 2013 – September 2013.

- Organize one Steering Committee meetings one in Mauritius 7-8 May 2013
- Organise two Top Management Dialogues
- Organize 4 LMD workshops for member administrations requesting for it.
- Organize approximately 3 National Policy Dialogues for administrations requesting for it.
- Implement the revised Action Plan for Namibia
- Start the rollout of nCEN to other countries in the region
- Organize a regional CBM workshop
- Start piloting Single Window in Mauritius
- Start the development of cross cutting modules in CBM
- Support the further development of the Project Map Database