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

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1 Introduction
1. Introduction

Roles of a customs

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

Difficulties of a customs

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

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 Volume

<table>
<thead>
<tr>
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</table>

Value in Million US Dollars

* 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
Case story - Tanzania
### KCS infrastructure references

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Amount (Million USD)</th>
<th>Source</th>
<th>Area</th>
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<tbody>
<tr>
<td>Kazakhstan</td>
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<td>Kyrgyzstan</td>
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<td>Customs administration</td>
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<td>KOICA</td>
<td>Risk and passenger management</td>
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<td>Risk and cargo management</td>
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<td>KOICA</td>
<td>Single window</td>
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</table>

* KCS, 2017
3. Case story - Tanzania

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

3. Case story - Tanzania

<table>
<thead>
<tr>
<th>Project details</th>
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</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
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<tr>
<td><strong>Duration</strong></td>
</tr>
<tr>
<td><strong>Scope</strong></td>
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<tr>
<td><strong>Finance</strong></td>
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</table>

**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
3. Case story - Tanzania

TANCIS Project

Project details

<table>
<thead>
<tr>
<th>Project</th>
<th>Implementation of a new customs automation system</th>
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<tbody>
<tr>
<td>Duration</td>
<td>August 2012 ~ August 2014</td>
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<td>Scope</td>
<td>Automating most of customs administration around the country</td>
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<tr>
<td>Finance</td>
<td>Investment Climate Financing; 19.61 Mil. USD</td>
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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
Between 2013 and 2015, trade volume has decreased by 6.1% but customs revenue increased by 29.2%
After infrastructure implementation, customs clearance time had been reduced by 30.7%.
3. Case story - Tanzania

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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