



Global Dialogue on Customs Capacity Building
Sustainable Customs reform and development strategies

London, United Kingdom, 2 October 2008

FOREWORD

More than 120 participants from donor institutions, multilateral and regional development banks, development agencies, representatives of economic blocs, business and trade representatives and WCO Members representing the Customs community attended the Global Dialogue on Customs Capacity Building on 2 October 2008 in London aiming at a discussion on Customs Reform from an Institutional viewpoint and from the stakeholders perspective. This Conference was a follow up to the Global Dialogue on Capacity Building that took place in Johannesburg on 4 April 2007.

What I identified as the priority from the Conference for the future of the WCO Capacity Building agenda includes research, sharing experience and information, developing best practice and guidance in the institutional area, in addition to developing implementation guidelines covering traditional customs technical areas. The need for these tools and the newly emphasized role of the WCO is in line with the finding of the Columbus diagnostic missions that identifies enhancing management and leadership, supported by integrity is essential in developing capacity and in implementing the WCO standards. Another priority is research-based, high-level advocacy to garner political support and commitment for customs capacity building. These are the areas in which I need inputs and contributions from WCO Members, our development partners and other stakeholders.

We will continue the dialogue to get more ideas and practical guidance from all stakeholders and to integrate the results of this Conference in the context of the debate on Customs in the 21st Century. I was also pleased to see that this forum has offered a networking opportunity between customs administrations and donors.

Now is the time to act together to make a difference in customs capacity building!

I want to express my gratitude to the UK Customs for hosting the conference and to the excellent co-chairs, Messrs. Douglas Tweddle and Martyn Dunne for ably guiding the discussion, and above all, to all delegates who have actively participated in the conference with such intensity which led to good outcomes.

The results of the Global Dialogue on Customs Capacity Building will be reported to the WCO Policy Commission and Council to help them shape the roadmap of the WCO in the future.

Kunio Mikuriya
Secretary General elect



Global Dialogue on Customs Capacity Building
Sustainable Customs reform and development strategies
2 and 3 October 2008, London, UK

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Global Dialogue on Customs Capacity Building
Sustainable Customs reform and development strategies
Conference on 2 October 2008, London, UK

EXECUTIVE SUMMARY

The Global Dialogue on Customs Capacity Building on 2 October 2008 in London was a follow up to the Global Dialogue on Capacity Building that took place in Johannesburg on 4 April 2007. During the last year conference participants recognized the importance of enhancing Customs modernization by improving co-ordination of Capacity Building efforts, exploring synergies and opportunities for collaboration and identifying the key success factors for Customs modernization. Based on the findings of the last year conference the goal of this Conference was to generate closer donor liaison and collaboration in sustainable Customs reform.

Participants discussed methods of achieving sustainability in aid programmes drawing from the experience of donor representatives and presentation by the stakeholders of Customs reform outlining their needs and priorities.

As it was further outlined in the closure speech of Mr. Mikuriya, WCO Secretary General-elect, the participants in the Global Dialogue on Customs Capacity Building generated the following 10 key messages:

1. Customs modernization is important to all stakeholders.
It was reconfirmed that Customs services are key players in the global trade and in the achievement of economic growth and prosperity.
2. Donor organizations are prepared to respond with financial support to the demand of Customs Capacity Building.
3. It is important to have in place appropriate institutional machinery that is transparent and predictable. Ownership, integrity and transparency are essential parameters for modern Customs reform.
4. Customs services need to acquire political support to successfully approach donor organizations for their support to Customs reform.
5. An efficient and balanced management of human resources, leadership and management development are key for sustainable Customs reform.
6. There is a need to adapt Customs modernization projects and the priorities of donor organizations.
7. Customs organizations need support to successfully access complex funding systems.
8. There is a demand for donor organizations to look for simplified/coherent application procedures.
9. There is a demand for closer networking between all stakeholders in Customs reform and development strategies.
10. With a vision to enhanced collaboration in Customs reform the WCO has a role to play through development of standards, co-ordination of needs and provision of expertise to donor organization on the international standards that apply to Customs services.

REPORT FROM GLOBAL DIALOGUE ON CUSTOMS CAPACITY BUILDING CONFERENCE (DAY ONE)

In his opening address, **Mr. Mike Eland, Director General Customs, HM Revenue and Customs**, expressed his vision about Capacity Building being about delivery; the conclusion of international instruments requires ability to effective implementation.

The WCO document on Customs in the 21st century provides a roadmap for the Customs services to go ahead and Capacity Building should be in consideration of this vision. The UK looks at the WCO to give leadership to Customs Capacity at global level and to drive forward change.

Mr. Eland identified the ownership on the side of the beneficiaries as an essential demand in the Capacity Building partnerships. "This is not a short term fix, it takes stamina. But the rewards can be great."

Mr. Kunio Mikuriya, WCO Secretary General-elect looked back on two years of WCO Capacity Building and posed two questions, what are the experiences and what are we heading for in the future?

Reflecting on the current financial and economic crisis he described the Customs Services as an international operating network that makes every effort to move forward with a new vision for the 21st Century.

Mr. Mikuriya pointed out that Capacity Building remains a top priority for the WCO and is key in moving forward the Framework of Standards to Secure and Facilitate global trade.

Based on the experience drawn from the initial diagnostics in the Columbus programme the WCO remains convinced that ownership is key to success which needs to be fostered through regionalization. Mr. Mikuriya confirmed the continuation of the WCO diagnostic work and the intention to enhance advocacy of Customs by providing research-based knowledge, success stories and lessons learned, as well as technical and Capacity Building assistance for Customs management and officers.

Mr. Mikuriya stated that we all share the same goal of poverty reduction. There is however a demand for Customs services to understand that each donor has its own agenda and the need to find a linkage between Customs needs and funding resources. The results of this Conference will be reported to the WCO Policy Commission in December in the context of their debate on the Customs in the 21st Century and it will set the next steps for Customs Capacity Building.

Mr. Pravin Gordhan, Commissioner South African Revenue Service, former WCO Council Chair looked back on the 2007 Global Dialogue Conference in his position as Chair of the 2007 Global Dialogue Conference, held in Johannesburg, and considered the future steps to foster liaison between donors and Customs.

Whilst the Johannesburg conference was able to create a vision and a platform for a more focused dialogue he expressed the crucial demand of continued interaction of Customs with the other relevant players to enhance the relationship with other institutions and the Customs role in alleviating poverty.

With the challenges that the recent economic crisis pose to governments there is a need to recognize that change is continuous, not episodic.

With reference to the recent global conferences in Doha and more specifically the September Third High Level Forum on Aid Effectiveness in Accra. (www.accrahlf.net.) he saw a potential for WCO engagement in implementation of standards and taking the Accra Agenda further through rationalization country/donor partnerships and assistance in coordination of administrative efforts of a beneficiary country "in particular where a country could have up to thirty three donors".

There is also a clear vision to go forward with Customs in the 21st Century so that in five years time we can look back positively on what we have done.

MORNING SESSION

The Institutional perspective: Sustainable economic development strategies

Mr. Koos Richelle, Director-General EuropeAid Co-operation Office, European Commission presented his experience on how to create a key strategy for sustainable support and he shared his vision of future aid in the development sector of trade and Customs.

In the policy context of development co-operation he described the 2000 Millennium Declaration as the last intellectual trust, and he failed to see any recent intellectual addition to this.

He still saw a lot of tied aid going on, however he also commented that doors to change are being 'locked from the inside'.

Mr. Richelle asked developing countries to take ownership, show commitment, and formulate their own policy and to challenge donors more. He clearly stated the availability of funds for customs reform. '€2bn is available for general trade related assistance. It's there for the asking.'

There is a demand for improved co-ordination which also implies better information exchange between donors.

Financial assistance should also change the focus from input to output and measurable results. 'Where are we after 50 years of institution building?'

Mr. Ransford Smith, Deputy Secretary General, Commonwealth Secretariat talked about Customs and trade reform agendas in the context of efficient and coherent development aid.

The Commonwealth Secretariat has global reach and recognizes the pursue of ownership and effective co-ordination with its partners and the involvement of all policy and institutional aspects in reform as vital. Customs and efficient border infrastructure are seen to be key for successful trade flow. The quality of logistics is an important factor for external investments. 'No country has grown successfully without a significant expanse of trade.'

Overregulation, poor quality service and underinvestment are determined as major obstacles to development. The Commonwealth Secretariat identifies in the Customs area major issues such as the lack of efficient import-export procedures, lack of transparency,

insignificant use of technology and calls for a holistic approach towards Customs reform with major areas of modernization to be:

- Constant pursue of simplification and harmonization of Customs procedures
- A shift of primary focus on physical control towards post release verification
- Establishment of integrated border management in landlocked countries
- Strengthening of human resources, to be seen as major aspect as this relates to governance and integrity

Mr. Max Everest-Phillips, Senior Governance Advisor and Head of the Tax Task Team, Department for International Development (DfID) gave a comprehensive presentation on Capacity Building in Customs and revenue from an International Development perspective providing numerous statistical figures to stress the importance of effective Customs services in the context of economic growth.

Between 2001 and 2006, DFID undertook 181 revenue-related projects across 44 countries, a financial commitment of about £159 million. In twenty years DfID has undertaken at least 124 projects on customs reform, at a cost of over £70 million, from a £1000 intervention in Vanuatu to a phase of reform in Mozambique costing over £15 million.

The experience of the last 20 years of project commitments in revenue and in Customs reforms proves that integrity and ownership are the core pillars of sustainable reform. 'Capacity Building will not work without strong political commitment'. 'A stable, transparent, even-handed revenue system is a key sign of governments' commitment to deliver prosperity for their populations'.

Another lesson learnt: 'There are no universal silver bullets' as success depends on the local content. DfID has spent a lot of efforts in the establishment of autonomous Revenue Authorities in Africa, but this does not replace modernization programmes promoting simplified procedures, the enforcement of integrity policies and the introduction of IT systems that deliver modern operating practices. 'Much better standardized diagnostic tools and international benchmarks are needed to evaluate what works best in what contexts'.

The ability to collect public revenue is seen as a core function of an effective state. Building capacity leads to increased revenue, which in turn causes economic growth. This is 'the eventual exit strategy for developing countries out of aid dependency'. Could donors do more? According to the OECD, of the \$7.1 billion spent in 2005 on bilateral aid for government administration, economic policy and public sector financial management, only 1.7% went on tax- and customs-related assistance.

Globalization and international agreements on trade liberalization put new challenges to developing countries. Trade harmonization can only be achieved if Customs reform in the broader context of trade facilitation, border security and protection of social society is clearly promoted as a responds to economic needs. These are obvious as in some developing countries Customs has been qualified as a barrier to trade. Clearance procedures last 5 days in one country and 89 in another. 'Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose of having border controls.'

In closing Mr. Everest-Phillips stressed the necessity of a regional approach towards trade facilitation. However with 30 regional economic communities in Africa there is ‘a dysfunctional multiplication of Customs procedures undermining the original purpose of trade facilitation’.

Mr. Richard Eglin, Director, Trade and Finance and Trade Facilitation, World Trade Organization (WTO) addressed the economic impact of trade facilitation in emerging economies and looked at the need of Customs Capacity Building in the context of trade facilitation reform.

The WTO sees excess transaction costs and poor border management as major barriers to trade and as a severe constraint for developing countries to successfully contribute to global economy.

The WTO and WCO complement each other in trade facilitation and reform. The Customs community has been quickly moving forward on trade facilitation on the basis of WCO standards, the WTO trade facilitation negotiations go beyond Customs issues and will provide political support for those efforts. Technical assistance and support for Capacity Building will be a central part of the WTO negotiations on trade facilitation and during implementation of the negotiation results.

Attention has now turned to designing an effective delivery mechanism. Some 70 countries have so far requested the first stage needs assessment. As the WTO brings negotiations to an end, it will need to rely on others to deliver Capacity building as it is not a developing agency.

Under its Aid-for-Trade programme the WTO aims to help low-income members to advocate their trade facilitation projects with donors to obtain support to trade facilitation reform.

During the following Q&A session the WTO confirmed that the needs assessment studies are brought together in the integrated framework. The WCO, Mr. Mikuriya, added that the insights of the WCO diagnostics on facilitation and security are shared with the WTO without breach of the country confidentiality.

SITPRO confirmed the importance of leadership to be with the recipient countries and asked how technical assistance could be designed to consider both the beneficiary countries needs and external experience from a different part of the world. The Chairman Mr. Douglas Tweddle suggested that way to deal with this would be a strong partnership arrangement between donor and beneficiary.

ADB asked clarification of DfID about “political patronage”. DfID reassured that tax is fundamental to state building; constant political commitment towards Capacity Building is vital. However, political realities in effective states have to be considered in order to successfully invest into Capacity Building.

Mr. Gerard McLinden, Senior Trade Facilitation Specialist, The World Bank spoke about efficient and coherent development aid, and how to better acquire funds for Customs and trade reform agendas.

Mr. Mc Linden stated that the World Bank financial support targets Customs reform as part of a holistic reform and not as stand alone projects that benefits “just” customs; the focus should be value for the entire trading community. Recipients shall clearly demand reform which is consistent to this approach such as Single Window, a One Stop Shops or Integration with transport logistics.

Requests for support need to reflect a clear vision in the widest possible context. Donor need to see a real commitment by all policy makers.

Funding is available for trade facilitation, but donors have to be convinced by numbers. In terms of getting real advances in trade facilitation, the question Donors want the answer to is ‘How do you stack up against your regional competitors?’

The good partnership with the WCO was reiterated nevertheless there is room for improvement. The WCO and the World Bank have different priorities and drivers for reforms, but there is common ground for co-operation.

In conclusion it was confirmed that, if asked to do so, the Bank would double it's investment in this concern.

Mr. Jaseem Ahmed, Asian Development Bank, in addressing trade reform agendas in the context of regional development aid, talked of a strategic vision towards funding of country partnerships and regional co-operation.

ADB has identified three development stages of countries, notwithstanding these differences, the South East Asia countries are very integrated as the region believes in and promotes trade.

Tariff rates remain high in post communist countries and many Customs services are still operating on elementary level. The highest costs are seen in the poorest countries. Customs barriers are defined by excessive documentation, interventions, manual systems and failure to implement ASYCUDA.

It is here where regional co-operation makes a difference. It is essential to look at the region and at the countries. The aid for trade agenda has been key, working at the sub-regional level, creating the forum where recipient countries feel comfortable.

Customs previously has not been involved in dealing with the transport sector; they are now put in the centre of that initiative.

Mr. Ahmed finished on the increasingly common theme that funding decisions will be driven by countries showing good leadership in the formulation of policy, and working in strongly led partnerships.

Mr. Takashi Matsumoto, Head of the WCO Regional Office for Capacity Building in Asia/Pacific region shared his experience in establishment of regional Customs trade reform agendas and the acquisition of external funding.

Mr. Masumoto gave a presentation on the structure of the regional office and illustrated the ways it operates.

The regional office had engaged with donors and experienced a lot of donor activity in the region ongoing. The growing relationship with the Asian Development Bank has proven well timed as the Bank had lacked Customs expertise.

The regional office experienced positive feedback of donors towards best practices. Where clear objectives and outcomes for reform can be presented, acquisition of donor support has been experienced to not be a problem.

Close liaison has proven to be the key. Experience shows that donor needs do not always coincide with Customs needs and alignment with donors' achievements is important.

During the following Q&A session the **African Union** talked about the need to focus on political advocacy as a way of moving forward Customs reform. African Customs Directors general were facing this challenge and good work was being done despite lack of support from some governments.

Africa relies greatly on Customs revenues, but these are decreasing, recent improvements have often been only to the benefit of oil exporting countries. There is need for tax re-engineering in an environment where 40 % of trade is in the informal economy. And as more economies sink, governments will put less into Customs work. 'Though Africa is a rich continent, it is not wealthy.'

The United States drew attention to the importance of creating a single window, which is a clear demand of trade. But –by experience- this is not an easy task. This reinforces Mr. Ahmed's point that Customs should be taking the lead in managing the border in a sequenced approach.

Mr. Mullen stated that the nature of the Customs business as a border agency represents a high vulnerability in respect of corruption. Detection of corruption cases should be seen as a measure of success, not failure. In this concern he offered to make available an international version of the US Customs Integrity course to others, advocating the use of instruments to measure integrity, including the political will to tackle it. Concluding he stressed the particular problem of facilitation payments.

The European Commission described the WCO as the international Organization for Customs reforms and the World Bank as the development organization by excellence without specific experience of Customs reform. Is there a way of bringing these organizations together to deliver the right policy package for Customs reform projects?

Mr. Kunio Mikuriya, WCO Secretary General-elect, confirmed that the institutions are complementary, the WCO will build on that and explore further how to move forward that joint working.

The World Bank reminded that every case is different. "What works in the Asia Pacific region may not work elsewhere". There are already success stories in cooperation

between the WCO Capacity Building Directorate and the World Bank. Phase II of the Columbus Programme will be the big opportunity to work more flexibly together.

Germany made the point that working on Capacity Building, requires early co-operation with Donor Members to facilitate timely involvement other ministries relevant to the process.

St Lucia stated that availability of funds is encouraging, however complexities involved in acquisition process is a critical issue for small island states. There is a demand for simplified processes; otherwise the integrity of the system is compromised.

Lesotho asked to hear about the donor perspectives on the relation between human resource development and sustainability in trade facilitation.

World Bank admitted to having been slow to recognize this as an issue, and now had a change management specialist embedded in their work. They were also using the University of Canberra to do some work on Management Development to train senior managers about developing strategic planning, risk analysis and other high level subjects. As a consequence senior teams started to manage their projects.

When donors turn up, it is overwhelming. Big, small, everyone gets the same paperwork. This is why in phase two of Columbus it is important for the WCO to equip managers with the wider skill set they need to take a holistic approach to the development programmes they get involved with.

Uganda confirmed a lot of donor support and expressed its uncertainty about how to monitor all ongoing donor activities. They are celebrating short wins, and struggling to know how to track longer term sustainability.

There was an issue with taking over the programmes of previous leaders; Uganda is looking at closer involvement of senior managers to overcome this.

With a vision to maintain the successes achieved in fight against corruption the challenge remains of how to build strong leadership that takes the anti-corruption crusade forward.

Mr. Kunio Mikuriya felt both issues were relevant to Capacity Building. The WCO were developing technical frameworks with partners to use the knowledge and expertise of other on the area of change management. And as to corruption, while he agreed with the points being made he wanted to remind everyone that it has to be tackled on a wider front. 'It takes two to tango, business is also involved.'

AFTERNOON SESSION

Sustainable Customs development / the stakeholder perspective

Mr. Chriticles Mwanza, Commissioner General of Zambia Revenue Authority talked about the impact of implementing Customs reform in a corridor country.

Landlocked countries face particular problems in trade management. Regionalization is key. Zambia has eight neighboring countries around it. A one stop border crossing point to Zimbabwe got established with external funds; however there are still huge delays in processing goods through the border towards Dem. Republic of Congo because of lack of infrastructure.

To deliver improvements, systems should be integrated with other stakeholders involved. With the aim to modernize the process Zambia is now co-operation with the Democratic Republic of the Congo. However, there are still issues such as how to access donor money

Joint operations are the preferred model. Customs should be prepared to challenge the legal frameworks and to establish MoUs between border agencies to reduce release times and avoid duplication of efforts.

Political will is essential. Also for Customs the performance indicators need to be more than just measuring the revenue. Bringing a number of donors together can be helpful as each has individual strengths to offer.

Mr. A. Zaghnoun, Director General, Morocco talked about the impact of implementing Customs reform in a seaside country. As a precursor, he pointed out that Morocco is only 14 kilometers from Spain, and has seventeen free trade agreements.

Since 2000 Morocco Customs service underwent a complete revision covering introduction of international standards, risk based control, electronic procedures and partnerships with private sector. This led to several assets such as reduction of clearance times, application of paperless procedures, reduction in tariff distortions and reduction of physical examinations.

The benefit for trade is apparent and the impact on the economy measurable. Morocco has joined the ranks of major global off-shoring hubs and experienced over the last 4 years increasing foreign trade records and growing foreign direct investments by an average of 45.8%.

Customs reform has full political support from the Moroccan Government given the economic and social significance and the high level of project governance and will be further supported in the future.

Morocco Customs service aims at ongoing implementation of the SAFE Framework of Standards and targeted capacity building projects.

Transparency of the ways of measuring results helped to obtain donor funding. Further contribution and donor support is vital to hasten the pace of implementation of these reforms.

Mr Luis Salvo, Director General, Uruguay shared his experience about Uruguay's Customs reform which has been implemented in close co-operation with its trading partners.

The benchmarking exercise by the WCO in 2005 identified the gaps to be closed and led to the implementation of change, not just in revenue collection but also for other roles.

A reluctance to change was dealt with, outmoded buildings were re-furbished, a reduction in staffing by a third has now been reversed with growth in specialist areas, in particular in IT using staff developed in house. And new ways of carrying out tasks have proved to be highly productive.

To be effective the change has had to be deep, and sometimes painful. New kinds of tasks demand new types of people.

In all there are sixteen projects covering the key programme elements of facilitation, risk analysis, coordinating with others, human resources, benchmarking, and Capacity Building. These have resulted in a 'cleaner' way of doing business for the trade.

Mr. Peter Malinga, Commissioner, Uganda Revenue Authority presented the co-operative efforts in Custom reform at an example of a "One-Stop-Border-Post" program

Previous experience of working towards trade facilitation was of a piecemeal approach since Customs brokers had undermined the drive for facilitation.

Developing a one stop border post (OSBP) meant getting all agencies working under one roof, on both side of the border. Although Uganda was already connected to Kenya through a system called Radix the system sill allowed for manipulation.

Without proper infrastructure, this system would be a waste and donor help was needed to find a solution. The OSBP strategy was progressed, working with the World Bank and USAID, it encompassed three objectives, i.e. development of an operating system, complement other OSBP projects, and formulating a new project.

There are now officers from two countries sitting side by side; clearance times decreased from three days to two hours, and processing time can be measured on the screen. All this is backed up by effective enforcement.

The problem of rampant smuggling over the land border is being tackled by officers with military training, backed up with good radio communications.

For the future, there is a need to train Small to Medium Sized Enterprises, to develop the capacity of Customs brokers, and look at how to accommodate electronic payments with direct links to banks whilst the infrastructure projects are pushed forward by all partners.

Uganda is happy to share their experience with the rest of East Africa, as the main donor (JICA) moves beyond the Kenyan, Ugandan and Tanzanian Revenue Authorities to apply the same in other African regions.

Ms Margareta Drzeniek Hanouz, Director, Senior Economist, World Economic Forum (WEF) provided the business vision on the role of Customs services in successful trade facilitation, asking about the role business can play in Customs reform with a view to improving the climate for investment?

The WEF provides a platform for private and public sector dialogue. It is the oldest of benchmarking organizations. A recent relevant example is their work in the Ukraine to look at things such as costs and delays at the border where they worked in collaboration with the World Bank. In looking at low performance levels in the United States, these were seen to be due to the current security requirements.

The WEF has done much work on contrasting and comparing the performances of border administrations and published in its Global Enabling Trade Report 2008.

And a point worth making is that the perception about the burden of Customs administration does not always accord with the reality of what is actually happening.

Mr. Harald Schönfelder, Managing Director, FedEx made a presentation about Customs reform in the context of global trade competitiveness, and the value and global demand of Customs reform to small and medium-sized enterprises.

FedEx connects 220 countries/territories worldwide and defines access as a key to global competitiveness. Growing access launches a positive and iterative cycle that allows small and medium enterprises to participate in global markets.

In international trade Customs can be a decisive enabler of access and it can choose being facilitator or barrier. There is a demand of a balanced proportion between bureaucratic Customs procedures and resulting duties and taxes and there is a demand for balancing trade facilitation and control.

FedEx seeks an active engagement with governments and Customs services to form partnerships for balanced facilitation and control and promotes Customs' access to automated systems to facilitate risk assessments and automatic selections for control.

Mr. Schönfelder clearly stated that Customs can continue to make the difference for SMEs and help to sustain growth, and allow all to prosper.

CLOSURE

In summing up the presentations of the afternoon session **Mr. Martyn Dunne, WCO Council Chair** made six key points:

- If Capacity Building is state building we therefore need a continuum of action
- At the start of that continuum should be the word Leadership
- There have to be tangible outcomes
- The effort being put in has to be both co-ordinated and rationalized
- If the WCO is central to all this, how do we coordinate, and
- If the money is there, how do we get our hands on it.

In closing, **Mr. Kunio Mikuriya, WCO Secretary General-elect** stated that there are encouraging signs of progress, with a good dialogue between the four stakeholder groups.

The good news is that the importance of Customs Capacity Building has been recognized, there has been positive progress in the relationship with the WTO, the aid for trade agenda will be a strong driver in the future, Customs should be seen as an enabler in the better trade, and there should be a demand driven approach as donors are not looking to take over the process.

However, there political issues remain, there is a need for greater focus on outputs rather inputs, there is no universal solution, there must be proper sequencing, we have to work in a national and regional context and stop looking at Customs in isolation. And what this last issue means is that there has to be more cross border cooperation and regional cooperation being done in partnership with other agencies.

The focus is shifting. Technology advances have been important, but change management is now a key issue. Without good change management, sustainable reform and Capacity Building is at risk. Human resource management also needs to improve, and with it integrity and good governance.

Partnership is clearly key to much of this. Donors have the money available, but getting access has not always been easy. The complexity of the donor process can be a barrier and sometimes developing countries need help to deal with that, including recognizing that donors have their own objectives. Part of the rationalization process could be better co-ordination amongst donors, and Customs getting together with national or regional partners.

As for the next steps; the role of the WCO has been to set the technical standards such as tools for Integrity and Framework of Standards diagnostics. We will discuss our experiences, collect success stories, and share best practice. We need to develop research based policy. And to do this there has to be input from all four stakeholders, Customs, Donors, Academics and the Private sector. The workshop following this conference will provide those insights for Customs Capacity Building in the future.

NOTE: The full text of the papers presented, and copies of the presentations, appear as Annexes to this report.

PARTICIPATING ORGANIZATIONS

The following organizations participated in the Global Dialogue Conference:

African Union, Angola Customs Service, Argentina Customs Service, Asian Development Bank - Southeast Asia Department, Australian Customs Service, Brazilian Customs Administration, Canada Border Services Agency, Caribbean Customs Law Enforcement Council, Charles Kendall & Partners Ltd., COTECNA Ins. SA, Cross-border Research Association, Switzerland, Crown Agents, Customs Administration of Serbia, Customs General Administration of Mongolia, Customs Service of the Republic of Moldova, Ireland Office of the Revenue Commissioners, Ecuador Customs Service, Eurasian Economic Community, European Commission DG Taxation & Customs Union, European Commission EuropeAid Co-operation Office, Federal Express Europe Inc. & Co (FedEx), Finland National Board of Customs, German Federal Ministry of Finance, Global Express Association, Belgium, Harley-Davidson Europe, Hungarian Customs & Finance Guard, IBM Corporation, IBM Import Compliance Office, Inter-American Development Bank (IADB), International Federation of Freight Forwarders Associations (FIATA), International Network of Customs Universities, Australia, Ivory Coast Customs Service, Japan International Cooperation Agency (JICA), Korea Customs Service, Kuwait General Administration of Customs, Lesotho Revenue Authority, Mission of Canada to the European Union, Montenegro Customs Administration, Morocco Customs Service, Mozambique Revenue Authority, National Directorate of Angola Customs, Netherlands - Ministry of Finance, Netherlands Ministry of Foreign Affairs, New Zealand Customs Service, New Zealand Embassy, Norwegian Directorate of Customs & Excise, Panama Customs Service, Philippine Bureau of Customs, Portugal Customs Administration, Procter & Gamble, Riga Technical University, Latvia, Royal Malaysian Customs Service, Saint Lucia Customs and Excise Department, Saudi Arabian Customs Service, SITPRO, Skopje University – Faculty of Economics, South African Revenue Service (SARS), Southern African Development Community (SADC), Swedish Customs Service, Swedish International Development Agency (SIDA), The Commonwealth Secretariat, The Customs Administration of the Republic of Macedonia, The Public Republic of China General Administration of Customs, The World Bank , U.S. Customs and Border Protection, Uganda Revenue Authority, UK Department for International Development (DfID), UK Department of Trade and Industry, UK HM Revenue & Customs Service, University of Canberra - Centre for Customs & Excise Studies, University of Costa Rica, University of Le Havre, France, University of Münster, Germany, Uruguay Customs Service, WCO Regional Office for Capacity Building East and Southern Africa, WCO Regional Office for Capacity Building in Asia Pacific, WCO Regional Office for Capacity Building in MENA region, WCO Regional Office for Capacity Building West and Central Africa, World Economic Forum, World Trade Organization, Zambia Revenue Authority.



Global Dialogue on Customs Capacity Building
Customs reform strategies - the role of Customs management skills
Workshop on 3 October 2008, London, UK

**REPORT FROM THE WORKSHOP ON CUSTOMS REFORM STRATEGIES - THE
ROLE OF CUSTOMS MANAGEMENT SKILLS (DAY TWO)**

As a follow-up to the successful Global Dialogue on Customs Capacity Building conference in London on the 2nd October, the World Customs Organization in cooperation with HM Revenue & Customs United Kingdom organized an interactive workshop on the topic “Customs reform strategies - the role of Customs management skills: the way ahead”.

Leadership and management development has been identified as one of the key components for sustainable Capacity Building success in the more than 110 diagnostic needs assessment missions carried out by the WCO and its Members over the last three years. During the Global Dialogue on Customs Capacity Building conference many speakers and participants stated and underlined the need for fundamental support in leadership development, strategic management, change management and project management to create own capacity to manage change, modernization and reform over time.

The workshop was organized in four syndicate groups exploring the key roles for donors, development agencies, academia and business in sharing experiences, promoting and supporting development of leadership and management in Customs services. Indicating that the topic was very popular and timely addressed, there was a huge interest for the event and more than 90 high level participants from donor institutions, multilateral and regional development banks, development agencies, representatives of economic blocs, business and trade representatives and Customs administrations joined and participated actively in the workshop.

Four syndicate groups, each group chaired by a high officials from Customs, Business, Academia and the Donor Community, had very creative and constructive discussions and a number of concrete proposals on the way forward was reported to the plenary. In his summery remarks, Mr. Lars Karlsson, Director of Capacity Building WCO that was chairing the event, noted that the workshop had been a great success giving clear guidance on the continued way forward for WCO work in this vital area. Mr. Karlsson said that the input from the workshop will have a major impact and will shape the future agenda of HR development for the WCO Secretariat and its Members.

In his final conclusions of the event, Mr. Karlsson noted that the key messages presented from the workshop were:

- leadership and strategic management development are fundamental building blocs for sustainable development,
- the area of leadership and strategic management development needs to be considered from a holistic perspective and it needs to be linked to a larger picture of capacity building,

- leadership and strategic management development is a comprehensive topic and in addition to education and training it is also a systematic multi-process including various elements like e.g.; identification of talent, recruitment policies, mentoring programmes, lifelong learning, rotation policies, fast-track models, delegation and empowering of people, integrity, performance measurement and reward based systems etc,
- change management is a continuous and long-term process,
- synergies can be found in exchange of experiences between different sectors and already existing initiatives, models and vehicles, like the WCO PICARD or other programmes existing on the market, could be developed further and used more efficiently for the benefit of all stakeholders,
- WCO has a role to play not only as a standard setting organization for Customs Human Resource development but also as a broker and a clearing house, matchmaking identified Customs needs with delivery capacity, service providers and funding,
- WCO also has to become a research center for the Customs Human Resource development area and there is a need to provide a database of existing standards, programmes, courses, scholarships, tools and models,
- sponsorship to finance development of standardized HR models and tools for Customs as well as the application and implementation of these models, can be made available for WCO members and there is an interest from the donor community to support initiatives in this area,
- a joint partnership approach, combining the experiences from all stakeholder sectors – namely customs, donor community, private sector and academia – has the best potential of being successful in creating a sustainable platform for long-term necessary leadership and strategic management development of Customs.

The workshop clearly gave the WCO a strong support and mandate to move forward in the development of standardized models for the HR development area and especially in relation to leadership and strategic management development. Many organizations expressed a keen interest to work together with the WCO to share experiences and contribute to an enhanced environment for leadership and strategic management development of Customs. The WCO will digest and evaluate all proposals from the workshop and the result will be practically used when designing the next steps of the development process. Progress will be shared with all other stakeholders.

The Global Dialogue on Customs Capacity Building will continue.

NOTE: Each presentation with summarized conclusions appears as [Annex](#) to this report.