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207<sup>th</sup>/208<sup>th</sup> Sessions

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3 – 6 March 2015

Brussels, 29 January 2015

## **REGIONAL INTEGRATION**

### **Overview of WCO projects and activities to strengthen regional integration**

#### **Item IX - a on the agenda**

##### **Introduction**

1. At its 205<sup>th</sup>/206<sup>th</sup> Sessions, the PTC discussed the role of the WCO in regional integration, how it could assist Members in that respect and what strategic approach should be taken. The PTC delegates agreed that the WCO should maintain its current core role as global standard setting body in Customs matters. They also agreed that the WCO has a continued role to play in delivering support to regional integration projects, in matching needs and resources, promoting its instruments and tools and potentially developing new ones in support of regional integration.
2. Furthermore, the PTC decided that regional integration was a strategic issue which needed further discussion at the next PTC and that interested Members should support the WCO Secretariat inter-sessionally by sharing experiences and providing further guidance. During the discussions at the last PTC Meeting a number of topics were addressed, including the further exploration of what had already been done by the WCO and Members in support of regional integration.

##### **WCO Regional Structures**

3. The WCO has established regional structures for the delivery of Capacity Building and Technical Assistance efforts. The WCO regional structures are there to support the Secretariat and regional Members in mobilizing resources and developing partnerships to deliver the necessary wide range of organizational development services, training and technical assistance activities.

4. The cooperation with the regional offices has various advantages:
  - It ensures efficient and effective allocation of the WCO's Capacity Building resources;
  - Regional offices are close to the regional Members, enabling them to work closely with Regional Economic Communities (REC) situated in the respective region, too;
  - Regional offices are well positioned amongst others to follow up on regional cooperation; and
  - "Regionalised" Capacity Building contributes to the facilitation of regional co-operation and ensures enhanced coherence and synergy of Capacity Building activities pursued by different development partners.
  
5. The types of regional structures in the WCO context are the following:
  - WCO Regional Offices for Capacity Building (ROCB), one in each of the six WCO regions. Information about ROCBs can be found under the following link: <http://www.wcoomd.org/en/topics/capacity-building/resources/~media/ADB6B14859BC4F15A2909D484B7D5DA2.ashx> .
  - Regional Training Centers (RTC) in all WCO regions. Information about RTCs can be found under the following link: <http://www.wcoomd.org/en/topics/capacity-building/resources/~media/928AD0B3103E47FBA21CB0015D91726C.ashx> .
  - WCO Regional Intelligence Liaison Offices (RILO), 11 in total covering the six WCO regions. As information and intelligence exchange is one of the pillars of the WCO's enforcement strategy, the WCO has set up a global network of Regional Intelligence Liaison Offices (RILOs). The RILO is a regional center for collecting, analysing and supplementing data as well as disseminating information on trends, modus operandi, routes and significant cases of fraud. Information can be found under the following link: <http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/rilo.aspx> .
  - WCO Regional Customs Laboratories. The WCO Regional Customs Laboratories Programme is a new initiative that was launched in 2013 by the WCO in cooperation with Japan Customs. It provides an opportunity for selected candidates from WCO members to obtain and update their knowledge and skills in chemical analysis of samples for HS classification purposes at the Central Customs Laboratory (CCL) of Japan Customs, and to improve their knowledge about the Harmonized System at the WCO. The first WCO Regional Customs Laboratory for the Asia/Pacific Region was opened in Kashiwa, Japan on 12 November 2014. Information can be found under the following link: <http://www.wcoomd.org/en/topics/nomenclature/activities-and-programmes/wco-customs-laboratories-programme.aspx> .

#### **WCO Technical Assistance and Capacity Building Projects and Activities to Strengthen Regional Integration**

6. Attached as an Annex is an extract from Policy Commission document SP0493E which was discussed at the 72<sup>nd</sup> Session of the Policy Commission in Recife, Brazil. The purpose of this document was to report on developments and progress in the area of Customs Technical Assistance and Capacity Building since the 71<sup>st</sup> Session of the Policy Commission in June 2014.

7. The Annex zooms in on activities that were delivered by the WCO with the support of several development partners in a regional integration context, mainly in the Africa regions of the WCO. It provides a very recent overview of what has already been done by the WCO and Members in support of regional integration by offering support to Members of Regional Economic Communities.
8. It also needs to be mentioned that even if the WCO Capacity Building efforts are delivered to individual countries, they still support regional integration through the implementation of WCO standards leading to countries' Customs procedures converging.
9. In some cases the Capacity Building activities are delivered at national level and are at the same time of importance for meeting criteria set by a Regional Economic Community. For instance, the WCO delivered a National Workshop on the Revised Kyoto Convention in Cambodia in 2013. Subsequently, Cambodia became the 94<sup>th</sup> Contracting Party to the RKC. Cambodia is a Member of ASEAN and the ASEAN Members concluded an Agreement on Customs which is in line with the RKC. By preparing for and acceding to the RKC, Cambodia ensured itself that its Customs procedures met the requirements of the ASEAN Agreement on Customs.

#### **Regional Integration and Coordinated Border Management/Single Window**

10. One element that is often referred to in the context of regional integration is Coordinated Border Management/Single Window. The WCO has supported Regional Economic Communities in their efforts to bring this about. For instance, in September 2012 the ASEAN Working Group on Technical Matters for the ASEAN Single Window and the WCO held a consultation meeting in Phnom Penh, Cambodia to discuss issues related to the development of Single Windows.
11. In August 2013, the WCO attended the 1st African Union Technical Working Group on Border Management in Harare, Zimbabwe. The Workshop brought together Customs experts from AU Member States, Regional Economic Communities (RECs), border agencies and international organizations. They exchanged views and experiences and discussed recommendations on advancing Coordinated Border Management in Africa.
12. The WCO-ESA Project "Building Trade Capacity through Customs Modernization in the East and Southern Africa Region", a Finnish-funded project, has Coordinated Border Management as one of its components. It includes the possibility for ESA Members to see during study visits in Finland see how Finland has shaped Coordinated Border Management.

#### **WCO Regional Integration Conference, June 2015**

13. The WCO will be organising a Regional Integration Conference in June 2015, after the WCO Council Sessions. This conference will address many issues that are relevant to Regional Integration Projects.
14. The WCO Secretariat is currently developing the agenda, having in mind the priorities that were identified in the December 2013 Policy Commission:
  - Origin certification and verification;
  - Trade facilitation measures in general;
  - Regional risk management;

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- CBM involving other governmental agencies;
- Regional Single Window;
- Information exchange;
- Regional Authorized Economic Operator (AEO) systems;
- Pre-existing free zones in a Customs Union;
- Handling of Customs disputes (should they be dealt with under the national Customs Code or the Common Code).

Interconnectivity is an important factor in successful regional integration and will require IT solutions. The Information Management Sub-Committee has started to look into this already.

15. The WCO Secretariat would be interested to know if PTC delegates have concrete ideas for topics that should be discussed at this Conference.

**Expected Outcome**

16. The delegates to the PTC are requested to provide further guidance and support by:
- Sharing experiences and providing national practices;
  - Suggesting potential topics for the WCO Regional Integration Conference in June 2015.

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**EXTRACT FROM POLICY COMMISSION DOCUMENT SP0493E -  
CUSTOMS CAPACITY BUILDING REPORT ON PROGRESS SINCE THE 71ST  
SESSION OF THE POLICY COMMISSION**

**WCO Capacity Building Projects, Cooperation with Development Partners**

1. WCO Capacity Building efforts continue to enjoy welcome support from established donors contributing to the Customs Cooperation Fund, such as the Government of Japan, the Government of Korea and Eurocustoms. Co-operation with several development banks such as the Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) is also continuing successfully. In February 2014, a Grant Agreement was signed between the WCO and the German Federal Ministry of Finance on establishing a CCF Germany for support to Members of the Europe Region and neighbouring countries. The WCO and China Customs signed a Grant Agreement at the Council Sessions in June 2014 establishing a CCF China. Information on specific Capacity Building projects run by the WCO and supported by donor contributions is detailed below.

Swedish International Development Agency (SIDA)

2. The WCO co-operation with SIDA focuses on the following four Capacity Building projects :
  - a. A regional project dedicated to the East African Community (EAC), which mainly focuses on regional trade facilitation through Customs modernization;
  - b. A regional project dedicated to the Southern African Customs Union (SACU), which focuses on regional development through Customs modernization;
  - c. A regional project dedicated to the Economic Community of West African States (ECOWAS), referred to as the WACAM Project, which focuses on regional integration through Customs modernization in fields related to organizational development and strategic management;
  - d. A thematic project, formerly known as the GAPIN project and re-named the INAMA project, focusing on building the capacities of Sub-Saharan African Customs administrations to enhance their ability to fight wildlife crime.
3. The WCO-EAC Project has been mainly focusing on development of a regional Preferred Trader (PT) scheme. This Project commenced in July 2014 and its main highlights include the appointment of a new Regional Project Manager (RPM) in October 2014 and the drafting of a Communication and Visibility Plan for the next four years for the Project. On the PT scheme itself, the Uganda Revenue Authority has recently accredited 12 new companies as "preferred traders". The regional meeting is scheduled for November 2014 in Kampala, Uganda; participants are expected to agree the 2015 EAC Regional Annual Work Plan.
4. The WCO-SACU Project consists of three components : (i) Risk Management, (ii) Information Technology (IT) and (iii) Trade Facilitation. Since July 2014, the main highlights of the Project include the decision to further focus on enhancement of regional capability in the fields of enforcement/intelligence sharing through joint regional Capacity

Building activities, as well as through joint regional enforcement operations. The Project has also decided to make enhancement of Customs auditing functions a priority as it is considered a key function to facilitate trade. A total of ten activities, including activities related to a peer-review mechanism, regional legal framework for Mutual Recognition Agreements, regional enforcement operations and IT-interconnectivity, have been carried out.

5. The West African Customs Administration Modernization (WACAM) Project provides support to complement existing WCO Capacity Building programmes. Since July 2014, in the field of Human Resource Management, the Gambia Revenue Authority (GRA) and the Burkina Faso Customs Administration have benefited from support missions enabling them to finalize their first ever competency framework, job catalogue, dictionary of competencies (only Burkina Faso) and job descriptions. These Administrations have also prepared respective Staffing Plans for the first time. In the case of GRA, the Project has supported the development of Training-of-Trainers (ToT) packages in the fields of recruitment techniques and drafting of job descriptions.
6. In the field of Stakeholder Relations, the WACAM Project has supported Ghana and Cape Verde with building capability on the topics of negotiation and conflict resolution. Further, the Ghana Revenue Authority has established two consultative committees at the port of Takorardi and Accra International Airport, where they held their first ever consultative sessions. In Cape Verde, a working group comprising the Customs Administration, fiscal police, Customs brokers, major importers and exporters and the port authority has been established. This group has held three sessions and the consultative committee at the Port of Praia was also established and held its first session.
7. Regarding the WCO-Ghana-Liberia tri-partite, a meeting was held during the WCO Council in June 2014, to review this component of the Project. However, the finalization of the review and subsequent delivery has been affected, inter alia, by the Ebola virus outbreak.
8. A regional workshop is being held in November 2014 in Banjul, Gambia, to discuss the lessons learned from the WACAM Project to date. The workshop identified and evaluated whether or not the new practices implemented by countries under the Project could become regional best practices.
9. The WCO-INAMA Project's main highlights for this reporting period concern the finalization of the Project proposal, the cooperation agreements signed with multiple donors (SIDA, US Department of State, GiZ and the CITES Secretariat) and the appointment of a Project Manager.

Norwegian Agency for Development Cooperation (NORAD)

10. The WCO and NORAD signed an agreement in September 2012 to support the project "Customs Capacity Building for WCO Members 2012-15". The two million euro project aims to deliver technical assistance to seven countries in specific areas of Customs operations. Highlights during the last six months include the delivery of training in September 2014 on negotiation skills and conflict management to over 20 Customs officers of the General Department of Viet Nam Customs. This was linked to other work in Viet Nam Customs and the International Federation of Customs Brokers Associations (IFCBA), to support the preparation of new legislation for the licensing of Customs brokers. Viet Nam Customs has also planned to host technical support on the implementation of a consultative committee pilot programme in December 2014.
11. In Timor-Leste, a series of policy workshops were delivered in July and November 2014, which resulted in the development of new procedures designed to improve revenue collection. In Mozambique, a high-level risk management workshop was delivered, a Strategic Risk Management Group was established and a new procedural handbook was completed in November 2014. In addition, ongoing support continued with several Mozambique risk management pilot projects, which have so far resulted in drug seizures and the collection of additional revenue. In Tanzania, a pool of technical experts has been selected and trained in October 2014. The assistance included support in the design and delivery of the first in a series of training events for their own officers and external stakeholders. In November 2014, work continued in Nicaragua on the implementation of an AEO pilot programme. Finally, under the summary of the NORAD cooperation projects, Rwanda established an Integrity Committee in November 2014. The WCO was able to help the new committee design a mandate and push forward the integrity and anti-corruption agenda within the Rwanda Revenue Authority.

World Bank

12. Following the signature of the Grant Agreement between the World Bank and the WCO in July 2012, the WCO implemented the CCEA-SSA Project between October 2012 and the project closing date of October 2014. Sixteen Customs administrations in total, from across Sub-Saharan Africa, benefited from the Project. A recent monitoring visit by the World Bank evaluated the Project's implementation as "highly satisfactory" and discussions are underway between the WCO and the World Bank on a second phase that will build on the results, the products and the instruments developed over the course of this Project.
13. The Project benefitted from a full-time staff of five, along with several part-time subject matter experts. The WCO is grateful to the Customs administrations of the Netherlands, Mauritius, Morocco, Uganda, Finland, Belgium and Australia for releasing staff on secondment to deliver the project outputs. The project covered a diverse range of technical subjects including Leadership Development, Training Management, Human Resource Management, the Revised Kyoto Convention, Risk Management, Post-Clearance Audit, Coordinated Border Management and Information Technology.
14. The training and e-learning component has also supported the development of a broad new suite of e-learning materials in the aforementioned topics. Taken together, these new courses offer more than 50 training modules, representing approximately 150

hours of e-learning. The look and feel of the modules has been modernized and emphasizes real-world interactions in a Customs work environment. These new modules are available in English, French and Portuguese and were officially launched in October 2014 at a Project conference in Pretoria, South Africa.

15. The Project also supported the development of a Customs-specific Gender Equality Assessment Tool, which enables Customs administrations to assess their current policies, practices and activities to address gender equality issues. As a complement to ongoing reform and modernization, this tool can also serve as guidance and suggestions for organizations in defining some of the changes they wish to bring about. The indicators offer insight into the many aspects that can have a direct impact on people and on the performance of the organization.
16. Developments that took place under the Project's Leadership and Management Development (LMD) component are dealt with in paragraphs 5 to 7 above.

#### United Kingdom Department for International Development (DFID)

17. The DFID-funded WCO Project "Strengthening Customs Systems in East and Southern Africa" has delivered national support (advisory and technical assistance) to seven ESA Member administrations. Project delivery components covered the areas of risk management, canine enforcement, cross-border cooperation, Harmonized System, integrity and a WCO Phase 1 diagnostic for one Member. At the regional level, a high-level Customs reform and modernization forum was held in South Africa for ESA Member administrations to share experiences and build synergies for regional development. The record of this forum can be found in a comprehensive handbook that expanded 17 of the presentations into case studies.
18. Following the successful completion of the Project and the expressions of interest from DFID and the South Africa Revenue Service (SARS) to continue cooperation, a Phase 2 project proposal is expected to be finalized and signed by the Parties imminently. Continuation would enable SARS to work with the WCO to provide Capacity Building support identified by WCO ESA Members, including support with compliance policies, dealing with integrity issues and successful implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA).

#### Finland

19. The WCO-ESA Project "Building Trade Capacity through Customs Modernization in the East and Southern Africa Region" is funded by the Finnish Government. The Project focuses on five components : (i) Leadership and Management Development, (ii) nCEN, (iii) Coordinated Border Management, (iv) Support to the ROCB, and (v) country-specific support for Namibia. The Project is scheduled to conclude on 31 March 2016.
20. Under the Project, National Policy Dialogues were held in Rwanda and Mozambique in September 2014. These meetings aim to facilitate sharing of information and discussion at the strategic level, both with other Government agencies and with the private sector. The Policy Dialogues are often followed by a site visit to Finland. Botswanan and

Tanzanian delegations were the most recent to visit Finnish ports and border posts in September 2014.

21. This Project has also funded a number of LMD workshops as reported in paragraphs 5 to 7 above, together with other activities such as pre-deployment assessments of the WCO nCEN tool in 14 countries and implementation of nCEN in 5 of these countries. Also falling under this Project were two Single Window support activities. A regional Single Workshop was held and business case planning support and implementation planning has been undertaken with Mauritius.

Support Programme for Trade and Regional Integration (PACIR)

22. PACIR is a project financed by the European Union for the benefit of Côte d'Ivoire. In 2014, a significant number of support missions were delivered, in particular in the following areas : classification, valuation, origin, post-clearance audit, e-learning and the WCO Time Release Study. Another important axis of the PACIR aims at interconnecting the transit systems of Côte d'Ivoire, Burkina Faso and Mali. Good progress has been achieved in the functional and technical specifications, which has led to Senegal being invited to join the initiative.
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