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Case story on establishment of customs clearance infrastructure as part of ODA projects



Contents

1. Introduction
2. ODA and KCS
3. Case story - Tanzania

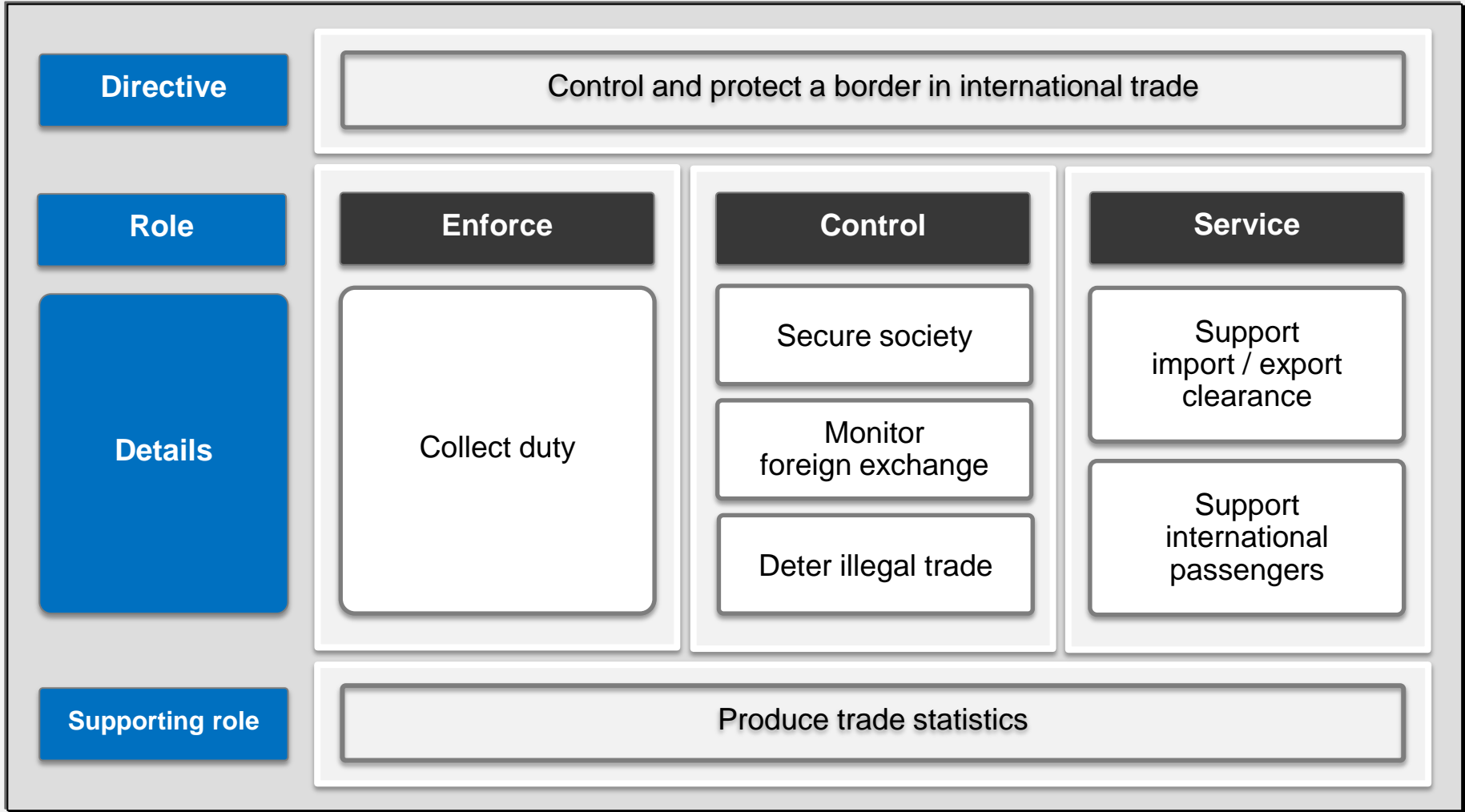
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1

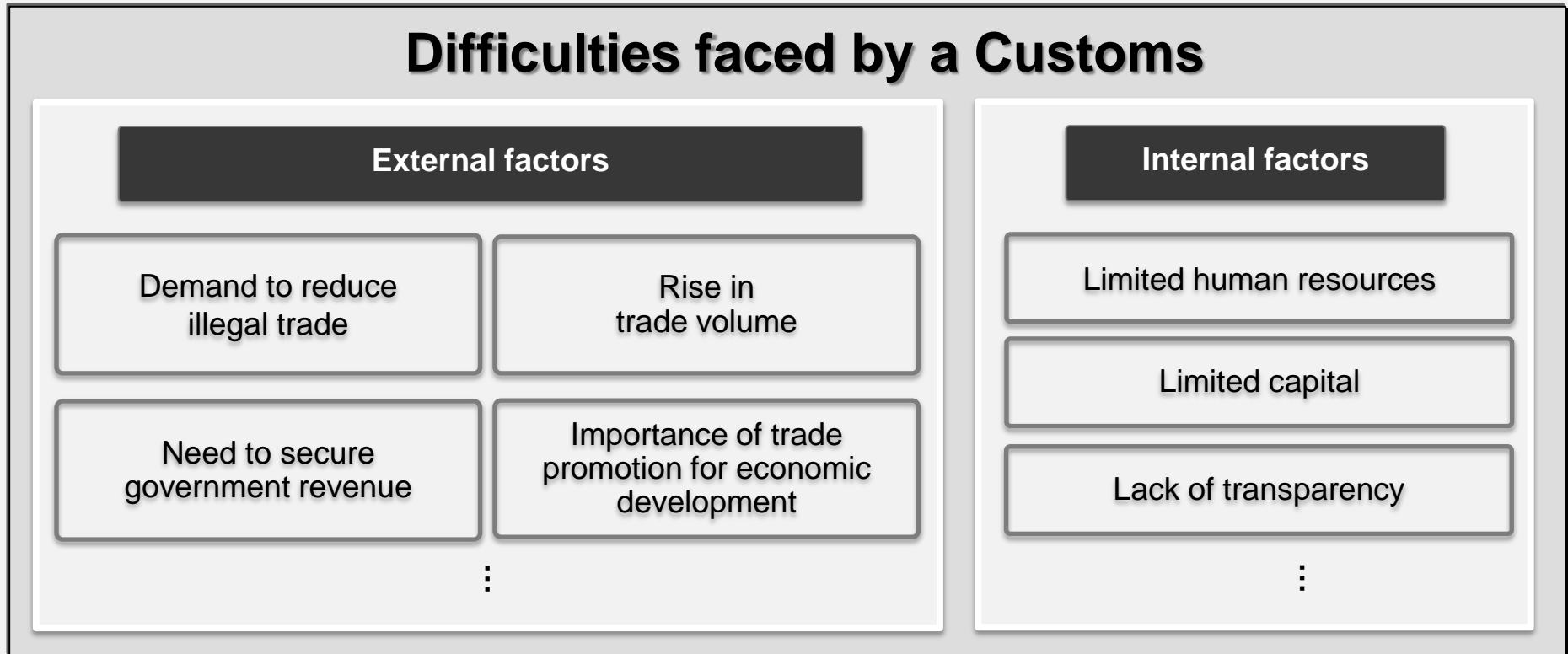
Introduction

Roles of a customs



* Roles of a customs (World Customs Organization, 2004)

Difficulties of a customs



Due to relatively **LIMITED AVAILABLE RESOURCES**,
the above **DIFFICULTIES** are often **MAGNIFIED** in developing countries

Importance of ODA

Basic idea of ODA

is to **reduce poverty, realize sustainable development, promote economic cooperation** relationship and pursue peace and prosperity in the international community

* Framework act on international development cooperation(MOFA Korea, 2013)

It has long been recognized

that growth in productivity and incomes require **investment in infrastructure**

* Sustainable development goals (United Nations, 2015)

Efficient customs



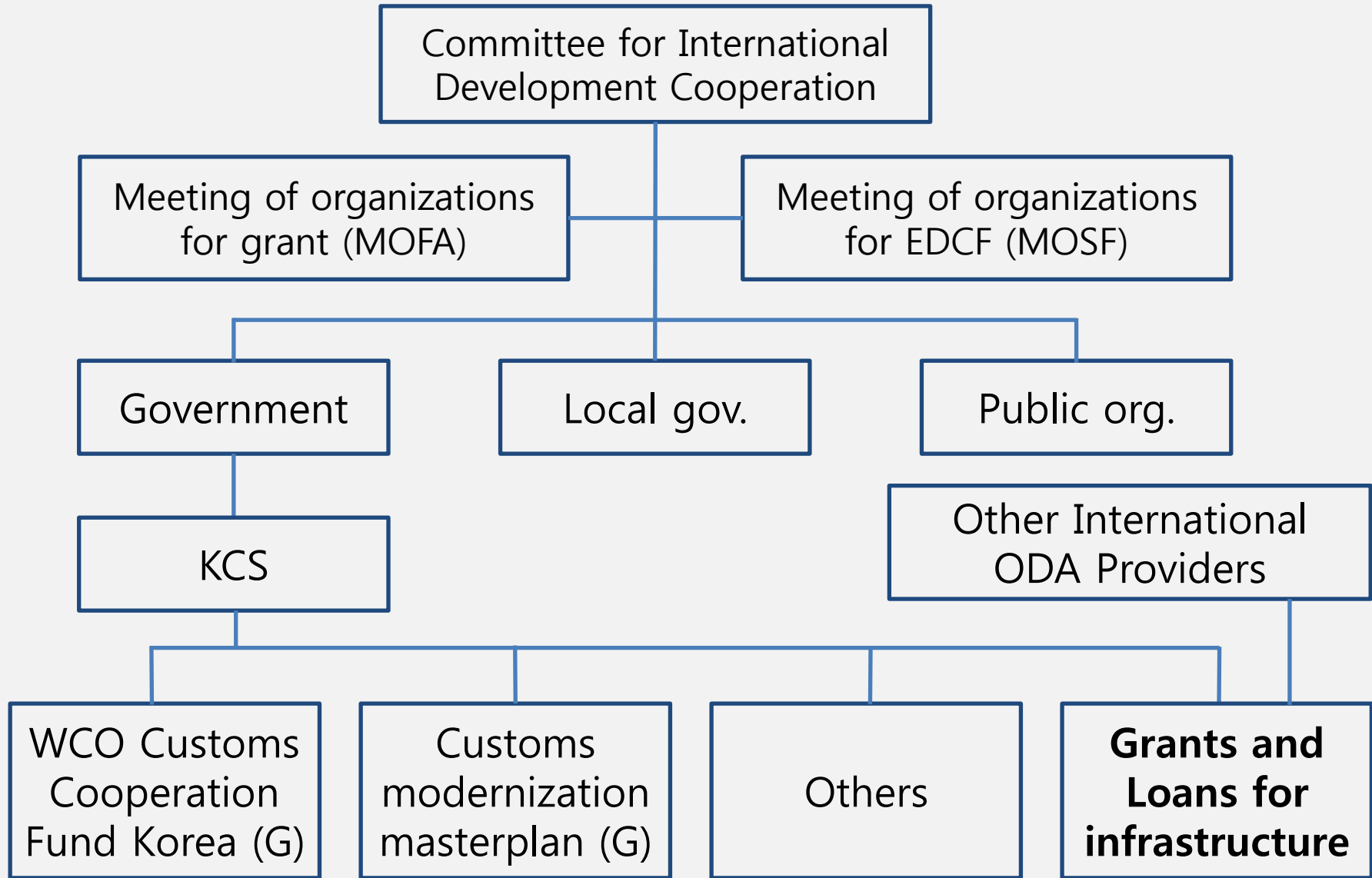
- Excessive control by customs can hinder logistics flow
 - Too much simplification poses risk on international trade
 - Resources allocated to a customs is very limited
- ☞ ODAs can increase **RESOURCES** and **CUSTOMS INFRASTRUCTURE** can help **BALANCING** between trade facilitation and customs control



2

ODA and KCS

KCS ODA



KCS ODA

KCS ODA Volume

Value in Million US Dollars

	2011	2012	2013	2014	2015	2016	2017
CCF-K	1.02	0.96	0.96	1.4	1.76	1.76	1.76
ODA	1.81	2.07	2.85	2.99	3.29	3.02	3.66
Total	2.83	3.03	3.81	4.39	5.02	4.78	5.42

* Amount of ODA in KCS (KCS, 2017)

KCS use ODAs to

- provide customs modernization masterplan
- run capacity building and scholarship programs
- support common causes such as WTO TFA

Advantages of ODA for customs infrastructure

Financial support

Implementing a customs infrastructure often imposes financial burden to a country

Risk management

- Feasibility check for propriety
- Structured project management

Self reliance

- Training and technology transfer often included
- Systemized operation and maintenance program are available



3

Case story - Tanzania

KCS infrastructure references

Country	Year	Amount (Million USD)	Source	Area
Kazakhstan	2005	0.42	Self finance	Operation
Kyrgyzstan	2008	0.47	Self finance	Operation
Dominican Rep.	2008	28.50	EDCF	Customs administration
Mongolia	2009	5.54	KOICA, ADB	Customs administration
Guatemala	2009	3.00	KOICA	Risk management, DW
Ecuador	2010	21.63	Self finance	Customs administration
	2011	15.82	Self finance	Single window
Nepal	2011	3.83	KOICA	Risk and passenger management
Tanzania	2011	3.26	KOICA	Risk and cargo management
	2012	19.61	ICF	Customs administration
Uzbekistan	2014	4.12	KOICA	Single window
Cameroon	2015	230.00	Self finance	Customs administration
* KCS, 2017 Ethiopia	2017	5.76	Self finance	Single window
	2018	7.49	KOICA	

Background

Strategic advantages

- Dar es Salaam, 4th largest port in Africa facing Indian Ocean
- Supports 6 land-locked countries nearby

Difficulties

- Container processing capacity reached its limit in 2005
- Customs clearance caused much delay
- Lack of and aged infrastructure hindered logistics flow

Potential

- TRA and above had political will to make changes
- Had clear idea of what to do but lacked experience

KOICA Project

Project details

Project	TRA Customs modernization project
Duration	August 2011 ~ August 2013
Scope	Implementing risk and cargo management system in Dar es Salaam
Finance	KOICA; 3.26 Mil. USD

Opportunities

- TRA was looking for a solution to tackle the difficulties
- KOICA provided low risk solution with proven record

Difficulties

- Lack of experience resulted in unrealistic goals
- Limited financing resulted in limited implementation

TANCIS Project

Project details

Project	Implementation of a new customs automation system
Duration	August 2012 ~ August 2014
Scope	Automating most of customs administration around the country
Finance	Investment Climate Financing; 19.61 Mil. USD

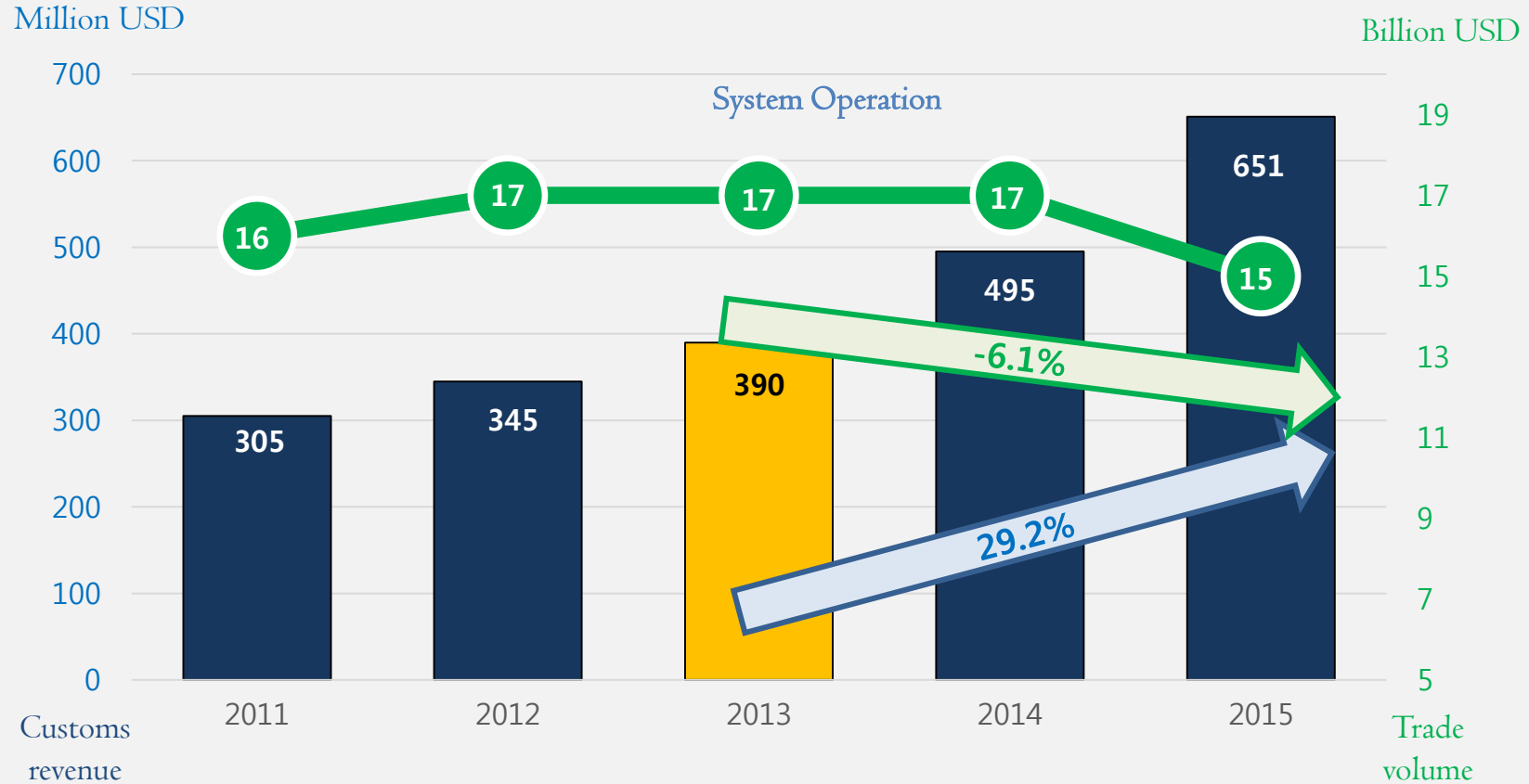
Opportunities

- TRA could set specific goals and made necessary plans
- Gained experience from previous projects
- Support from the higher authorities and outside experts

Difficulties

- Some skepticism from outside and inside during the project

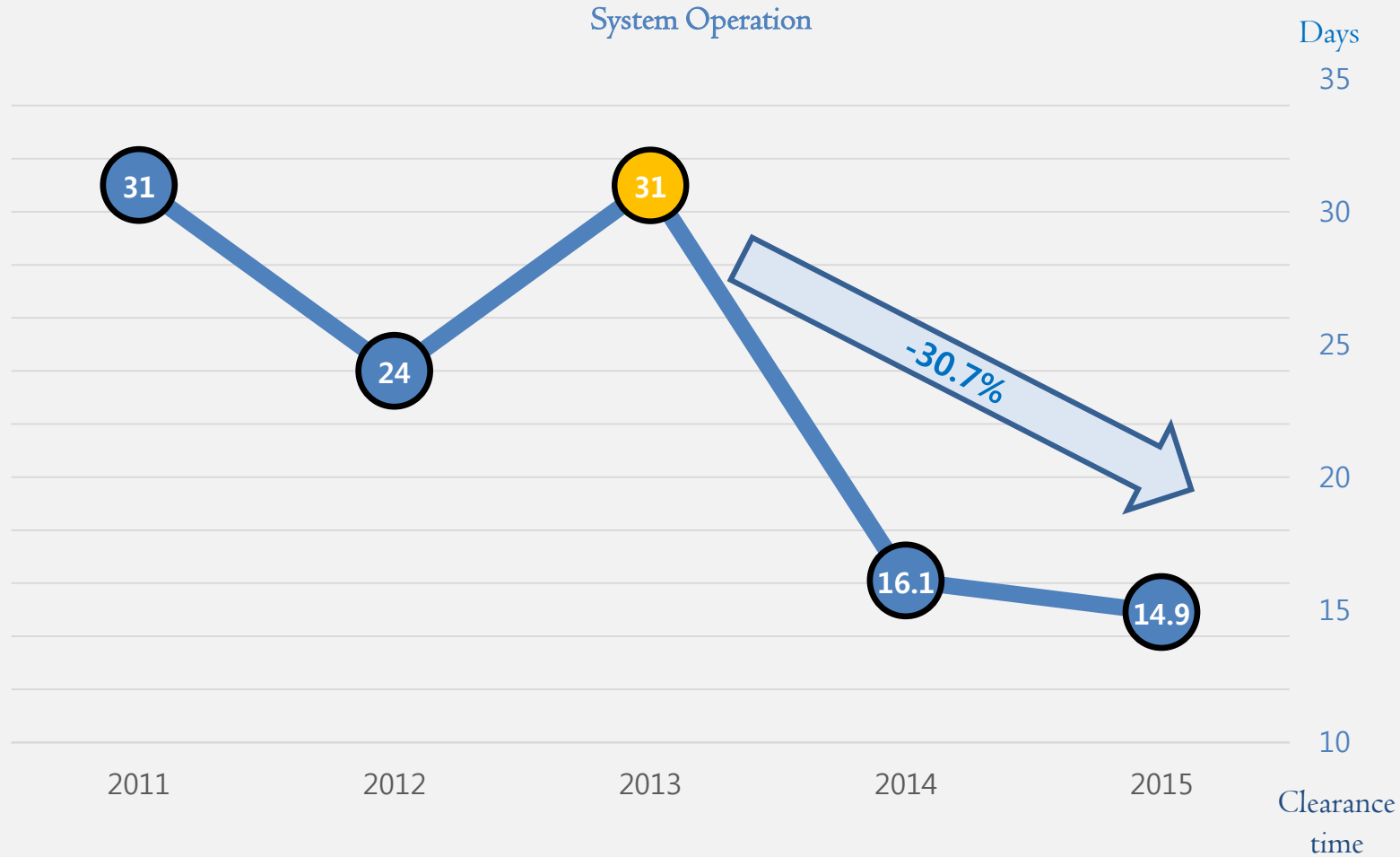
Benefits - Revenue



* TRA, The World Bank (2016)

Between 2013 and 2015, trade volume has decreased by 6.1% but customs revenue increased by 29.2%

Benefits - Time



After infrastructure implementation, customs clearance time had been reduced by 30.7%

Success factors

Direction

- Recipient should have clear idea of what to do with ODA
- Provider should aid the recipient on direction

Sustainability

- End result should provide benefits to the public
- Infrastructure Should be manageable and provide continuity

Political Will

Head of customs and higher officials should provide support and show continuous interest

Capacity building

- Recipient should increase capacity to utilize the outcome
- Provider can advise on training and other capacity building



Thank you

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