

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : CWRD/TJRM

<b>TA 4451-TAJ: Capacity Building and Institutional Strengthening for the Customs Modernization and Infrastructure Development Project</b>			<b>Amount Approved: \$500,000</b>									
<b>Executing Agency:</b> Customs Services	<b>Source of Funding:</b> TASF		<b>Amount Undisbursed:</b> \$62,140.82	<b>Amount Utilized:</b> \$437,859.18								
<b>TA Approval:</b>  26 November 2004	<b>TA Signing</b>  8 January 2005	<b>Fielding of First Consultant:</b>  1 October 2005	<table style="width: 100%; border: none;"> <tr> <td colspan="2" style="padding: 5px;"><b>TA Completion Date</b></td> </tr> <tr> <td style="padding: 5px;"><b>Original:</b> 31 December 2007</td> <td style="padding: 5px;"><b>Actual:</b> 31 December 2007</td> </tr> <tr> <td colspan="2" style="padding: 5px;"><b>Account Closing Date</b></td> </tr> <tr> <td style="padding: 5px;"><b>Original:</b> 31 December 2007</td> <td style="padding: 5px;"><b>Actual:</b> 31 July 2008</td> </tr> </table>		<b>TA Completion Date</b>		<b>Original:</b> 31 December 2007	<b>Actual:</b> 31 December 2007	<b>Account Closing Date</b>		<b>Original:</b> 31 December 2007	<b>Actual:</b> 31 July 2008
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<p><b>Description (Background and Rationale)</b></p> <p>This advisory Technical Assistance (TA) was a continuation of ADB support for customs reform and modernization for Tajikistan following the launch of the Regional Trade Facilitation and Customs Cooperation Program (RTFCCP) in December 2002 under CAREC Program. Recognizing the importance of trade for countries' transition to a market economy and private sector-led economic development, most of the Central Asian republics have embarked on comprehensive trade policy reforms and trade facilitation measures since gaining independence in the early 1990s. The customs administration was relatively young with weak institutional capacity, low efficiency and poor governance. The border post conditions were also very poor due to the lack of funds required for construction and maintenance. It should be noted that of the five regional offices in Tajikistan, only one has telecommunication tools for data exchange. Very few customs posts have equipment for weighing and preventing contraband and drug trafficking. The UAIS (Unified Automated Information System) for customs services is also seen as a key objective to support the CAREC's trade facilitation program, a major step towards achieving operational effectiveness and efficiency in customs related practices.</p> <p>This TA Project involved the study, assessment and development of the following major components:</p> <ul style="list-style-type: none"> <li>(i) Effective management and public-private partnership for customs modernization;</li> <li>(ii) Reengineering of customs business processes and Conceptual Design of the UAIS; and</li> <li>(iii) Quality and security assurance of the UAIS and border-post infrastructure development.</li> </ul> <p>The TA was therefore consistent with country's priorities and complimented ADB's other activities in Tajikistan at that time.</p> <p><b>Expected Impact, Outcome and Outputs</b></p> <p>The expected outcome of the technical assistance was to help ensure that: (i) customs modernization through automation and border-post infrastructure development was supported by institutional structure and business process of the Executing Agency (EA); and (ii) development of an integrated customs management system providing an avenue for the single electronic window environment for the Customs.</p> <p>Exports and imports clearance will be automated, and the management information systems will be established. Human resource development, public awareness campaign and border interagency cooperation will support development of UAIS and border post infrastructure updating.</p> <p><b>Delivery of Inputs and Conduct of Activities</b></p> <p>The design of the TA including terms of reference for consultants proved to be broadly adequate. A project office was set up within Customs Services of the Republic of Tajikistan for the effective workings of both the International and National Consultants. All inputs needed for TA's successful implementation including consulting services, and ADB staff resources were provided. Performance of the Consultants involved in TA implementation was good. During contract negotiations on 3-4 August 2005, the scope of work was unchanged but terms of reference were reviewed and agreed with some clarifications and adjustments. A minor change in scope was approved on 4 August 2005 to: (i) revise the TA implementation period from two years to 8.5 months; (ii) revise the TOR of the international and domestic customs/automation specialist and information and communication technologies quality assurance. It was agreed that the services will start on 1 October 2005 and will be completed when Consultant submits its final report on 15 June 2006.</p> <p>However, in the process of projects' delegation to TJRM due to some delays in reports submission, it was agreed to extend the contract until the project completion date. Therefore, Consultants continued to work as agreed in accordance with the project scope, organizing study tour to familiarize Customs Services representatives of the workings of a Single Electronic Window and UAIS to support customs functions. Regional workshop on harnessing ICT in support of Customs functions was also carried out from 20 to 21 November 2006. The study tour was useful to the Customs officials represented to understand/grasp the workings of an electronic trade declaration system (ETDS) supported by electronic aids.</p>												

One Review Mission from 10 to 11 May 2006 was undertaken on TA delegation to TJRM. Before project's delegation no missions were held. Review Mission included project's delegation to TJRM, and also proposed to have an international workshop organized under the TA in the last quarter of 2006 to discuss and finalize the recommendations of the master plan in consultation with all stake holders and regional partners.

The ADB's performance in administering and executing the TA was satisfactory.

### **Evaluation of Outputs and Achievement of Outcome**

The TA produced all expected outputs. Two key objectives were studied thoroughly and recommendations were given for consideration of CS and for future actions to be undertaken to support an ongoing Customs Modernization and Infrastructure Development Project, Consultant, CrimsonLogic Pte. Ltd. demonstrated good understanding of the scope of work and its linkage with the regional customs project. Deliverables were well-defined. For successful Loan implementation, comprehensive border posts selection was made and reflected in TA final report.

The consultant presented an interim assessment of the customs procedures and the recommendations to the modern process-reengineered customs workflow, and the conceptual design of the UAIS. The consultant also proposed architectural analysis and conceptual design of the components of the UAIS required for procurement purposes, under the ongoing Customs Modernization Project.

Senior management leadership of the EA and accountability of a team in the implementing agency are dedicated to customs modernization and customs cooperation.

Timeline and implementation strategy had been drawn up for three components above initially targeted for completion within 5 years. This was revised in view of a proposal that the project completed by mid-to end of 2009. In view of this proposal the implementation schedule has been shortened with concurrent work being carried out in several key areas at the same time throughout the three years time frame. However, it might happen that Consultants' estimate will not come true due to the project's delay at the initial stage of project implementation.

To ensure the success of UAIS, the condition of high priority border posts have been examined. The needs of Border Posts were divided into 2 categories. One is the civil works need, which means improvement to the infrastructure itself. The other is Customs equipment such as power generators, inspection equipment etc. The cost of rehabilitation of these Border Posts have been calculated and tallied.

### **Overall Assessment and Rating**

The TA was successful. It produced the expected outputs and outcome.

### **Major Lessons**

The experience of this project suggests that dynamics of policy in the transitional context makes it difficult to design or predict

Among the significant lessons learned were: (i) the importance of strong commitment of the government in promoting border posts updating followed by development of UAIS; (ii) in providing capacity building for CS staff; (iii) strengthening of management and public-private partnership for customs modernization.

### **Recommendations and Follow-Up Actions**

It is recommended that for the implementation of the UAIS a centralized model should be adopted. This means all processing and data are hosted at Customs HQ. Having a de-centralized model will not be cost-effective as it will mean duplicating the infrastructure at Customs HQ to the Regional Offices to a large extent.

It is recommended that to address the limitations of the existing systems, CS needs to re-engineer its processes and procedures and embark on ICT program. Re-engineering CS processes and procedures to facilitate UAIS will require CS to consider and employ the following recommendations provided by the World Customs Organization (WCO) and World Trade Organization: (i) WCO's Customs Data Model; (ii) WCO's framework of standards to secure and facilitate global trade; (iii) Revised Kyoto Convention Guidelines on ICT.

It is recommended that Project Steering Committee (PSC) to oversee the progress and implementation of UAIS should include the private and public sector members. The PSC should be headed by CS with secretarial support provided by Project Management Office.

ADB should continue to work closely with the Custom Services to ensure that the consultants recommendations for continuation a business process reengineering of EA's current procedures and processes from a manual processing environment to maximum use of ICT.