

ASYCUDA World Workshop of SASEC Customs Administrations
Pokhara, Nepal, 8-11 September 2015
WORKSHOP FINAL REPORT

Proceedings

1. A Sub-regional Workshop on the ASYCUDA World (AW) was hosted by the Nepal Department of Customs (DOC) and organized by the Asian Development Bank (ADB) in Pokhara on 8-11 September 2015. The four ASYCUDA user countries of the South Asia Sub-regional Economic Cooperation (SASEC)—**Bangladesh, Maldives, Nepal and Sri Lanka**—participated, together with resource persons from India's Central Board of Excise and Customs (CBEC), Georgia Revenue Services, and the UNCTAD. The initiative is funded by ADB's Japan Fund for Poverty Reduction (JFPR) technical assistance projects. The agenda and list of the participants are in **Annex 1**. The Director General of Nepal Customs, Mr. Sishir Kumar Dhungana, welcomed the participants at the Opening, emphasizing the importance for Nepal and all other subregional administrations to assess the strategic challenges they face in implementing the AW system, followed by ADB's Ms. Sonoko Sunayama.

Day 1, Session 1: AW Functional Side – Country Presentations

2. This session comprised four separate national presentations on **Functional Areas**, namely: declaration processing paths, relevant functionalities, legislative reforms and procedures adopted for selectivity and valuation, among others. In spite of the varied operational contexts between countries—e.g. Bangladesh processed the largest number of declarations at 12,000 per day, compared with 500 in Maldives—a number of commonalities were found. Commonalities included: the continual power supply disruption problems; continued usage of traditional paper-based path (pointing to the need for rigorous BPR); no usage of electronic signature, but minimum authentication formalities at clearance; requirement to develop the pre-arrival facility as WTO members; and existing plans for some form of Electronic Data Interchange (EDI). Additionally, participants noted that the percentage of examination (i.e., red lane) in the four countries is in general too high for a meaningful use of selectivity and that improvement on this aspect is needed.

3. Other issues discussed in the session include pre-payment and statistical reports as potential areas where countries may collaborate, rather than separately develop their own modules and templates; and Bangladesh's use of e-Manifest as an example of good practice.

Day 1, Session 2: AW Technical Side– Country Presentations

4. This session on **Technical Issues**, also with presentations by the four countries, met all 5 key Objectives of this workshop. Commonalities identified from the respective national presentations included the desire to embrace software extensions to external IT systems, and challenges in terms of power supply outages and network performance. Some important differences were the sheer scale of operations, the maturity of AW implementation and approaches to system architecture and database management.

5. Two major issues generated particularly active discussions, and each was deemed to have the potential for further analysis at subsequent workshops. The first surrounded the virtualization of the system environment, including possible cloud options, which according to UNCTAD is part of the future work plan for ASYCUDA. Second, the workshop recognized that an effective IT strategic plan must address the complex issue of database synchronization.

Day 2, Session 1: AW Managerial Side – Country Presentations

6. The session on the **Managerial Side** sought to explore the significant management challenges as a result of the introduction of AW: organizational structure within Customs, financial strategy and

recurring costs, the attraction and retention of qualified IT professionals, support mechanisms and strategies for ensuring sustainability, technology transfer and internalization of reform.

7. On the organizational structure and the position of the IT department, best practices were derived from the developed countries, where the IT departments were positioned high up in the “organizational tree,” thereby enjoying more credibility and resources. Declaration processing fees were seen as a useful way to supplement recurrent government funding, and with respect to the retention of IT professionals, it was noted that Sri Lanka’s incentive scheme offered a useful model to other countries. Countries also brainstormed on strategies aimed at ensuring sustainability, technology transfer and the internalization of reform.

Day 2, Session 2: SASEC Customs Subgroup Subregional Projects

8. This session was delivered by ADB’s Ms. Sunayama. She introduced the broader strategic map of the SASEC program and the position of Customs automation and AW implementation support within the sub-regional program’s priority. This session also served as an introduction to the later session (Day 3, Session 3) on the Electronic Data Exchange which is one of the five ongoing sub-regional projects of SASEC Customs Sub-group.

Day 2, Session 3: AW Features and Future Strategy

9. Mr. John David and Mr. Renaud Massenet from UNCTAD covered both details on current AW functions as well as future developments. In terms of existing functionality, the workshop was informed of a wide variety of features such as multi agency risk management, enhanced manifest module allowing electronic integration via XML and bill of lading splitting, a comprehensive T1 transit module, an integrated tariff module, the facility to upload scanned documents, a platform for developing web services to enable e-payment and data exchange, full value control module, bar code usage, e-signature, fingerprint and other biometric authentication and a platform to allow for sharing of e-documents with OGAs.

Upcoming facilities expected in the next version 4.3.0 include:

- Guarantee management for temporary import/export.
- Multi criteria facility for finding declarations (enables data-mining).
- Facility to allow third party uploading of scanned documents.
- Product data sheet (for temporary imports).
- Technical administration module.

Among features under development are: several single window features and, importantly, the design of a technical environment that will enable remote sub-servers to operate and run OGA applications.

10. Mr. Massenet discussed several governance and strategic policy issues such as change management, bureaucracy, communication strategies and change resistance. He described the importance of buy-ins from the management, assisted by new features in AW, such as management information functions (the “dashboard”) and explained that automation is very much a cyclical management process.

11. UNCTAD further raised the importance of harnessing the maximum use of regional expertise and went on to describe possible future support mechanisms, based on mobilization of national expertise to provide regional support. It further called for the workshop to consider local management improvements in a similar vein. UNCTAD also mentioned its proposal to open a support center in the SASEC sub-region, staffed by local personnel who are appointed on a rotating country basis.

Day 2, Session 4: Customs Automation and Potential Interface with SASEC Countries

12. Mr. Rathakrishnan of the India’s CBEC gave some background to the Indian system, an integrated system that operates in 128 locations across the country. Owing to the sheer volume of data

and related queries, India has adopted an enterprise data warehouse that manages all reporting for CBEC. In the future, CBEC is planning to rollout single window, GST (VAT), GNC and integrated risk management. Mr.Rathakrishnan further discussed cross border connectivity built around the concept of a “utility block” that was one of the foundational features of the WCO’s Globally Networked Customs initiative. Mr.Rahthakrishnan mentioned progress in the software development of an e-transit facility for movements into Nepal. This facility is near completion.

Day 3, Session 1: Experience of AW Implementation in Other Countries

13. Mr. David Wright, ADB E-Customs expert, presented his AW experiences in Afghanistan, Bosnia & Herzegovina, Iran, Jordan and Liberia, and drew a number of key lessons learned, including the importance of business process re-engineering and the risk posed by poor manifest control. He outlined the great successes achieved in some countries, despite problems ranging from power supplies, poor valuation policy, corruption, funding gaps, to poor border security. He also mentioned cases of over-complication to the system leading to poor overall operational outcome.

Day 3, Session 2: Country Experience and Best Practices in Georgia

14. Mr.Givi Murvandize of the Georgia Revenue Services described the mature implementation of AW in his administration dating back to the first version in 1998. Georgia has created 5 “Customs Clearance Zones” that operate 24/7 and bring together many revenue and all border management procedures. It has a portal that combines functionality for e-declarations, advance data, VAT invoices, e-transport documents and e-compliance. A salient feature is that Customs officers input declarations – this was done owing to endemic corruption within the broking industry. Georgiaalso shares cross border data with Turkey and Azerbaijan, which is currently in the testing phase.

Day 3, Session 3: Study on Electronic Data Exchange

15. Mr. Gareth Lewis, ADB consultant, gave a presentation covering the concepts underpinning C2C data exchanges, including a description of the WCO “Globally Networked Customs (GNC)” initiative. It was suggested that C2C exchanges are multi-faceted with business rules, legal, governance, IT architectural, data, messaging and capacity building components. Exchanges are to have a business justification and to be built upon mutual trust between administrations in the quality of each other’s data.

16. Mr. Lewis covered the main elements of GNC which was a set of recommended protocols, standards and guidelines built around the multi-layered “utility block” concept. He highlighted how it would provide a road map for SASEC administrations to follow, should countries find it beneficial to pursue cross border C2C data exchange.

Day 3, Session 4 – Day 4, Session 1: Group Analyses and Presentations

17. The afternoon of Day 3 was devoted to an intensive group analysis where the workshop was divided into 3 clusters, each of which was to evaluate the key challenges and other issues associated with AW functions, technical issues and managerial challenges.The results of this highly interactive session were analyzed and agreed in the morning session of Day 4 (**Annex 2**).

Adoption of the Report

This report was adopted by the participants in full.

Closure

18. Nepal DOC Deputy Director General, Mr. Damodar Regmi, congratulated the workshop participants on a successful outcome and thanked the ADB upon closing the event. Each country delegation, ADB and UNCTAD delivered their closing remarks.