



THE WCO MERCATOR PROGRAMME

(Item IV.A. a and b on the agenda)

Introduction

1. Since its launch in June 2014, the Mercator Programme has been the World Customs Organization's (WCO) strategic initiative aimed at assisting governments worldwide in implementing the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) in a uniform manner by applying WCO instruments and tools, as the TFA provisions relate to a large extent to Customs procedures. The key objectives of the Mercator Programme are to achieve harmonized implementation of the TFA, to provide "tailor-made" technical assistance and capacity building, and to coordinate effectively amongst all stakeholders.
2. The Mercator Programme has two tracks. The "overall track" deals with broader interests, including awareness-raising at global, regional and national levels, as well as updating and developing trade facilitation standards and tools.
3. The "tailor-made" track focuses on meeting Members' needs, which usually include needs assessments, strategic planning and implementation, followed by monitoring and evaluation. Tailor-made assistance may come in the form of Multi-Year Mercator Programme plans (MY Mercator Programme) or support for implementing specific TFA articles as part of on-going reform and modernization efforts. Moreover, the support includes establishing National Committees on Trade Facilitation (NCTFs), action planning, technical assistance in specific areas, etc.
4. Under both tracks, a large number of missions have been carried out and the pool of experts for implementing such missions has been expanded.

5. During the previous financial year, over 150 TFA-related missions under the Mercator Programme have been carried out. The areas in which the largest number of requests has been received are:
Authorized Economic Operators, Risk Management, Post-Clearance Audit and the Time Release Study.

6. There are now over 60 accredited WCO Mercator Programme Advisors (MPAs) for the tailor-made activities under the Mercator Programme.

Overall track

7. During the intersession, a number of tools have been adopted, including updates to existing ones: the Guide for the Time Release Study, the IT Guide for Executives, the Integrated Supply Chain Management Guidelines and the Coordinated Border Management Compendium. The Permanent Technical Committee also endorsed the Recommendation and Guidelines for the Trader Identification Number which are expected to further facilitate the implementation of Mutual Recognition Agreements and Arrangements. The Frequently Asked Questions document on the linkages between the SAFE Authorized Economic Operators and Article 7.7 of the TFA was also endorsed.

Tailor-made track

8. After the entry into force of the TFA on 22 February 2017, the timelines for implementing the different categorized provisions notified to the WTO TFC have become the WTO Members' implementation priorities. The WCO has conducted several scoping or mapping missions and national-level workshops in response to requests from Members to contribute to their national implementation by providing strategic recommendations and technical assistance.

9. Based on the most recent nine (9) Mercator Programme Scoping Missions where there were 198 collective recommendations made, an insight into the implementation landscape is possible. Scoping missions use a combination of tools to assess implementation of TFA articles. The most relevant are the WCO Diagnostic Framework in conjunction with the TFA legal text. A total of 41 articles/sub-articles are analysed, together with associated organizational, enabling and institutional arrangements. The most common recommendation relates to setting up an electronic payment capability (article 7.2). Next is a group of common recommendations, which are information available through the internet (article 1.2), risk management (article 7.4), time release study (article 7.6), Customs cooperation (article 12) and NCTF (article 23.2). The third group of common areas are appeal and review (article 4), test procedures (article 5.3), fees and charges (article 6.1), penalty disciplines (article 6.3), post clearance audit (article 7.5) and authorized operators (article 7.6). Technical trade facilitation procedural articles make up 60% of the 198 recommendations and the remaining 40% relate to organizational development, institutional arrangements, technology and enforcement-related management.

10. Progress in implementing the WTO TFA under the Mercator Programme has been noted in several national and regional projects. For instance, in Cape Verde, the WCO has assisted with the establishment of a National Committee on Trade Facilitation (Article 23.2) and the undertaking of a Time Release Study (Article 6), as well as consultations through a formal dialogue platform (Article 2.2). Similarly, Zimbabwe established its National Committee on Trade Facilitation, with the Customs Administration playing a major role. Paraguay recently launched its AEO Programme (Article 7) with WCO support. The EAC countries have been supported to implement a regional AEO

programme and some of the beneficiary companies were awarded certificates on the occasion of the Global AEO Conference in Kampala, Uganda. The Islamic Republic of Afghanistan is yet another example of the success of the tailor-made approach, with support having been provided to develop its strategy and implementation, with strong commitment to enhance integrity in Customs.

Implementation challenges identified through the Mercator Programme

11. The challenges to successful implementation of TFA articles and the subsequent economic benefits will be familiar to the Customs community. For context, it is worthwhile to recall the principles that underpin the Mercator Programme and capacity building :
 - a) Political will, leadership and commitment
 - b) Holistic development, the impact of changes across the whole of the Customs service coupled with a sustainable implementation approach
 - c) Ownership of the capacity building programme
 - d) Results-based capacity building, with concrete targets, programme and project management techniques, and measurement of implementation and results.
 - e) Integrity as an integral part of the capacity building
 - f) Partnerships at the global, regional and institutional levels between Customs, trade, donors, development agents and academia

12. Rather than analyse challenges under each principle, some examples linked to the Mercator Programme at the strategic, tactical and operational levels of Customs are more illustrative.

13. At the strategic institutional level, a major challenge has been lack of buy-in to trade facilitation initiatives largely due to limited appreciation of the implications of the TFA by other border management agencies. Customs is often the department most open to change and initiatives such as risk managements, electronic pre-arrival clearance, authorized economic operator schemes and coordinated border management, for example. Key partner agencies, such as the police, sanitary and phytosanitary, standards, and border guard agencies, for example, are often unable (e.g. finance) or unwilling to change. This calls for reinforcement of awareness raising efforts to ensure buy-in from all relevant stakeholders

14. A further challenge at both the trade facilitation dialogue-level and the NCTF-level is engagement with the private sector. In response to communication challenges with both other border agencies and the private sector, the WCO has developed tools, guidance and offers support under the Stakeholder Engagement suite of material and expertise.

15. At the tactical or organizational internal policy and procedural level, a common challenge to Mercator Programme implementation is planning. In one group are members with inadequate administrative structures and processes to support development of strategic, action or implementation plans, while in the other group are members with many overlapping plans. Whether having no plan/s or accumulating many overlapping plans seems to have evolved for at least two reasons: the first reason is mobilization of many “advisors” in a short time by some beneficiary members due to lack of mechanisms to filter multiple offers for support from various donors/development partners engaged in the trade facilitation agenda; and the second reason is the diversity of management proficiency allude to above

16. Mercator Programme implementation planning is dependent upon the executive cadre of the administration fulfilling all the principles listed in paragraph 11 above and in particular those at a), c) and d). A number of members are yet to understand and increase focus in this area. This is understandable as internal challenges such as budget, staffing and implementing changes while conducting business-as-usual often takes priority.
17. Common to a number of Members is the tactical/organizational challenge of capacity and autonomy to advance and conclude ICT projects. Beneficiary Members may be classified in two different broader categories: those that have acquired the capacity to identify needs, specify technical requirements and manage implementation; and those that depend on provision of IT solutions by outsourced providers. The second category does not imply outsourcing of IT solutions is a wrong management approach. It is a challenge because it requires the administrations to also enhance their capacities in terms of technical specifications and contract management. A further challenge is that the speed of response and implementation of each category tends to vary significantly. This is more obvious when related to projects that depend on major IT developments, like the implementation of Single Window or AEO Programmes.
18. Another challenge at the tactical level is the need for better co-ordination between the various donor partners. One of the reasons for duplications of effort or assorted approaches is in-country presence. A number of the known development partners (for example the World Bank Group, IMF, some government development agencies, etc.) maintain an in-country presence. The WCO does not have on-going in-country placements and as a result Customs issues tend to get over-looked in some national/regional project / activity coordination. The WCO response has been support in establishing a Project Management Office with the Member to take a greater coordination role for themselves. This, together with allocating an MPA, is designed to create long-term support that complements the efforts of larger development partners.
19. At the operational or front-line level, the key challenges are shared by both recipient members of capacity building and the WCO. For recipient members of capacity building, training officers in emerging procedures and technology while trying to consolidate consistent practices in traditional core competencies (classification, valuation, inspection, etc.) can be demanding. Border management and control is a fast changing environment. For Customs, the nature of demand (such as E-Commerce), emerging technology (such as Blockchain technology) and new risks (such as cybersecurity) must be considered while still dealing with daily imports, exports, transit consignments and travelers. For the WCO, identifying and equipping experts to support recipient members of capacity building while maintaining the delivery tempo expected by members and donor partners requires effort. Further, timing for securing the release of experts to coincide with members' preparedness is rarely straightforward. The WCO Secretariat is engaging members in finding a solution to address the challenge of expert mobilisation and deployment through the Virtual Working Group (VWG) on experts' management that was established following endorsement by the 8th Session of the Capacity Building Committee.
20. The WCO will continue to refine both the "overall" and "tailor-made" tracks of the Mercator Programme to ensure that they are fully responsive to Members' needs and implementation challenges, and that the Programme continues to leverage the WCO's unique added value, including its network of accredited and recognized experts and the WCO instruments and tools relating to TFA implementation.

Action requested

21. Delegates are invited to:
- Take note of the progress under the Mercator Programme;
 - Make further suggestions and recommendations.
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