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Border Management Modernization:
A Handbook for Reformers

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Overview

- **The rationale for developing a new book on border management reform**
- **Key issues addressed**
- **Lessons learned during preparation**
- **A new Vision for border management**
- **Launch, promotion and availability**





The Rationale for a new book

- **World Bank a Strong supporter of Customs reform and modernization**
 - **Financed around 120 Customs projects in last 20 years**
 - **Progressive shift from fiscal focus to trade facilitation focus**
 - **Current portfolio of over \$400 million – another \$100 million in the pipeline**
 - **Customs Modernization Handbook (2006)**
- **Strong suite of information and tools on Customs reform**
- **But the nature of client demand has changed in recent years and the development community has lacked the detailed knowledge and tools to respond effectively**





The Rationale for a new book

- Many requests for Bank to support countries to implement:
 - One stop border posts
 - Integrated border management regimes
 - Single window systems
- Research all pointing to the need to secure improvement in the entire trade supply chain – Customs performance now often not a binding constraint on national trade competitiveness
- South – South trade becoming increasingly important – much stronger regional growth and integration agenda





What the research tells us

- Across the world Customs is performing better and improving relative to other border management agencies
- Almost all Customs agencies now:
 - Have IT systems in place for declaration processing
 - Employ some form of risk management and selectivity
 - Have some form of active cooperation and information sharing with neighboring countries
 - have received the bulk of donor support to date
 - Attempt to measure TF performance
 - Understand the TF agenda
 - Have agreed international instruments and blueprints to work from



New agenda

A Changing TF agenda

Cross-cutting issues:

- Making transit work
- Coordinated border management



Quality and efficiency of service providers

- Customs brokers
- Truckers
- Freight forwarders

Trade Related infrastructure

- Roads
- Ports
- Railways

Customs reform and modernization

- Fiscal focus
- IT orientation

Old agenda

Both the old and new agendas

needed



Border Management Modernization: A Handbook for Reformers

- **Designed for policy makers, administrators & development professionals**
- **Will be complemented by a series of web-based diagnostic and reference materials**
- **Practical case studies used wherever possible**
- **Based on implementation of international standards and good practice approaches**





Border Management Modernization: A Handbook for Reformers

16 chapters built around 3 key themes:

- **Building a sound business case for border management reform and modernization**
- **Improving border management efficiency**
- **Institutional factors and political economy considerations**





Border Management Modernization: A Handbook for Reformers

1. Building a sound business case for reform:

- Identifying key drivers for comprehensive border reform
- Using economic research and national competitiveness data to establish national momentum
- Introduction to the core concepts and definitions
- Developing a realistic strategic vision and linking it to national development ambitions





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2. Improving border management efficiency and effectiveness:

- Core border management disciplines
- Role of ICT
- Infrastructure and equipment
- Reform instruments, tools and resources
- National security considerations
- Managing air cargo





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3. Institutional factors and political economy considerations:

- Securing private sector buy in
- Developing political will
- Establishing leadership and a governance structure
- Managing and sustaining change
- Controlling corruption





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4. Special considerations:

- Land locked countries
- Regional integration and customs unions
- Fragile and post conflict states
- The role of private service providers – management contracts, outsourcing and PSI/DI





Key Issues and Lessons Learned

- Critical to develop and obtain buy in to a realistic strategic Vision for the future
- Solutions need to fit the situation - cookie cutter approaches don't work
- Less focus on trendy terms and more on effectiveness
- Accurate measurement critical
- Incentives and disincentives need to be understood





Key Issues and Lessons Learned

- Leadership and governance critical – responsibilities and accountabilities need to be shared and agreed
- Small steps can make a big difference – early wins important
- Don't listen to the IT people till the vision is agreed
- Make your development partners cooperate
- Invest in a project management competence





One example of a Strategic Vision

- Implementation of a paperless trading environment in which 100% of import, export and transit documents are able to be prepared, submitted, processed and cleared electronically and appropriate duties, fees and taxes calculated and paid electronically;
- Government agencies share information and have rationalized their individual requirements and processes to eliminate duplication, redundancy and overlapping mandates;





One example of a Strategic Vision

- A comprehensive trade information website is established to provide traders with a single gateway to access all information necessary to comply with import export and transit arrangements;
- The same website will provide a user friendly gateway to complete the electronic submission of regulatory requirements;
- Traders are informed of their rights and obligations and are able to challenge decisions through recourse to appropriate administrative and legal means;





One example of a Strategic Vision

- Adoption by all of a comprehensive risk management and compliance improvement philosophy leading to more focused targeting of high risk shipments and a radically reduced need for intrusive and time consuming routine physical verification of cargo;
- Genuine incentives are provided for traders that are compliant;
- There is close cooperation and a genuine partnership between government agencies and the private sector;





One example of a Strategic Vision

- One WTO-compliant service fee is implemented to replace the current range of different fees required by regulatory authorities – income is distributed fairly to cover costs and finance support and maintenance of facilities and infrastructure; and
- Appropriate organizational structures and merit based human resource management approaches are implemented to give better focus to “value added” activities and ensure officials are well trained and appropriately remunerated – border officials are well regarded and are proud of their role.





Barriers identified

- Existing personal and organizational rivalries, competition for influence and conflicts of interest between agencies;
- Inadequate competency levels, official remuneration and incentives to engage in reform;
- Limited access to external assistance as and when required;
- Lack of experience in alternative regulatory environments;
- Lack of effective regulatory framework governing the activities of customs brokers and other intermediaries;





Barriers identified

- Resistance to change brought about by removal of existing unofficial incentives such as the payment of bribes;
- Frequent government and organizational leadership changes leading to a lack of willingness to support the long term effort needed to achieve meaningful improvement;
- Limited IT in non-Customs agencies; and
- Political interference in staff recruitment, selection and promotion – merit not a factor in promotion.





Launch, Promotion and Availability

- Final content review in September 2009
- Publication target of October 2009
- Launch events to be held in Brussels and Geneva
- English edition available initially – French, Spanish and Russian versions will be prepared
- Hard copy will be sold but soft copy available on line for free





For further information

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