

# Sustainable economic development strategies

## Capacity Building in Customs – a major pillar of economic reform

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## Summary of Presentation

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- EC /EuropeAid policy context
- Developing strategies for sustainable support
- Vision of future aid in trade and customs

## EU and European Commission Aid

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### EU largest donor in the world

- 27 + 1 donors together responsible for **60% of all development aid** (2007: €46,1 bn)

### Commission on its own

- **Third largest donor** (11,3%) of development aid after USA and Germany
- **Second largest** donor of humanitarian aid
- **Largest** donor of Trade-Related Assistance
- Present in more than **150 countries**

## Policy Context

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- 2000 Millennium Development Goals (MDGs)
  - Fixing objectives for poverty reduction for 2015
- 2005 Paris Declaration on Aid Effectiveness
  - 50 donors and 60 partner countries
  - Ownership, Alignment, Harmonisation, Mutual Accountability, Results Oriented Framework
- 2005 European Consensus on Development
  - EU development policy
- 2007 EU Code of conduct on Complementarity and Division of Labour
- 2008 Accra Agenda for Action

# Building strategy → sustainable support

1) The context is a starting point

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2) Country ownership is crucial

**“Capacity Development is the responsibility of partner countries with donors playing a support role”**

3) Strengthen capacity to lead and manage development

Paris Declaration (2005)  
confirmed in Accra (2008)

4) Strengthen and use partner country systems

8) Increase accountability and predictability

5) Coordinate with other donors

7) Focus on delivering results

6) Address governance challenges

9) Broaden inclusive dialogue

# Principles for Capacity Development

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- Capacity development more than training
  - Creating necessary operational capacity is priority
  - Legal framework to clarify structure and mandate
  - Confidence building and accountability
- Start from reality, not from a desired goal
  - Institutional assessments for tailor made solutions
  - What is reform willingness? Agents of change?
  - External factors as important
- Responsibility for CD a domestic affair – donor role catalytic

Accept that capacity development and reform take time



## Customs – Economic Impacts for DCs

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Simple, modern and transparent procedures enhance border control and fraud prevention, facilitate access to international markets and lead to higher revenue intakes. Particularly important for those developing countries, which still depend strongly on customs duties as an important source of revenues for their national budget.

### Key Effects

- Promote **sound macroeconomic and tax policy framework**, where trade benefits can foster development
- Enhance **trade** competitiveness and efficiency of countries
- Promote **Regional Integration** - support establishment of fully functioning free trade areas and customs unions.
- Ensure **Security** - human trafficking, illicit smuggling

## Customs / Integrated Border Management (IBM)

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The concept of IBM developed by the EC combines the three aspects of trade, regional cooperation and security through:

- ❑ balance between trade facilitation and border control
- ❑ effective and integrated system for:
  - ❑ Intra-service cooperation (between border crossing points and with central level)
  - ❑ Inter-agency cooperation (between customs, border guards and other competent authorities)
  - ❑ International cooperation (in particular between neighbouring countries)
- ❑ IBM first developed and financed for the Western Balkans but subsequently applied to other countries and regions (Eastern Europe, Southern Caucasus, Central Asia, Philippines)

# Challenges for Customs Capacity Development

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- Non-transparent and complex systems – leading to red tape, inefficiency and even corruption : user unfriendly systems for economic operators; outdated legislative framework, heavy procedures, limited use of computerization, business requirements not specified correctly
- Loss of state income (taxes, import fees and customs duties)
- Competing priorities within trade facilitation and with other sectors; and resistance to change, not always backed politically
- Weak adequate skills: technical, management, institutional development, specialist business skills (e.g. contracting, IT scoping, programme/project management)

## EC / EU - Customs Blueprints

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Comprehensive Guidelines to build a modern customs administration and necessary operational capacity

Many developing countries very far from there, but Blueprints provide useful tool for two step Gap and Needs Analysis.

Areas covered:

1. General management issues of administration/organisation
2. Cooperation/Communication, particularly external partners
3. Customs specific operational/technical areas
4. Support to Customs Infrastructure

Blueprints online:

• [http://ec.europa.eu/taxation\\_customs/common/publications/info\\_docs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/publications/info_docs/customs/index_en.htm)

## Future Aid for trade (AfT) and customs

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- **Increased volumes:** to reach **€ 2 billion** annual Trade Related Assistance in 2010 (€ 1 bn from the EC, € 1 billion from the EU MS), **EU AfT Strategy** (Oct 2007) sets the framework (focus: pro-poor and specific ACP/regional integration)
- **Key aspect:** strengthening support to the implementation of regional organisations' integration strategies, including EPA's
- To be delivered in accordance with **Principles of Aid Effectiveness** – local ownership and priorities; **Paris Principles** – Joint analysis, Joint response strategies, Joint delivery modes, and **Division of Labour** with MS

## Examples of ACP AfT programmes in support of regional orgs - including customs

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- Regional integration programme Western Africa -UEMOA/ ECOWAS (€105 million), including harmonisation, and modernisation and cooperation of customs administrations,
- Programme de Facilitation des Transports en Afrique Centrale (€12.5 million), including 'Interconnexion des administrations douanières': €3 million
- Regional Integration Support Programme with COMESA (€33.5 million)
- SADC Customs modernisation programme (€18 million)



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