

# Work Plan

for the

## Technical Assistance for SASEC Customs Reform and Modernization for Trade Facilitation under JFPR

(TA No. 9346 - NEP)

To support  
SASEC Customs Reform and Modernization for Trade Facilitation Program  
(Loan Number 3546 - NEP)  
And  
Customs Reform and Modernization Strategies and Action Plan 2017-2021

Ministry of Finance  
Department of Customs  
November 2017



From  
the People of Japan





Signing Ceremony



Inception Meeting - Work Plan Formulation Workshop



Inception Meeting - Opening Session



Inception Meeting - Closing Session

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Ref. No.

Government of Nepal  
Ministry of Finance  
**Department of Customs**



**Tripureshwor**  
Kathmandu, Nepal



**Preface**

I am pleased to release the Work Plan to support implementation of Technical Assistance for SASEC Customs Reform and Modernization for Trade Facilitation (TA 9346- NEP) supported by Japan Fund for Poverty Reduction (JFPR).

The work plan will serve as a roadmap to achieve timely compliance with the second tranche policy actions of the associated Policy Based Loan (L3546-NEP) signed between Government of Nepal and Asian Development Bank together with other areas of Customs Reform and Modernization. The Work Plan details out activities that have to be carried out during 2017 - 2019 of the TA scope and beyond, integrated with the implementation arrangements with specialized Thematic Task Forces. The Work Plan has identified eleven projects under four output levels. For each project, the work plan specifies the preparatory actions, responsible lead and support roles, timeline and requirement of TA support for each of the tasks.

I believe that this work plan will guide Department of Customs and Asian Development Bank to exert concentrated efforts towards successful implementation, harmonize support and help collaborate with stakeholders in the reform program.

(Mr. Jagadish Regmi)  
Director General  
Department of Customs



## Contents

Introduction .....	1
Project Profile.....	2
Implementation arrangement .....	3
Policy Matrix and evidence of compliance .....	5
Policy Actions in Policy Matrix under 1st Tranche.....	5
Policy Actions in Policy Matrix under 2nd Tranche.....	5

### **Output, Projects, JFPR Tasks and Inputs**

Output 1: Legal and regulatory frameworks aligned with international standards. ....	6
Project (1): Legal revision to align with RKC General Annex and six WTO TF Priority Measures.....	6
Thematic Task force - 2 (Legal) .....	6
Status under tranche 1.....	6
Policy action under tranche 2.....	6
Tasks, responsibility, timeline and inputs table .....	6
Project (2): Gap Analysis on the Customs related WTO Trade Facilitation Agreement measures .....	7
Thematic Task force - 2 (Legal) .....	7
Status under tranche 1.....	7
Policy action under tranche 2.....	7
Tasks, responsibility, timeline and inputs table .....	7
Project (3): Gap Analysis on the Customs related International standards. ....	9
Thematic Task force - 2 (Legal) .....	9
Status under tranche 1.....	9
Policy action under tranche 2.....	9
Tasks, responsibility, timeline and inputs table .....	9

### **Output 2: Enhanced automated systems and streamlined customs processes operationalized**

Project (4): Develop and implement ASYCUDA World for 6 WTO TFA Priority areas and AW functionalities. ....	11
Thematic Task force - 3 (Automation) .....	11
Status under tranche 1.....	11
Policy action under tranche 2.....	11
Tasks, responsibility, timeline and inputs table .....	12
Project (5): Development and implementation of subsystems.....	12
Status under tranche 1.....	12
Thematic Task force - 3 (Automation) .....	13
Tasks, Timeline and Inputs.....	13
Project (6): Business Process Re-engineering for WTO TFA 6 Priority areas.....	14
Thematic Task force - 3 (Automation) .....	14
Status under tranche 1.....	14
Policy Action under Tranche 2.....	14
Tasks, responsibility, timeline and Inputs.....	14
Project (7): Implement Risk Based Customs Clearance.....	15
Thematic Task Force - 4 (Risk Management).....	15
Status under tranche 1.....	15

Policy action under tranche 2.....	15
Tasks, responsibility, timeline and inputs table .....	16

### **Output 3: DOC's organizational structure strengthened**

Project (8): Organization restructuring to support risk based clearance. ....	17
Thematic Task Force - 5 (Organization and Development).....	17
Status under tranche 1.....	17
Policy action under tranche 2.....	17
Tasks, responsibility, timeline and inputs.....	17

### **Output 4: DOC's capacity enhanced**

Project (9): Institutional strengthening. ....	19
Thematic Task Force - 5 (Organization and Development).....	19
Status under tranche 1.....	19
Policy action under tranche 2.....	19
Tasks, responsibility, timeline and inputs table .....	19

Project (10): Work plan implementation and Monitoring support.....	20
Thematic Task Force 1 (CRM) .....	20
Tasks, responsibility, timeline and inputs table .....	21

Projects (11): CRMSAP implementation.....	22
Thematic Task Force 1 (CRM) .....	22
Status under tranche 1.....	22
Policy action under tranche 2.....	22
Tasks, responsibility, timeline and inputs table .....	22

### **ANNEXES**

ANNEX I: Evidence of Compliance with the Policy Matrix (Tranche 1).....	24
ANNEX II: Evidence of Compliance with the Policy Matrix (Tranche 2) .....	28
ANNEX III: An Outline of the Next Phase TA Scope Draft Priority List .....	31
ANNEX IV: Milestones to be achieved in the CRMSAP 2017-2021.....	33
ANNEX V: Appendix - B: Action Plan (WTO TFA and International Standards).....	35
ANNEX VI: Business Process Reengineering Timeline.....	37
ANNEX VII: ASYCUDA World Implementation Plan .....	38
ANNEX VIII: Selectivity Exercise programing into AW timetable .....	45
ANNEX IX: Phased Realignment Plan Timetable.....	47
ANNEX X: Next Steps in Training Need Assessment.....	50
ANNEX XI: Next Steps in Pool of Expert .....	50

### **Implementation Plan**

SASEC CRM for TF: IMPLEMENTATION SCHEDULE .....	51
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# Technical Assistance Project for Nepal: SASEC Customs Reform and Modernization for Trade Facilitation supported by JFPR (ADB)

## Introduction

The Government of Nepal and the Asian Development Bank (ADB) signed a loan agreement for a Policy-Based Loan, the SASEC Customs Reform and Modernization for Trade Facilitation (CRMTF) on 10 September 2017. The program consists of a 2-tranche Policy Matrix, each tranche consisting 10 policy actions. These policy actions includes sector reforms to (i) improve the national policy and legal framework for trade facilitation, bringing it in line with international standards; (ii) improve customs procedures to reduce the cost of trade; (iii) strengthen institutions to enable effective and sustainable trade facilitation; and (iv) institutionalize capacity development plans to enhance operational capacities in a sustainable manner. The ten policy actions under first tranche have been complied and ADB released US\$10 million tied up with the 1st tranche policy actions. The ten policy actions under the second tranche set specific reform milestones under the four building blocks, i.e., policy and legal framework, automation, organization restructuring and capacity building and are due for completion approximately by September 2019. The main focus of the program on Customs reform aims to transform customs operations to risk-based, paperless e-Customs; and introduce CPEI to promote exports and to align with schedules for the Customs related WTO's TFA measures, the RKC general standards and other relevant international standards.

Technical Assistance for SASEC Customs Reform and Modernization for Trade Facilitation Program under JFPR (TA No. 9346 - NEP) technical assistance helps strengthen the DOC's capacity to complete ten policy actions under the 2<sup>nd</sup> tranche of CRMTF Program and to provide other related technical support for implementing the Customs Reform and Modernization Strategies and Action Plan 2017-2021. In this respect, this work plan is derived from the tasks associated with the following areas:

- Ten Policy actions under 2<sup>nd</sup> Tranche, (Annex II)
- Supplementary program identified in the Technical Assistance scope during fact finding mission from 24 January - 5 February, 2016 aligning with CRMSAP 2017-21 tasks, (Annex III)
- CRMSAP implementation and monitoring milestone. (Annex IV)
- Important CRMSAP 2017-21 tasks relating to RKC and WTO TFA six priority areas implementation.

The formulation of this work plan passed through the following stages:

- Initial draft Work Plan prepared by ADB national experts in consultation with DOC management.
- DOC management and Thematic Task Force discussed extensively and revised Work Plan in a focused group discussion on 22 September 2017.
- Work Plan reviewed in the inception meeting during workshop on 24 September 2017.
- Work Plan presented to high-level management and stakeholders in the Inception Meeting during high-level seminar on 25 September 2017.
- Further improvement of the work plan carried out based on the inception meeting inputs and ADB mission discussion with DOC management on 25 September 2017.
- Work Plan reviewed and finalized by DOC management on 24 November 2017.
- Work Plan validated by Department of Customs at DG level on 26 November 2017.

This work plan is composed of project profile, implementation arrangements, proposed eleven projects and associated tasks at each four output levels supplemented by corresponding timeline, Department of Customs and ADB inputs against each tasks designed for the program and TA implementation.

## **Project Profile**

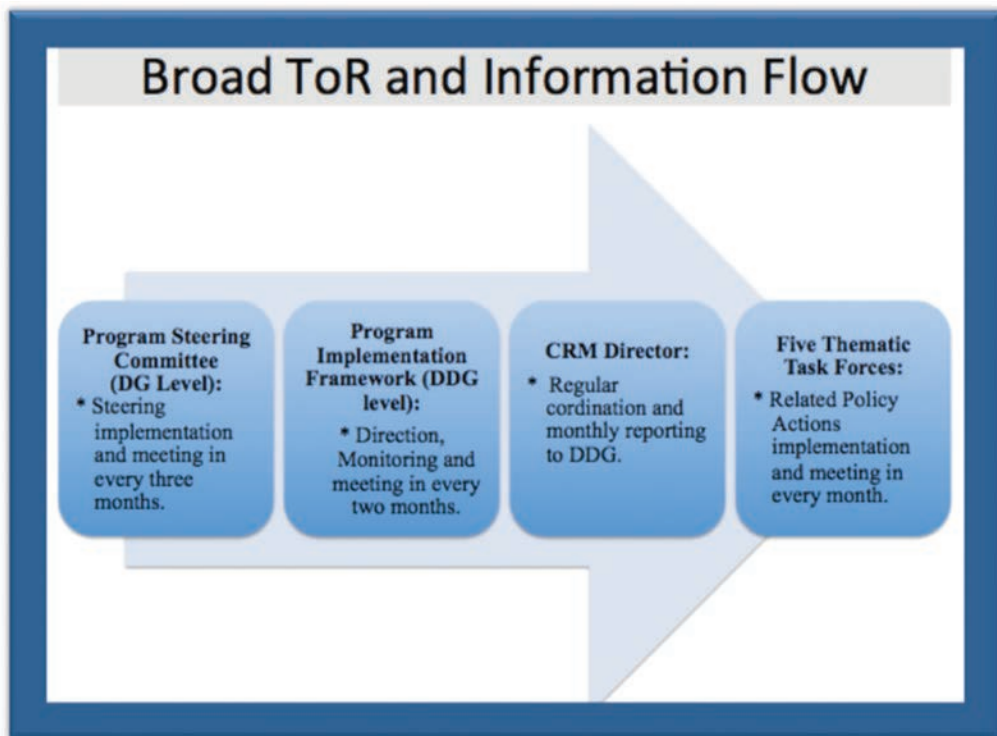
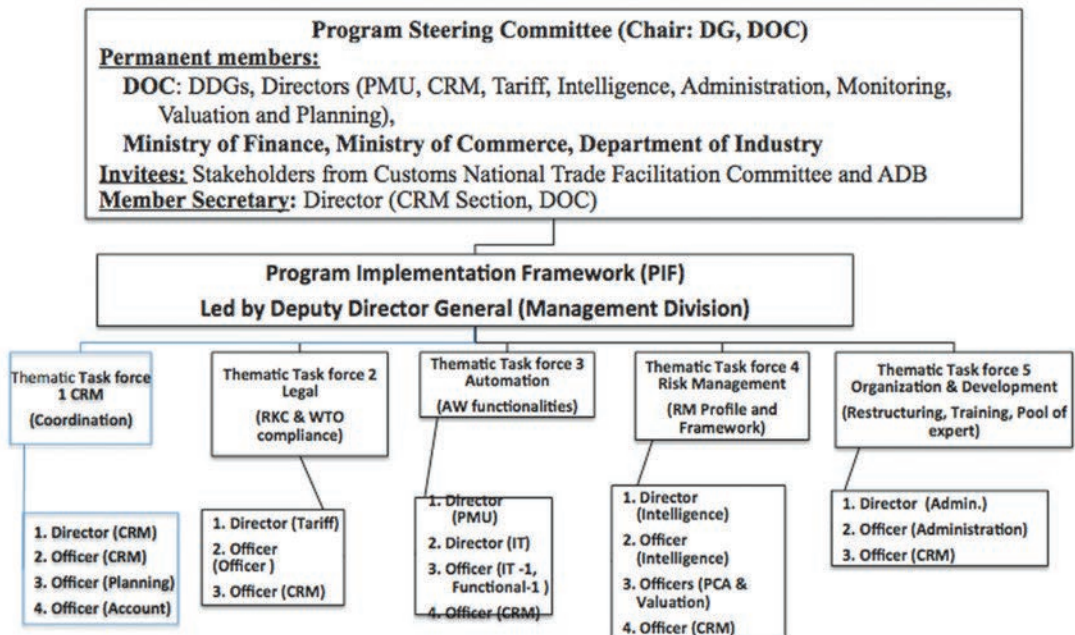
- Amount: US\$ 1 million.
- Approved on 26 July 2017
- Effective on 15 August 2017
- Period: August 2017 to February 2020
- Outputs: The TA outputs will help achieve the ongoing program's policy actions, and the four outputs of the ongoing program. The four outputs are;
  - Output 1: Legal and regulatory frameworks aligned with international standards.
  - Output 2: Enhanced automated systems and streamlined customs processes operationalized.
  - Output 3: DOC's organizational structure strengthened.
  - Output 4: DOC's capacity enhanced.
- International and National Consultants provisioned in the Technical Assistance.

Area of Expertise	Duration (Person-months)
<b>A. Individual Consultants</b>	
a. International Consultants	
1. International Trade Facilitation Specialist (2 persons)	10
2. E-Customs Specialist (2 persons)	10
3. Risk Management Specialist	2
<b>Subtotal A.a</b>	<b>22</b>
b. National Consultants	
1. Trade Facilitation Specialist (3 persons)	50
2. Web Administrator (2 person)	36
3. Procurement Specialist	2
4. Organization/Capacity Development Specialists (2 persons)	20
<b>Subtotal A.b</b>	<b>108</b>
<b>B. National Consulting Firm</b>	
1. Business Analyst and Software Architect	6
2. Software and Database Development Specialist	6
3. System Specialist	6
4. Network Specialist	6
<b>Subtotal B.b</b>	<b>24</b>
<b>TOTAL</b>	<b>154</b>

## Implementation arrangement

The CRMTF will be implemented over 4 years starting July 2017. A program steering committee, chaired by the Director General of the DOC, will be formed to guide and monitor implementation. Members will be drawn from the Ministry of Finance, Ministry of Commerce, Department of Industry, and the DOC. Members of the Customs National Trade Facilitation Committee (CNTFC), representing trade-related public and private sectors, and ADB will be invited to the steering committee meetings. The steering committee will present the progress and discuss issues on program implementation at regular CNTFC meetings. The DOC will form a Program Implementation Framework (PIF), headed by its Deputy Director General (Management), supervising five thematic task forces of: (i) coordination; (ii) legislation; (iii) automation; (iv) risk management; and (v) organization and development. The implementation arrangement framework and broad TOR with information flow are given as below:

## Implementation Arrangement



## **Policy Matrix and evidence of compliance**

### **Policy Actions in Policy Matrix under 1st Tranche**

Department of Customs completed all the requirements necessary to Comply with policy actions for 1st tranche release by July 2017. Accordingly, ADB has disbursed US\$10 million to the Government of Nepal on 10 November 2017 under 1st tranche release. The policy actions and evidence of compliance under 1st tranche is attached to Annex I.

### **Policy Actions in Policy Matrix under 2nd Tranche**

This document is primarily designed to comply the 2nd tranche policy actions. Second tranche policy actions have been built upon the achievements reached under the 1st tranche policy actions. The second tranche policy actions and evidence of compliance are given in Annex II.



## Output, Projects, JFPR responsibility tasks and inputs

### Output 1: Legal and regulatory frameworks aligned with international standards.

**Project (1): Legal revision to align with RKC General Annex and six WTO TF Priority Measures.**

#### *Thematic Task force - 2 (Legal)*

<b>Convener</b>	1. Director Mr. Achyut P. Shiwakoti	Tariff and Classification Division
<b>Member</b>	2. Section officer Mr. Maniram Paudel	CRM Division
<b>Member</b>	3. Section officer Mr. Sushil Prasad Sharma	Tariff and Classification Division

#### *Status under tranche 1*

Gap Analysis has been completed and submitted to ADB as to comply with Policy action (1-3) under Tranche 1.

#### *Policy action under tranche 2*

(2-2) The proposed legislative amendments to comply with the General Annex of RKC extended to cover the customs-related WTO TFA measures on the six trade facilitation strategic priorities will have been submitted to Cabinet.

Evidence of compliance: *Copy of the proposed legislative amendments, certified by Revenue Management Division (MOF), as having been submitted to Cabinet.*

#### *Tasks, responsibility, timeline and inputs table*

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Designate Task Force 2 (Legal) led by Tariff Director to carry out the tasks.	☑		Sep '17		
2.	Constitute an intergovernmental committee and review, revise and finalize the draft, which will address the 30 identified Gaps in RKC General Annex	☑		Jan '18 - Apr '18	☑	
3.	Constitute an intergovernmental committee and review, revise and finalize the draft, which will address the below 6 WTO TFA priority measures in order to commence Risks Based clearance in Customs.	☑		Jan '18 - Jul '18	☑	
	1. Advance Ruling	TTF-4	☑	Jan '18 - Jul '18	☑	
	2. Pre-arrival Processing,	TTF-4	☑	Jan '18 - Jul '18	☑	
	3. Risk Management,	TTF-4	☑	Jan '18 - Jul '18	☑	
	4. Post Clearance Audit,	TTF-4	☑	Jan '18 - Jul '18	☑	
	5. Trade Facilitation Measures for Authorized Operators	TTF-4	☑	Jan '18 - Jul '18	☑	☑ Desk support
	6. Expedited Shipment	TTF-4	☑	Jan '18 - Jul '18	☑	

4.	Assess the infrastructure requirements to implement WTO TFA 6 priority measures implementation.	✓	TTF-5	Apr '18 - Jun '18	✓	
5.	Submit the proposal to Cabinet for approval.	✓		Dec '18		
6.	Obtain the letter from MOF certifying the submission of proposal to the Cabinet.	✓		Jan '19		
7.	Submit the draft Act to Parliament	✓		Jul '19		
8.	Prepare necessary evidence of compliance documents to comply with policy action (2-2) i.e., "Copy of the proposed legislative amendments, certified by Revenue Management Division (MOF), as having been submitted to Cabinet."	✓		Jun '19 - Jul '19	✓	✓ Desk support
9.	Prepare a concept paper with detail TOR and work plan and develop manuals, standard operating procedures, and associated tools for implementing risk management, post-clearance audit, advance ruling, trade facilitation measures for authorized operators, pre-arrival processing, and expedited shipments	✓		Jun '18 - Jul '20	✓	✓

## ***Project (2): Gap Analysis on the Customs related WTO Trade Facilitation Agreement measures.***

### ***Thematic Task force - 2 (Legal)***

Convener	1. Director Mr. Achyut P. Shiwakoti	Tariff and Classification Division
Member	2. Section officer Mr. Maniram Paudel	CRM Division
Member	3. Section officer Mr. Sushil Prasad Sharma	Tariff and Classification Division

### ***Status under tranche 1***

Ministry of Finance has endorsed the proposal and issued the instruction to commence implementation, including preparation of the legal gap analysis and draft legislation to comply with policy action (1-4) under tranche 1.

### ***Policy action under tranche 2***

(2-3) The government will have (i) drafted an amendment to the Customs legislations to comply with customs-related WTO TFA measures and related international standards in particular those concerning CPEI based on the completed legal gap analysis, and (ii) circulated the draft amendment to CNTFC for consultation.

Evidence of compliance: *Copy of the draft legislative amendment, and list of stakeholders consulted, each certified by CRM (DOC).*

### ***Tasks, responsibility, timeline and inputs table***

[The Action Plan attached to proposal submitted for 1st tranche release is attached to Annex V for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Designate Task Force 2 (Legal) led by Tariff Director to carry out this policy action.	<input checked="" type="checkbox"/>		Sep '17		
2.	Conduct legal gap analysis of remaining 31 measures out of 37 mainly focusing on 19 identified Customs Related TFA measures. <i>[This will also include Study on preparation for implementing WTO TFA on Customs cooperation]</i>	<input checked="" type="checkbox"/>		Mar '18 - Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Formulate Legal text for the identified gaps.	<input checked="" type="checkbox"/>		Jun '18 - Aug '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Conduct Focused group discussion on the identified gaps.	<input checked="" type="checkbox"/>		Jun '18	<input checked="" type="checkbox"/>	
5.	Conduct stakeholder consultation on the proposed legal text.	<input checked="" type="checkbox"/>		Aug '18	<input checked="" type="checkbox"/>	
6.	Improved draft legal text.	<input checked="" type="checkbox"/>		Aug '18 - Jan '19	<input checked="" type="checkbox"/>	
7.	Constitute an intergovernmental committee and review and approve the legal text.	<input checked="" type="checkbox"/>		Jan '19	<input checked="" type="checkbox"/>	
8.	Finalize the legal text.	<input checked="" type="checkbox"/>		Jun '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk Support)
9.	Prepare necessary evidence of compliance documents to comply with policy action (2-3) i.e., "Copy of the draft legislative amendment, and list of stakeholders consulted, each certified by CRM (DOC)."	<input checked="" type="checkbox"/>		Jun - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk support)
10.	Transform the legal text in Government of Nepal format and send to MOF for review.	<input checked="" type="checkbox"/>		Dec '19		
11.	Submit the legal text to Cabinet	<input checked="" type="checkbox"/>		Jan '20 - Jul '20		
12.	Submit the legal text to Parliament	<input checked="" type="checkbox"/>		Jan '21		
13.	Review documents required for import and export. (CRMSAP 1.2)	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	• Conduct detailed study of all necessary Customs documents for import and export.	<input checked="" type="checkbox"/>		Jan'18- Feb '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	• Prepare time bound action plan to achieve the trade document reduction target.	<input checked="" type="checkbox"/>		Jan '18- Feb '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	• Prepare legislative draft to reduce document requirements.	<input checked="" type="checkbox"/>		Jul '18	<input checked="" type="checkbox"/>	
	• Submit proposal to MOF for revision in legislation.	<input checked="" type="checkbox"/>		Dec '18		
	• Submit legislative draft to Cabinet.	<input checked="" type="checkbox"/>		Jul '19		

14.	Study deferred payment system. (CRMSAP 1.4)					
	• Conduct prefeasibility study on deferred payment of duties, taxes and fees for trusted traders	☑		Feb '18	☑	☑
	• Review legislation for introduction of deferred payment system	☑		Jul '19	☑	☑

### ***Project (3): Gap Analysis on the Customs related International standards.***

#### ***Thematic Task force - 2 (Legal)***

Convener	1. Director Mr. Achyut P. Shiwakoti	Tariff and Classification Division
Member	2. Section officer Mr. Maniram Paudel	CRM Division
Member	3. Section officer Mr. Sushil Prasad Sharma	Tariff and Classification Division

#### ***Status under tranche 1***

Ministry of Finance has endorsed the proposal and issued the instruction to commence implementation, including preparation of the legal gap analysis and draft legislation to comply with policy action (1-4). The proposal has drawn Action Plan.

#### ***Policy action under tranche 2***

(2-3) The government will have (i) drafted an amendment to the Customs legislations to comply with customs-related WTO TFA measures and related international standards in particular those concerning CPEI based on the completed legal gap analysis, and (ii) circulated the draft amendment to CNTFC for consultation.

Evidence of compliance: *Copy of the draft legislative amendment, and list of stakeholders consulted, each certified by CRM (DOC).*

(2-4) The government will have consulted with trade-related organizations on the adoption of the TIR convention.

Evidence of compliance: *Letter from CRM (DOC) stating the names of the trade-related organizations with which it consulted.*

#### ***Tasks, responsibility, timeline and inputs table***

[The detailed tasks are given in the Action Plan attached to proposal submitted for 1st tranche release and given in Annex V for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB /Nat.	ADB/ Int.
1.	Designate Task Force - 2 (Legislation) led by Director to conduct the gaps analysis of the tasks.	☑		Sep '17		

2.	Study and prepare a report on the appropriate measures and standards of the Specific Annex of RKC, TIR Convention, WCO Immediate Release Guidelines and other international conventions aim to develop Customs Procedure with Economic Impacts (CPEIs) <sup>1</sup> for exports promotion. (CRMSAP 1.1.2)	TTF - 1	<input checked="" type="checkbox"/>	Mar '18 - Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Study the CCPEIs for export promotion and submit recommendations focusing on procedures. <sup>2</sup> (CRM-SAP 1.1.3.)					
	<ul style="list-style-type: none"> <li>Constitute a task force to study the Customs Procedure with Economic Impacts and review relevant existing procedures and/or recommend new procedures for implementation.</li> </ul>			Dec '17	<input checked="" type="checkbox"/>	
	<ul style="list-style-type: none"> <li>Review the existing procedures and gaps in CPEIs.</li> </ul>			Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<ul style="list-style-type: none"> <li>Recommend with work plan an appropriate procedures to introduce identified CPEIs.</li> </ul>			Dec '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<ul style="list-style-type: none"> <li>Implement the CPEI</li> </ul>			Jul '19		
4.	Conduct study on other customs related International standards to assess the possible adoption of the standards by Nepal Customs.			Feb '18 - Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5.	Prepare a concept note on TIR and conduct stakeholder's consultation on the adoption of TIR convention.	<input checked="" type="checkbox"/>		Jan '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6.	Prepare necessary evidence of compliance documents to comply with; <ul style="list-style-type: none"> <li>➤ Policy action (2-3) i.e., "Copy of the draft legislative amendment, and list of stakeholders consulted, each certified by CRM (DOC)."</li> <li>➤ Policy action (2-4) i.e., "Letter from CRM (DOC) stating the names of the trade-related organizations with which it consulted."</li> </ul>	<input checked="" type="checkbox"/>		Jun '19 - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk support)

<sup>1</sup> Customs procedures that facilitate an evolving export oriented market economy encouraging the promotion of investment and facilitating increasing exports from the country are broadly known as Customs Procedures with Economic Impacts (CPEIs).

<sup>2</sup> Procedure includes but not limited to (i) Storage procedures - Storage warehousing or customs warehousing, (ii) Processing procedures - Temporary importation for inward processing, Temporary exportation for outward processing, (iii) Procedures permitting Temporary importation/ Temporary exportation, (iv) Customs transit and (v) Drawback



## Output 2: Enhanced automated systems and streamlined customs processes operationalized.

*Project (4): Develop and implement ASYCUDA World for 6 WTO TFA Priority areas and AW functionalities.*

### *Thematic Task force - 3 (Automation)*

Convener	1. Director Mr. Gyanendra Raj Dhakal	PMU
Member	2. Director Ms. Nitu Bharati	IT Division
Member	3. Section officer Mr. Harihar Poudel	PMU
Member	4. Section officer Mr. Maniram Paudel	CRM Division
Member	5. Computer Officer Mr. Ashim Ghising Lama	Project Management Unit

### *Status under tranche 1*

DOC certified a report on ASYCUDA World detailed evaluation and assessment of the rollouts with lessons learned and recommendations for future ASYCUDA World implementation to comply policy action (1-6). The report has drawn an implementation plan.

### *Policy action under tranche 2*

(2-6) The government will have (i) adopted a comprehensive implementation plan for the ASYCUDA World, and its functionalities, and (ii) extended the ASYCUDA World's automated customs processing to the 10 highest revenue-yielding customs offices with the functionalities specified in the implementation plan.

Evidence of compliance: *Copy of the implementation plan for ASYCUDA World, certified by CRM (DOC); and letter from CRM (DOC) stating that the implementation plan has been adopted and that the automated customs processing was extended to the 10 Customs offices.*

## Tasks, responsibility, timeline and inputs table

[The detail tasks are given in the implementation Plan attached to detailed assessment report submitted for 1st tranche release and given in Annex VII for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Develop detail work plan and extend additional functionalities in particular the 6 TFA priority measures as per the ASYCUDA World Detailed Evaluation and Assessment report including ASYREC.	☑		Dec '17 - May '19		UNCTAD
	Advance Ruling	☑	TTF-2	Dec '17 - May '19	☑	UNCTAD / ADB
	Pre-arrival Processing,	☑	TTF-2	Dec '17 - May '19	☑	UNCTAD / ADB
	Risk Management,	☑	TTF-4	Dec '17 - May '19	☑	UNCTAD / ADB
	Post Clearance Audit,	☑	TTF-4	Dec '17 - May '19	☑	UNCTAD
	Trade Facilitation Measures for Authorized Operators	☑	TTF-1	Dec '17 - May '19	☑	UNCTAD
	Expedited Shipment	☑	TTF-2	Dec '17 - May '19	☑	UNCTAD / ADB
2.	Assess and extend NECAS functionality including for digital signature, e-payment, selectivity module, TIR, performance module, Audit and detention notification.	☑	TTF - 2	Dec '17 - May '19	☑	UNCTAD/ ADB
3.	Update timeline and implement technical (system administration, network administration, security, hardware replacement plan etc.,) recommendations included in AW detail evaluation and assessment report for uninterrupted and secure operation of NECAS.	☑		Dec '17 - May '19	☑	UNCTAD/ ADB
4.	Prepare necessary evidence of compliance documents to comply with policy action (2-6) i.e., Copy of the implementation plan for ASYCUDA World, certified by CRM (DOC); and letter from CRM (DOC) stating that the implementation plan has been adopted and that the automated customs processing was extended to the 10 Customs offices."	☑	TTF-1	Jun '19 - Jul '19	☑	UNCTAD / ADB (Desk Support).

## Project (5): Development and implementation of subsystems

### Status under tranche 1

DOC certified a report on ASYCUDA World detailed evaluation and assessment of the rollouts with lessons learned and recommendations for future ASYCUDA World implementation to comply policy action (1-6). The report has drawn an implementation plan.

### *Thematic Task force - 3 (Automation)*

Convener	1. Director Mr. Gyanendra Raj Dhakal	PMU
Member	2. Director Ms. Nitu Bharati	IT Division
Member	3. Section officer Mr. Harihar Poudel	PMU
Member	4. Section officer Mr. Maniram Paudel	CRM Division
Member	5. Computer Officer Mr. Ashim Ghising Lama	Project Management Unit

### *Tasks, Timeline and Inputs.*

[Detail Assessment Report identified the sub-system.]

SN	Preparatory Actions	Lead	Co-Lead	Timeline	ADB/ Nat.	ADB/ Int.
1.	Designate Task Force - 3 (Automation) led by PMU Director to implement the tasks.	<input checked="" type="checkbox"/>		Sept '17		
2.	Make management decision by DOC to implement already developed Deposit Management System and Temporary Admission of Vehicle (TAV) software.	<input checked="" type="checkbox"/>		Jan '18		
3.	Develop interface between existing Deposit Management System, Temporary Admission of Vehicle (TAV) software and AW.	<input checked="" type="checkbox"/>		Feb '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (UNCTD/ ADB)
4.	Assess ASYCUDA World feasibility to cover identified Subsystem to be developed within or outside AW.	<input checked="" type="checkbox"/>		Feb '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (UNCTD/ ADB)
5.	Implement Deposit Management System at TIA.	<input checked="" type="checkbox"/>		Apr '18	<input checked="" type="checkbox"/>	
6.	Pilot test TAV software in one Customs Office.	<input checked="" type="checkbox"/>		Apr '18	<input checked="" type="checkbox"/>	
7.	Implement TAV software in 10 Customs Offices until the new module is developed within AW covering at least all the TAV features.	<input checked="" type="checkbox"/>		Jun '18	<input checked="" type="checkbox"/>	
8.	Improve Customs website to make easy access to the documents, tariff and procedures.	<input checked="" type="checkbox"/>	TTF - 2	Jan '18 - Dec '18	<input checked="" type="checkbox"/>	
9.	Manifest/ Gate Control Implementation study visit in a Land Locked /similar Customs administration.	<input checked="" type="checkbox"/>		Jan '18		
10.	Support to implement all functionalities of EXIM code software including training and improvement.	<input checked="" type="checkbox"/>		Jan '18 - Jun '18	<input checked="" type="checkbox"/>	

## ***Project (6): Business Process Re-engineering for WTO TFA 6 Priority areas***

### ***Thematic Task force - 3 (Automation)***

Convener	1. Director Mr. Gyanendra Raj Dhakal	PMU
Member	2. Director Ms. Nitu Bharati	IT Division
Member	3. Section officer Mr. Harihar Poudel	PMU
Member	4. Section officer Mr. Maniram Paudel	CRM Division
Member	5. Computer Officer Mr. Ashim Ghising Lama	Project Management Unit

### ***Status under tranche 1***

MOF approved proposal to conduct BPR and issued instruction to DOC to comply policy action (1-5). The report has drawn a BPR timeline.

### ***Policy Action under Tranche 2***

(2-5) The government will have (i) developed declaration processing steps within the scope of the ASYCUDA World, and (ii) pilot tested the reengineered declaration processing steps at three sites.

Evidence of compliance: *Report on the developed Declaration Processing Path, certified by CRM (DOC); and letter from CRM (DOC) stating that the Reengineered Processing Path was pilot tested at three sites.*

### ***Tasks, responsibility, timeline and Inputs***

[The BPR timeline submitted to ADB is given in Annex VI for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Designate Task Force - 3 (Automation) led by PMU Director to implement this Policy Action.	☑		Sep '17		
2.	Conduct "as-is" analysis for the 6 priority areas mentioned in policy action (1-3) for BPR as agreed in Tranche 1 as per the directive of MOF including ASYREC.	☑		Mar '18 - Apr '18	☑	
	Advance Ruling	☑	TTF-2		☑	☑
	Pre-arrival Processing,	☑	TTF-2		☑	☑
	Risk Management,	☑	TTF-4		☑	☑
	Post Clearance Audit,	☑	TTF-4		☑	
	Trade Facilitation Measures for Authorized Operators	☑	TTF-1		☑	☑
	Expedited Shipment	☑	TTF-2		☑	☑
3.	Based on the as-is analysis, prepare the BPR recommendation with the to-be processes and separate DPP for the 6 areas	☑		May '18 – Aug '18	☑	
4.	Study and prepare a report on legal amendments required to implement the recommended processes. (In consultation with Thematic Task Force - 3 (Legal).	☑	TTF-3	Jul '18 - Aug '18	☑	

5.	Conduct a validation seminar for the BPR report and legislative changes recommendation and also validate a phase wise implementation plan.	<input checked="" type="checkbox"/>		Sep '18	<input checked="" type="checkbox"/>	
6.	Conduct training program to familiarize the revised DPP.	<input checked="" type="checkbox"/>		Oct '18	<input checked="" type="checkbox"/>	
7.	Roll out the re-engineered functionalities in a phase-wise manner as per the implementation plan.	<input checked="" type="checkbox"/>		Nov '18 – May '19	<input checked="" type="checkbox"/>	
8.	Prepare necessary evidence of compliance documents to comply with policy action (2-5) i.e., Report on the developed Declaration Processing Path, certified by CRM (DOC); and letter from CRM (DOC) stating that the Reengineered Processing Path was pilot tested at three sites."	<input checked="" type="checkbox"/>	TTF - 1	Jun '19 - Jul '19	<input checked="" type="checkbox"/>	UNCTAD / ADB (Desk Support).

## ***Project (7): Implement Risk Based Customs Clearance***

### ***Thematic Task Force - 4 (Risk Management)***

Convener	1. Director Mr. Ganesh Aryal	Intelligence Division
Member	2. Section officer Mr. Maniram Paudel	CRM Division
Member	3. Section officer Ms. Ambika K.C.	Valuation Division
Member	4. Section officer Mr. Bal Ram Bhandari	Intelligence Division
Member	5. Section officer Mr. Pramod Paudel	PCA Office

### ***Status under tranche 1***

DOC has certified a Risk Management Selectivity Report to comply policy action (1-7), which contains (i) the methodology on the risk profiling; (ii) adjustments to be made to the identified risk profiles for programming into ASYCUDA World Selectivity Module; and (iii) any remaining action points. The report also has drawn implementation plan.

### ***Policy action under tranche 2***

(2-7) The government will have adopted a risk management framework and a risk management standard operating procedure, based on the analyses of risk profiling (1-7), to integrate risk management into the customs clearance procedures.

Evidence of compliance: *Copy of the Risk Management Framework report and Risk Management Standard Operating Procedure, certified by CRM (DOC); and letter from CRM (DOC) stating that they have been adopted.*



## Tasks, responsibility, timeline and inputs table

[The implementation plan drawn under 1st tranche is given in annex VII for ready reference.

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Assign Task Force - 4 (RM) led by Intelligence Director to implement the tasks.	<input checked="" type="checkbox"/>		Sep '17		
2.	Configure Risk Profile to integrate into Selectivity Module based on the Risk Profile exercise.	<input checked="" type="checkbox"/>	TTF-3	Dec '17- Feb. '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Develop risk management framework and associated SOP.	<input checked="" type="checkbox"/>	TTF-3	Mar '18 - Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Develop TSC code to integrate into the Selectivity Module.	<input checked="" type="checkbox"/>	TTF-3	Jul '18 - Dec '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5.	Establish selectivity indicators and criteria and configure into Selectivity Module.	<input checked="" type="checkbox"/>	TTF-3	Mar '18 - Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6.	Draw detail action plan to develop Risk Management Framework report and Risk Management Standard Operating Procedure to implement below 6 WTO TFA priority areas in order to commence Risks Based clearance in Customs.			Jul '18 - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Advance Ruling	<input checked="" type="checkbox"/>	TTF-1,2,3			
	Pre-arrival Processing,	<input checked="" type="checkbox"/>	TTF-1,2,3			
	Risk Management,	<input checked="" type="checkbox"/>	TTF-1,2,3			
	Post Clearance Audit,	<input checked="" type="checkbox"/>	TTF-1,2,3			
	Trade Facilitation Measures for Authorized Operators	<input checked="" type="checkbox"/>	TTF-1,2,3			
	Expedited Shipment	<input checked="" type="checkbox"/>				
7.	Prepare necessary evidence of compliance documents to comply with policy action (2-7) i.e., Copy of the Risk Management Framework report and Risk Management Standard Operating Procedure, certified by CRM (DOC); and letter from CRM (DOC) stating that they have been adopted"	<input checked="" type="checkbox"/>		Jun - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk Support)
8.	Carry out a study on the implementation of centralized clearance and prepare a work-plan	<input checked="" type="checkbox"/>	TTF-1,2,3	Jan '19 - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9.	Implement centralized clearance based on the work-plan	<input checked="" type="checkbox"/>	TTF-1,2,3	Jul '19 - Dec '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Output 3: DOC's organizational structure strengthened.

### *Project (8): Organization restructuring to support risk based clearance.*

#### *Thematic Task Force - 5 (Organization and Development)*

Convener	1. Director Mr. Tanka Prasad Pandey	Administration Division
Member	2. Section officer Mr. Gaurav Panthee	Administration Division
Member	3. Section officer Mr. Maniram Paudel	CRM Division

#### *Status under tranche 1*

DOC has been submitted Realignment Plan to adopt risk based clearance to MOF for approval to comply policy action (1-8). The report also has drawn Realignment Plan.

#### *Policy action under tranche 2*

(2-8) The government will have completed the initial phase of the phased realignment plan to be in line with the task requirements of the six trade facilitation strategic priorities, which will include establishment of a dedicated risk management section in DOC.

Evidence of compliance: *Letter from CRM (DOC) certifying that (i) the initial phase realignment has been completed; and (ii) Risk Management Section in DOC, headed by a Director, was established and briefly describing how the section is organized.*

#### *Tasks, responsibility, timeline and inputs*

[Realignment Plan drawn under 1st tranche policy action is given in Annex VIII for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB Nat.	ADB Int.
1.	Designate Task Force - 5 (Organization Development) led by Administration Director to work on the tasks.	☑		Sept '17		
2.	Initiate implementation of Realignment Plan adopted to comply with 1st tranche policy action (Annex VIII), which includes initial phase, first phase and 2nd phase actions covering to establish Risk Management Section in DOC, develop and design appropriate organizational structures and arrangements at all levels of DOC, for headquarters and field-based offices, that enable effective implementation of risk-based operations to implement the below;	☑		Mar '18 - Jun '18	☑	
	Advance Ruling	☑	TTF-1,2,3			
	Pre-arrival Processing,	☑	TTF-1,2,3			
	Risk Management,	☑	TTF-1,2,3			
	Post Clearance Audit,	☑	TTF-1,2,3			
	Trade Facilitation Measures for Authorized Operators	☑	TTF-1,2,3			
	Expedited Shipment	☑	TTF-1,2,3			

3.	Implement initial phase of realignment plan which includes but not limited to "Conduct a "Comprehensive O&M Survey" on restructuring of DOC by adopting recommendations of the "O&M Survey" Committee" Report and in line with the Government of Nepal overall Federal Restructure Policy" and "Establish Risk Management Section and Compliance Management Unit with necessary staffs in Department of Customs Headquarter."	<input checked="" type="checkbox"/>		Dec '17- Sep '18	<input checked="" type="checkbox"/>	
4.	Implement first phase of realignment plan, which includes but not limited to "Set up Procurement Unit with necessary staff, including Procurement Expert." and "Set up an organizational structure at one major Customs office to pilot pre-arrival processing, as the first step to roll it out in 9 additional major field Customs offices in a phased manner, where ASYCUDA World has been implemented."			Oct '18 - Mar '19		
5.	Conduct study visit and study the potential impact of federal structure in Nepal Customs and recommend appropriate structure and measures.	<input checked="" type="checkbox"/>		Feb '18	<input checked="" type="checkbox"/>	From other funding.
6.	Prepare necessary evidence of compliance documents to comply with policy action (2-8) i.e., Letter from CRM (DOC) certifying that (i) the initial phase realignment has been completed; and (ii) Risk Management Section in DOC, headed by a Director, was established and briefly describing how the section is organized.	<input checked="" type="checkbox"/>	TTF-1	Jun- Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk Support)
7.	Implement second phase of realignment Plan, which includes but not limited to organization realignment for readiness to adopt WTO TFA priority areas including IT organization structure, online monitoring, 10% initially full PCA of the declarations cleared through the green, yellow and blue channels.	<input checked="" type="checkbox"/>		Apr '19- Jun '21	<input checked="" type="checkbox"/>	

## Output 4: DOC's capacity enhanced.

### *Project (9): Institutional strengthening.*

#### *Thematic Task Force - 5 (Organization and Development)*

Convener	1. Director Mr. Tanka Prasad Pandey	Administration Division
Member	2. Section officer Mr. Gaurav Panthee	Administration Division
Member	3. Section officer Mr. Maniram Paudel	CRM Division

#### *Status under tranche 1*

A report on gap analysis and training needs assessment focusing on the six trade facilitation strategic priorities, as well as the related areas of procurement, accounting, integrity, and automation is submitted to ADB to comply with the policy action (1-9). The report provides next step in TNA.

DOC has submitted report on competency mapping to identify a pool of experts to address the gaps under (1-9)]. The report provides next step for pool of expert scheme.

#### *Policy action under tranche 2*

(2-9) Based on the completed gap analysis and training needs assessment, the government will have (i) formulated a capacity development plan to address the needs identified in the assessment under Policy Action (1-9), (ii) endorsed the training plan for the respective DOC unit, (iii) developed training modules on the six trade facilitation strategic priorities as well as the related areas of procurement, accounting, integrity, and automation, and (iv) commenced implementation of the plans.

Evidence of compliance: *Copies of the capacity development plan, training plan, and training modules, each certified by CRM (DOC); and a letter from CRM (DOC) stating that implementation of the plans commenced.*

(2-10) The government will have formulated and commenced implementation of the "pool of expert" scheme.

Evidence of compliance: *Copies of the "pool of expert" scheme report, certified by CRM (DOC); and letter from CRM (DOC) stating that the "pool of expert" scheme has been implemented.*

#### *Tasks, responsibility, timeline and inputs table*

[Next Steps for TNA is given in Annex X and next steps for pool of expert scheme is given in Annex XI for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB Nat.	ADB Int.
1.	Designate Task Force - 5 (Organization Development) led by Administration Director to work on tasks.	<input checked="" type="checkbox"/>		Aug '17		
2.	Conduct field office Visit for Capacity development plan formulation.	<input checked="" type="checkbox"/>		Jan '18	<input checked="" type="checkbox"/>	

3.	Formulate Capacity Development Plan based on the completed gap analysis and training needs assessment to support transition to risk-based operations, to include change management approaches.	<input checked="" type="checkbox"/>		Jan '18 - Apr '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk Support)
4.	Focus Group Discussion on the Capacity Development Plan and Training Module.	<input checked="" type="checkbox"/>		Jun '18	<input checked="" type="checkbox"/>	
5.	Development of Awareness Program, Training plan and Training Module for Customs and stakeholders. (Agents, SMEs, Women).	<input checked="" type="checkbox"/>		Jan '18 - Apr '18	<input checked="" type="checkbox"/>	
6.	Formulate the pool of expert scheme	<input checked="" type="checkbox"/>		Jul '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7.	Use the pool of Expert in Capacity Development focusing on 6 WTO TFA priority areas.	<input checked="" type="checkbox"/>		Aug '18 - Jun '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8.	Carry on the Training on the CRMSAP WTO TFA 6 priority areas at Center and ten major Customs Areas.	<input checked="" type="checkbox"/>		Aug '18 - Jun '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9.	Develop integrity Plan for Customs	<input checked="" type="checkbox"/>		Jan '18 - Mar '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
10.	Design uniform lay-out of Customs besides ICD/ICP.	<input checked="" type="checkbox"/>		Jan '18 - Dec '18	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
11.	Prepare necessary evidence of compliance documents to comply with policy action (2-9) i.e., "Copies of the capacity development plan, training plan, and training modules, each certified by CRM (DOC); and a letter from CRM (DOC) stating that implementation of the plans commenced." and (2-10) i.e., "Copies of the "pool of expert" scheme report, certified by CRM (DOC); and letter from CRM (DOC) stating that the "pool of expert" scheme has been implemented."	<input checked="" type="checkbox"/>		Jun '19 - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> (Desk Support)

### ***Project (10): Work plan implementation and Monitoring support***

#### ***Thematic Task Force 1 (CRM)***

Convener	1. Director Mr. Muktiram Acharya	CRM Section
Member	2. Section Officer Mr. Maniram Poudel	CRM Section
Member	3. Section Officer Mr. Arjun Neupane	Service Section
Member	4. Account Officer Mr. Devhari Gautam	Account Section



## Tasks, responsibility, timeline and inputs table

[The CRM Section is given the responsibility to coordinate the tasks to comply with the tranche 2 as shown in the Implementation arrangement of this report for ready reference.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Support coordination of below WTO TFA Priority areas to implement; [This include supporting other thematic group to assign to develop legal, automation, organization realignment and capacity building tasks to introduced risk based clearance.]			Mar '18 - Jul '19	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Advance Ruling	TTF - 4	<input checked="" type="checkbox"/>			
	Pre-arrival Processing,	TTF - 4	<input checked="" type="checkbox"/>			
	Risk Management,	TTF - 4	<input checked="" type="checkbox"/>			
	Post Clearance Audit,	TTF - 4	<input checked="" type="checkbox"/>			
	Trade Facilitation Measures for Authorized Operators	TTF - 4	<input checked="" type="checkbox"/>			
	Expedited Shipment	TTF - 4	<input checked="" type="checkbox"/>			
2.	Organize Steering Committee Meeting (led by DG) in every four month to review progress and submit report to speed up implementation of the 2nd tranche compliance.	<input checked="" type="checkbox"/>		By Mid-November/ March/July (2016, 2017, 2018, 2019) <sup>3</sup>	<input checked="" type="checkbox"/>	
3.	Organize Bi-monthly Program Implementation Framework Meeting led by DDG (Management) to review progress and submit report to speed up implementation of the 2nd tranche compliance.	<input checked="" type="checkbox"/>		By end of 2nd, 4th, 6th, 8th, 10th and 12th month of Nepal calendar of each year.	<input checked="" type="checkbox"/>	
4.	Organize Monthly Thematic Task Force Separate Meeting to review progress and submit report to speed up implementation of the 2nd tranche compliance.	<input checked="" type="checkbox"/>		By end of every Nepal calendar Month of each year.	<input checked="" type="checkbox"/>	

<sup>3</sup> These timeline coincides with Kartik end (fourth month), Falgun end (eighth month) and Asar end (twelveth months) of each Fiscal Year 2074/75 to 2077/78.

## Projects (11): CRMSAP implementation

### Thematic Task Force 1 (CRM)

Convener	1. Director Mr. Muktiram Acharya	CRM Section
Member	2. Section Officer Mr. Maniram Poudel	CRM Section
Member	3. Section Officer Mr. Arjun Neupane	Service Section
Member	4. Account Officer Mr. Devhari Gautam	Account Section

### Status under tranche 1

The CRMSAP implementation milestone is prepared to monitor the implementation of CRMSAP to comply with 2nd tranche policy action (2-1). The outline of the Next Phase T.A. scope Draft priority list is prepared and attached to the Aide Memoire of Fact Finding Mission.

### Policy action under tranche 2

(2-1) The government will have achieved the CRMSAP 2017-2021 implementation milestones to enable risk-based customs clearance.

Evidence of compliance: *Letter from Revenue Management Division (MOF) stating that the government has achieved the CRMSAP 2017-2021 implementation milestones.*

### Tasks, responsibility, timeline and inputs table

[The Technical Assistance Scope and implementation milestone are attached to Annex III and IV respectively.]

SN	Preparatory Actions	Lead	Support	Timeline	ADB/ Nat.	ADB/ Int.
1.	Designate Thematic Task Force -1 (CRM coordination) to implement and coordinate below tasks.	☑		Sept '17		
2.	Prepare four years Action Plan of the Ten Customs Offices with clear tangible, financial and other performance targets for implementation  Activities: Field visit, Workshop/seminar in 10 Customs.	☑		Feb '18	☑	
3.	Prepare a requirement analysis for the development of software to develop CRMSAP Management Information System (MIS).	☑	TTF-3	Mar '18 - Apr '18	☑	
4.	Based on the requirement analysis, Develop software that will facilitate the DOC management to upload and monitor the progress on annual plan/CRMSAP.	☑	TTF-3	Apr '18 - Jun '18	☑	
5.	Test, validate and provide training on the software	☑	TTF-3	Jun '18 - Aug '18	☑	
6.	Implement the CRMSAP MIS.	☑		Every Trimester	☑	

7.	Study and develop SOP for coordinated border management.	☑	TTF - 2	Jul '18 - Dec '18	☑	☑
8.	Conduct CRMSAP MTR or Implementation status of key TF measures.	☑		Jun '19 - Jul '19	☑	
9.	Prepare necessary evidence of compliance documents to comply with policy action (2-1) i.e., Letter from Revenue Management Division (MOF) stating that the government has achieved the CRMSAP 2017-2021 implementation milestones."	☑		Jun '19 - Jul '19	☑	
10.	Enhance DOC's client service desks to strengthen ease of access to information for the private sector as per the Client Service Desk Study report.	☑		Jan '19 - Jun '19	☑	
11.	Conduct TRS Study in 2 selected Customs Offices to support CRMTF objectives to increase knowledge.	☑		Feb '18 - Jul '18	☑	☑ WCO/GOJ <sup>4</sup>
12.	Implement SASEC Customs subgroup sub regional and National Projects.	☑		As per respective timeline.	☑	☑
13.	Undertake study visit to observe Customs Reform, legislative framework (RKC and 6 WTO TFA Priority Areas), Automation, Risk Management, Organization structure and capacity building measures used by best performing Customs administration in these areas and coordinated border management.	☑		Feb '17	[From other funding]	

<sup>4</sup> ADB will explore possibility to establish a direct contact to Japan Customs to avail expertise.

## ANNEXES

### ANNEX I - Evidence of Compliance with the Policy Matrix (Tranche 1)

Policy Action	Evidence of Compliance	Notes on the Policy Actions
<b>First Tranche Policy Actions (by Q2 2017)</b>		
<i>To promote international trade, the government issued a national strategy for customs reform and commenced amendments to the trade facilitation legal framework. Policy actions include:</i>		
(1-1) The government issued CRMSAP 2017-2021, the multi-year national strategy, which includes a timeline for revision in the customs legislation required to comply with WCO's RKC and the WTO TFA.	Letter from Revenue Management Division (MOF) certifying the release of CRMSAP (2017-2021).	
(1-2) The government submitted the Instrument of Accession for (i) the Body of the Convention and General Annex of RKC to the WCO; and (ii) the WTO TFA to the WTO.	Letter from Revenue Management Division (MOF) certifying the date of submission of Instrument of Accession for RKC to WCO; and letter from WTO Commitment Implementation Section, Planning and International Trade Cooperation Division, Ministry of Commerce, certifying the date of submission of Instrument of Accession for WTO TFA to WTO.	
(1-3) The government (i) prepared an initial draft legislative amendment for revision in the Customs Act, Customs rules and administrative instructions, for full compliance with the General Annex of RKC extended to cover the customs-related WTO TFA measures on the six trade facilitation strategic priorities and (ii) circulated to CNTFC for consultation on the proposed revision.	Copy of initial draft legislative amendment, certified by CRM (DOC); and a letter from CRM (DOC), identifying stakeholders who were consulted on the proposed revision.	<p>-Of the 121 RKC General Annex standards, Nepal's legislative framework is compliant with 96. Remaining 25 standards require amendments in: 22 articles of the 2007 Customs Act; 2 in Customs rules; and 1 in administrative instructions, according to DOC's latest gap analysis:</p> <p><a href="http://customs.gov.np/en/%E0%A4%9C%E0%A4%BE%E0%A4%A8%E0%A4%95%E0%A4%BE%E0%A4%B0%E0%A5%80.html">http://customs.gov.np/en/%E0%A4%9C%E0%A4%BE%E0%A4%A8%E0%A4%95%E0%A4%BE%E0%A4%B0%E0%A5%80.html</a> (in Nepali; accessed on 20 March 2017).</p> <p>The gap analysis is being updated with ADB technical assistance, expected to be completed by Q2 2017.</p>

Policy Action	Evidence of Compliance	Notes on the Policy Actions
		<p>-The 25 gaps contain key provisions required for adopting the risk-based approach to cargo clearance, such as pre-arrival of goods processing and special treatment for the trusted or authorized traders. Amendment concerning such trade facilitation strategic priorities will be compliant with both RKC and the WTO TFA. Other areas covered in the 25 revisions are on customs administrations' establishing consultative relationship with traders, amendment of goods declaration, clearance of goods with minimum information, and the right of initial appeal.</p> <p>-The six trade facilitation strategic priorities are: Risk Management, Post-Clearance Audit, Advance Ruling, Trade Facilitation Measures for Authorized Operators, Pre-arrival processing, and Expedited Shipment.</p> <p>-The draft will be finalized by DOC for circulation to the MOF and CNTFC for consultation, in preparation for the MOF's action to obtain Cabinet approval. CNTFC's membership consists of DOC, as well as representatives of various public and private sectors. The committee has been meeting regularly at approximately 4 month intervals.</p>

Policy Action	Evidence of Compliance	Notes on the Policy Actions
(1-4) For the CRMSAP 2017-2021 implementation, the government endorsed a proposal and issued the instruction to commence the proposal's immediate implementation including preparation of (i) legal gap analysis on the customs-related WTO TFA measures and related international standards in particular those concerning CPEI, and (ii) draft legislation (including rules and administrative orders) required, based on the findings of the gap analysis.	Letter from Revenue Management Division (MOF), stating that the government has endorsed the proposal and issued the instruction to commence implementation, including preparation of the legal gap analysis and draft legislation.	<p>- The 19 measures under the WTO TFA are identified as the scope of the legal review for Policy Action (1-4), in addition to the six trade facilitation strategic priorities which will have been complied with under Policy Action (1-3). The list of the 19 measures is in the Supplementary Linked Document, Nepal's Compliance with the World Trade Organization's Trade Facilitation Agreement.</p> <p>- The CPEI include: storage/warehousing, inward processing, outward processing, procedures permitting temporary importation/exportation, drawback, and transit. With reference to transit, the Government of Nepal will include the TIR convention (Convention on International Transport of Goods Under Cover of TIR Carnets) in the gap analysis.</p>
<i>To reduce costs of international trade, the government took actions to reengineer business process for customs clearance; proceeded with the customs automation through ongoing ASYCUDA World implementation; and introduced risk management to customs procedures. Policy actions include:</i>		
(1-5) The government (i) approved a proposal to conduct BPR, and (ii) issued instructions on the proposal's immediate implementation.	Copy of instruction, issued by Revenue Management Division (MOF) to conduct BPR with an attachment of the approved proposal.	The BPR will target declaration processing steps for direct import declarations, in accordance with relevant provisions of the RKC (Ch. 6.4 General Annex: the ICT guidelines).
(1-6) The government rolled out the ASYCUDA World pilot in three customs offices and completed a detailed evaluation and assessment of the rollouts with lessons learned and recommendations for future ASYCUDA World implementation.	Letter from CRM (DOC) confirming rollout of ASYCUDA World in three sites; copy of detailed evaluation and assessment report, certified by CRM (DOC).	The three customs offices are Birgunj Customs, Mechi Customs, and Sirsiya Dry Port Customs, which together raise 70%-75% of the customs-related revenues annually.
(1-7) The government (i) finalized the ongoing risk profiling exercise (May 2015-), (ii) made adjustments (if any) to the identified risk profiles for programming them into the ASYCUDA World Selectivity Module; and (iii) formulated remaining action points towards effective implementation of the Selectivity Module.	Letter from CRM (DOC) confirming completion of the risk profiling exercise, with an attachment of a report which contains (i) the methodology on the risk profiling; (ii) adjustments to be made to the identified risk profiles for programming into ASYCUDA World Selectivity Module; and (iii) any remaining action points.	The exercise, supported by International Finance Corporation's technical assistance, comprehensively studies the 2010-2015 import data to map the risk levels of traders, commodities and agents.

Policy Action	Evidence of Compliance	Notes on the Policy Actions
<i>The government reviewed the current DOC organizational structure and formulated a realignment plan for improved customs procedures. Policy action includes:</i>		
(1-8) The government (i) formed the 'restructuring' committee, with participation from the Ministry of General Administration and the MOF to review the existing DOC organogram and proposed phased realignment plan to adopt risk-based approach to customs clearance, and (ii) submitted through the committee the phased realignment plan for MOF approval.	Copy of the committee's report with recommendations which has been submitted to MOF for approval, certified by CRM (DOC).	The proposed realignment will be an interim proposal, noting that the Government of Nepal's pending and imminent decision on federal structure and its implication for the customs operations will affect the findings and recommendations of the proposal.
<i>The government will have conducted a training need assessment for a capacity development plan for effective and sustainable trade facilitation. Policy actions include:</i>		
(1-9) The government conducted a gap analysis and training needs assessment focusing on the six trade facilitation strategic priorities, as well as the related areas of procurement, accounting, integrity, and automation.	Copy of gap analysis and training need assessment report, certified by CRM (DOC).	
(1-10) The government completed competency mapping to identify a pool of experts to address the gaps under (1-9).	Copy of a mapping report, certified by CRM (DOC).	DOC officials, retirees and other ex-DOC officials will comprise the pool of experts on customs technical areas. External experts may be included in the pool of experts in other cross cutting areas.



## ANNEX II - Evidence of Compliance with the Policy Matrix (Tranche 2)

[Note: Agreed in negotiation.]

Policy Action	Evidence of Compliance <sup>a</sup>	Notes on the Policy Actions
<b>Second Tranche Policy Actions (Q3 2017–Q3 2019)</b>		
<i>To promote international trade, the government will have proposed a legislative amendment on trade facilitation for approval in line with international standards. Policy actions include:</i>		
(2-1) The government will have achieved the CRMSAP 2017-2021 implementation milestones to enable risk-based customs clearance.	Letter from Revenue Management Division (MOF) stating that the government has achieved the CRMSAP 2017-2021 implementation milestones.	The CRMSAP 2017-2021 implementation milestones are listed in the Supplementary Linked Document, Policy Action (2-1): The CRMSAP 2017-2021 implementation milestones.
(2-2) The proposed legislative amendments to comply with the General Annex of RKC extended to cover the customs-related WTO TFA measures on the six trade facilitation strategic priorities will have been submitted to Cabinet.	Copy of the proposed legislative amendments, certified by Revenue Management Division (MOF), as having been submitted to Cabinet.	For details of the legal amendments to be included in this policy action, see notes under Policy Action (1-3).
(2-3) The government will have (i) drafted an amendment to the Customs legislations to comply with customs-related WTO TFA measures and related international standards in particular those concerning CPEI based on the completed legal gap analysis, and (ii) circulated the draft amendment to CNTFC for consultation.	Copy of the draft legislative amendment, and list of stakeholders consulted, each certified by CRM (DOC).	For details of the draft legal amendments to be included in this policy action, see notes under Policy Action (1-4).
(2-4) The government will have consulted with trade-related organizations on the adoption of the TIR convention.	Letter from CRM (DOC) stating the names of the trade-related organizations with which it consulted.	The trade-related organizations are: the Federation of Nepalese Chambers of Commerce and Industry, the Confederation of Nepalese Industries, Nepal Chamber of Commerce, and Nepal Freight Forwarders Association.
<i>To reduce costs of international trade, the government will have made further progress in adopting efficient clearance processes, implementing electronic-based customs management system and converting its operation to a risk-based approach. Policy actions include:</i>		
(2-5) The government will have (i) developed declaration processing steps within the scope of the ASYCUDA World, and (ii) pilot tested the reengineered declaration processing steps at three sites.	Report on the developed Declaration Processing Path, certified by CRM (DOC); and letter from CRM (DOC) stating that the Reengineered Processing Path was pilot tested at three sites.	The three sites are those with the longest experience of ASYCUDA World pilot, which are Birgunj, Mechi, and Sirsiya Dry Port. See notes under the Policy Action (1-6).

Policy Action	Evidence of Compliance <sup>a</sup>	Notes on the Policy Actions
(2-6) The government will have (i) adopted a comprehensive implementation plan for the ASYCUDA World, and its functionalities, and (ii) extended the ASYCUDA World's automated customs processing to the 10 highest revenue-yielding customs offices with the functionalities specified in the implementation plan.	Copy of the implementation plan for ASYCUDA World, certified by CRM (DOC); and letter from CRM (DOC) stating that the implementation plan has been adopted and that the automated customs processing was extended to the 10 Customs offices.	<ul style="list-style-type: none"> <li>- ASYCUDA World Functionalities are to include those required to implement the six trade facilitation strategic priorities. See notes under the Policy Action (1-3) on the six priorities.</li> <li>- The 10 highest revenue-yielding customs offices together collect over 95% of the total customs-related revenues annually.</li> </ul>
(2-7) The government will have adopted a risk management framework and a risk management standard operating procedure, based on the analyses of risk profiling (1-7), to integrate risk management into the customs clearance procedures.	Copy of the Risk Management Framework report and Risk Management Standard Operating Procedure, certified by CRM (DOC); and letter from CRM (DOC) stating that they have been adopted.	The Framework integrates the six key trade facilitation priorities and related customs procedures under the umbrella of risk management.
<i>The government will have reorganized DOC for effective and sustainable trade facilitation; Policy action include:</i>		
(2-8) The government will have completed the initial phase of the phased realignment plan to be in line with the task requirements of the six trade facilitation strategic priorities, which will include establishment of a dedicated risk management section in DOC.	Letter from CRM (DOC) certifying that (i) the initial phase realignment has been completed; and (ii) Risk Management Section in DOC, headed by a Director, was established and briefly describing how the section is organized.	
<i>The government will have institutionalized the capacity development plan. Policy actions include:</i>		
(2-9) Based on the completed gap analysis and training needs assessment, the government will have (i) formulated a capacity development plan to address the needs identified in the assessment under Policy Action (1-9), (ii) endorsed the training plan for the respective DOC unit, (iii) developed training modules on the six trade facilitation strategic priorities as well as the related areas of procurement, accounting, integrity, and automation, and (iv) commenced implementation of the plans.	Copies of the capacity development plan, training plan, and training modules, each certified by CRM (DOC); and a letter from CRM (DOC) stating that implementation of the plans commenced.	The training modules will be minimum of 10 (6 for each of the trade facilitation priorities and 4 for each of the related areas).

Policy Action	Evidence of Compliance <sup>a</sup>	Notes on the Policy Actions
(2-10) The government will have formulated and commenced implementation of the “pool of expert” scheme.	Copies of the “pool of expert” scheme report, certified by CRM (DOC); and letter from CRM (DOC) stating that the “pool of expert” scheme has been implemented.	See notes under Policy Action (1-10) for details on the pool of experts.

ASYCUDA = Automated Systems for Customs Data; BPR = Business Process Reengineering; CNTFC=Customs National Trade Facilitation Committee; CPEI = customs procedures with economic impact; CRM = Customs Reform and Modernization section; CRMSAP= Customs Reform and Modernization Strategies and Action Plan; DOC = Department of Customs; MOF = Ministry of Finance; RKC = Revised Kyoto Convention; TIR = Transport Internationaux Routier (International Road Transport); TFA = Trade Facilitation Agreement; TIR = Transports Internationaux Routiers (International Road Transport); WCO = World Customs Organization; WTO = World Trade Organization.

<sup>a</sup> Where the certifying authority is indicated as CRM (DOC), the document shall indicate the title of the official who approved the action described therein and the date of the approval. Where the certifying authority is indicated as Revenue Management Division (MOF), the document shall indicate the title of the official who approved the action described therein and the date of the approval.

## ANNEX III: An Outline of the Next Phase TA Scope Draft Priority List

[Note: Attached to the Fact Finding Mission Aide Memoire.]

### Scope of TA:

1. *Policy Actions Focusing on 6 TF Strategic Priorities Based on Tasks of Compliance Strategy for 2nd Tranche*
  2. *Remaining Relevant WTO TFA measures*
  3. *CRMSAP Relevant Activities*
  4. *Other Potential Areas*
1. ***Policy Actions focusing on 6 TF Strategic priorities and based on tasks of Compliance Strategy for 2nd Tranche***
    - Support improving legal framework in line with international standards
      - Tasks relating to study on gaps for 6 priority areas and RKC legal draft preparation
      - Task relating to gaps in WTO/TFA besides 6 TF strategic priority areas and drafting legal text
      - Developing necessary handbook, guidelines, procedures, notices to supplement the legislative texts
      - Developing SOP of key Customs procedures
      - Identify the CPEI gaps to implement the CPEI measures
      - Focus group discussion and stakeholders consultation
    - Automation triggering implementation of trade facilitation measures
      - AW evaluation and identification of functionalities to adopt from trade facilitation perspective
      - AW Roll out
      - BPR for DPP.
      - Network and system support.
      - Subsystem development support.
      - Focus group discussion and stakeholders consultation.
      - Support to DOC to conclude contract with UNCTAD beyond July 2017. (From GON resources).
      - Practical experience (study visit) to observe the legal framework (WTO/RKC) and its adoption in AW environment

- Support to strengthen RM Framework
  - Study and adopt RM framework.
  - SOP development.
  - Focus group discussion and stakeholders consultation.
  - Practical experience (study visit) to observe the Risk Management framework and its adoption in AW environment including capacity development
- Organization and development
  - Capacity Development Plan.
  - Training Modules
  - Training implementation. (Including Change management).
  - Focus group discussion and stakeholders consultation.

## 2. *Remaining Relevant WTO TFA Measures Besides 6 Trade Facilitation Strategic Priorities*

- Time Release Studies
- Customs related documents availability in web
- Effective operation of Client Service Center as per report submitted by expert
- Study on deferred Payment
- Study on Electronic Payment for Customs
- Study on preparation for implementing WTO TFA on Customs cooperation

## 3. *CRMSAP Relevant Activities*

- Tariff Review
- Integrity Plan
- Hardware replacement plan
- CBM - SOP development
- Uniform layout for Customs offices besides ICPs/ICDs

## 4. *Other Potential Areas*

- Mid-term Review of CRMSAP 2017-21. (Beyond July 2019)
- Review of Transit Treaty with reference to CTD automation and Electronic Cargo Tracking System (ECTC) in transit corridor
- Support to EXIM code implementation
- Support implementing SASEC Customs Subgroup national and subregional project

## **ANNEX IV - Milestones to be achieved in the CRMSAP 2017-2021**

[Note: EXTRACTS FROM THE CRMSAP 2017-2021 ANNEX 4: STRATEGIC ACTION PLAN - Related to Evidence of Compliance, Policy Action 2-1]

### **1. Trusted Traders Program (TTP)**

- Strategy 1: Expedited Legitimate Trade Facilitation
- Activity -1.3: Introduce Trusted Traders Program and plan Authorized Economic Operators (AEO)
- Action/Task - 1.3.1: Conduct study including review of international best practices. (a) form a study group with the Terms of Reference; and (b) conduct study (December 2018)

### **2. Advance Ruling**

- Strategy 1: Expedited Legitimate Trade Facilitation
- Activity -1.6: Develop and implement Advance Ruling
- Action/Task - 1.6.2: Amend existing legal provision for Advance Rulings on country of origin and commodity classification (July 2018)

### **3. Expedited Shipment**

- Strategy 1: Expedited Legitimate Trade Facilitation
- Activity -1.13: Execute expedited shipment
- Action/Task - 1.13.1: Study amendment of existing Customs Act and Customs Regulation to incorporate contemporary best practices with regard to Expedited shipment (December 2017)

### **4. Pre-arrival Processing**

- Strategy 3: Enhanced Customs Automation and Data Management
- Activity - 3.1: Improve NECAS (Nepal Customs Automation System)
- Action/Task - 3.1.1: Assess and extend NECAS functionality including for ... pre-arrival processing ... (July 2018)

### **5. Post-Clearance Audit (PCA)**

- CRMSAP Strategy 7: Fair and Accurate Revenue Collection
- Activity -7.10. Establish PCA units at main Customs offices under the central PCA office
- Action/Task - 7.10.1. Establish/operate PCA Units at Customs (December 2017)

## **6. Risk Management**

- CRMSAP Strategy 9: Advanced Risk Management
- Activity - 9.4: Establish the principles of Risk Management across Customs with particular emphasis on cargo clearance.
- Action/Task - 9.4.1: Establish selectivity indicators and criteria (July 2018)



## ANNEX V: Appendix - B: Action Plan (WTO TFA and International Standards)

[Note: Agreed and instructed by Revenue Management Division to commence implementation under Tranche 1.]

Activities	Months/Year																										
	May-17	June -17	July - December 2017						January - June 2018						July -December 2018						January - June 2019						Jun - Sep 2019
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6	
Prepare policy submission document.																											
Submission to MOF for approval																											
Submission to ADB for 1s tranche compliance																											
Gap Analysis of the Customs related WTO TFA measures																											
Legal Draft text for the appropriate WTO TFA measures																											
Conduct Stakeholders consultation on the proposed amendments.																											
Conduct Gap Analysis of International standards and measures covering but not limited to appropriate Specific Annex of RKC, TIR Convention, WCO Immediate Release Guidelines and identify the appropriate standards that benefits for Nepal.																											
Draft the legal text to comply with those necessary to include in the Customs legislation.																											
Conduct Stakeholders consultation on the proposed amendments.																											
Map the appropriate provisions aim to develop Customs Procedure with Economic Impacts (CPEIs) for exports promotion																											

[illegible]

## ANNEX VI: Business Process Reengineering Timeline

[Note: Extracted from approved proposal Revenue Management Division and issued instruction to conduct BPR.]

Activities	Timeline
Phase I: Scope setting	September 2017
Phase II: Field visits, data collection and process documentation	October – November 2017
Phase III: Process analysis and recommendations development with implementation guidelines and plan	December 2017 – February 2018
Phase IV: Implementation	March 2018 onwards – Pilot in selected sites

## ANNEX VII: ASYCUDA World Implementation Plan

[Note: Extracted from the Detail Evaluation Report certified by CRM]

### 1. Functional Implementation Plan

SN	Recommendation	Suggested Priority	Dependencies and Proposed Dates of Implementation
1	<b>Computerize entry and Exit Gates:</b> It is recommended that the entry and exit gates should be computerised and the operation of the ASYCUDA entry gate module should be devolved or to be linked to the operators system through web service, thereby eliminating the duplication of the entry and exit process. The gate system at Birgunj should be operated by Customs until it can be handed over to an operator.	High	None  June/July 2017
2	<b>Devolve Operation of Yard to Operator:</b> Wherever possible, the entire management of the Customs yard, from parking, stuffing, de-stuffing and temporary storage etc. should be devolved to the operator if today these functions are handled by the Customs.	Medium	None.  By Dec 2018
3	<b>Introduce E manifest at Dry Port:</b> At the Dry Port, UNCTAD should be invited to discuss with the operator, the reasons for the delay in introducing computerised manifest and developing web-services to electronically transfer these to Customs.	High	None  June to August 2017
4	<b>Operator to issue Exit Note when Customs Release is Authorised:</b> In the Dry Ports, upon receipt of the release message issued by the Customs system to the operator's system, the port operators should issue exit notes from their own systems but it will be necessary to verify these against the ASYCUDA system so that the exit notes can be properly controlled. Therefore, while developing web-service for this operation, these issues should be well taken care by the both, UNCTAD and Dry port operators (i.e. Birgunj, Biratnagar, Bhairahawa, Mechi etc.)	High	E Manifest should be in operation first.  By August 2017
5	<b>Temporary Storage Declaration:</b> It is recommended that a single item Temporary Storage declaration should be implemented based upon the ASYCUDA T1 declaration. (The declaration heading should be changed from Transit to Temporary Storage). This document is required whenever goods are taken to be stored in the storage shed. This TSD should be checked against the goods declared to the entry gate if applicable.	High	None  June To August 2017

6	<b>Off-line Preparation of SADs:</b> It is recommended that UNCTAD should be asked to produce a light version of a broker module that would function off-line and which would prepare declarations in SAD format with error checking.	Medium	None  By Dec 2018
7	<b>Broker Self-Assessment:</b> The broker should be allowed to self-assess the declaration so that he can see the assigned officer. This should not be undertaken before a nominated time of day, to allow the suspension or activation of officers to be undertaken.	Medium	Entry gate module should be operational  August 2017
8	<b>Separation of Documentary Check Function from Examination:</b> The documentary check function is recommended to be performed by separate officers who will check all red and yellow declarations (see examination of goods).	Medium	Increased green lane required so that spare resources are available and in line with corporate risk management philosophy  Jan to March 2018
9	<b>Outturn of 5 trucks per day at Birgunj:</b> It is recommended that at Birgunj, at least five trucks per day out of the proportion of red selected declarations, should be selected for a full outturn and the selection criteria should be adjusted so that the examination staff will have the time to deal with this work. This implies an increase in the green lane. More fully explained in Selectivity assessment document.	Medium	DOC to specify new red selection criteria and to increased green lane required so that spare resources are available  Jan to March 2018
10	<b>Hand-Held Tablets for Examination Staff:</b> Hand-held tablet devices should be issued to examiners so that they can input examination results to the Selectivity Control Page and re-rout and assess the declarations when the examination is complete. Alternatively, computer terminals that they can share, should be provided to them in an office very close to the yard where they examine the goods.	Medium	Only once the separation of functions from Documentary check is completed.  March 2018
11	<b>Assignment System:</b> The current assignment system designed by UNCTAD is not functioning properly and it is vital that this should be addressed ASAP.	High	Availability of suitable UNCTAD expertise June to August 2017
12	<b>Officer's Declaration Holdings:</b> It is recommended that officer's holdings are checked for old declarations that may be blocking the assignment of new declarations.	High	None DOC to undertake. June to August 2017
13	<b>Birgunj Groupage Team:</b> At Birgunj only one team is assigned to deal with the groupage consignments, which are offloaded to a greater extent than the FCL containers. This work should be spread between more teams but with one truck being dealt with by a single team.	Medium	UNCTAD fix of assignment module is required  September 2017

14	<b>System Auditing:</b> The system should be regularly audited to check for the following: That declaration amendments have all been completed in a proper and timely manner; That there are no registered declarations hanging in the system that have not been assessed; That there are no assessed declarations hanging unpaid in the system; If the above are found then the yard should be searched to find the unreleased goods, with the broker being contacted as is appropriate.	High	None  By Dec 2017
15	<b>User Defined Reports:</b> These are inadequate and need to be rapidly developed in collaboration with UNCTAD.	High	UNCTAD training required for DOC staff. By Dec 2017
16	<b>Query specialization:</b> Query should be limited to specialized officers and should be a transparent and supervised process.	High	None  By March 2018
17	<b>On-Line Query:</b> It is recommend that an on-line query module should be implemented by UNCTAD to enable queries to be dealt with on line.	Low	Query should become a specialised function first By July 2018
18	<b>Signed SAD Release Procedure:</b> It is recommended that the duplicate procedure of relying on the signed SAD should be abolished as soon as the regulations can be changed.	Medium	Regulations must be changed plus liaison with OGA's needed By Dec 2017
19	<b>Devolving the Exit Note to the Broker:</b> It is recommended that the production of the exit note should be devolved to the broker if there is no operator. The exit note could then be validated by the Customs exit gate as is the normal means of Customs exercising their authority.	Medium	Exit gate to be brought into operation first  By Dec 2017
20	<b>Valuation Recommendations:</b> i) It is recommended to request UNCTAD to see possibility to upload item-wise entries in the excel sheet which can be consolidated at HS code level while uploading the SAD in the system as a first step to build item-wise database for valuation and complying with the Finance Act provision to submit single entry as per invoice item.  ii) It is recommended that as a second step the valuation declaration should be abolished and the valuation information should instead be recorded to a separate SAD page, thereby ending the dual processing of both valuation declarations and SAD declarations.	Medium  Medium  Medium  Low	UNCTAD development required. Dec 2017  By Dec 2018  TSC codes must be built By Dec 2018

	<p>iii) It is recommended as a third step, that the valuation of high risk goods should eventually be carried out automatically by the ASYCUDA Valuation module.</p> <p>iv) As a fourth valuation reform and once TSC codes are in general use, the requirement to itemise all invoice lines on a declaration could be abolished except where a TSC code is required to be declared.</p>		Automatic valuation must be operational. By March 2019
21	<p><b>Valuation Databases:</b> It is recommended that efforts should be made to obtain and use valuation databases from other countries, which should be used to compare and check the department's database before loading the TSC codes.</p>	Medium	<p>None.</p> <p>By March 2018</p>
22	<p><b>Trade Facilitation Measures for Authorised Operators:</b> The ASYCUDA system may need enhancement to build more advanced trader profiles and may need new computer links to various carriers. Some slight programming changes to the SCP may also be needed to allow examination after release, in the trader's own premises.</p>	Low	<p>UNCTAD Development required By Dec 2018</p>
23	<p><b>Pre-Arrival Module:</b> It is recommended that the pre-arrival module should be implemented as soon as resources allow. This is within existing functionality but it is necessary that either the manifest or gate entry system should be in operational use at the port in question.</p>	High	<p>Gate entry module and manifest module should be in operation  By Sept 2017</p>
24	<p><b>Modernised DPP:</b> It is recommended that the DPP should be reformed, once the regulations and legislation have been amended, to significantly reduce the processing steps along the lines given in the above examples.</p>	Medium	<p>Incremental changes are possible Full completion by By Dec 2018</p>
25	<p><b>Partial Clearance Procedure:</b> It is recommended that one of the proposed options for the partial clearance procedure should be selected and also consider introducing warehouses for authorized operators.</p>	High	<p>None  By July 2017</p>
26	<p><b>CMR for Trucks:</b> It is recommended that for trucks containing goods destined to multiple consignees, a CMR or loading certificate, should be required and this should be prepared when the truck is loaded in the foreign country.</p>	Medium	<p>UNCTAD development required  By Dec 2017</p>



27	<b>Advanced Rulings:</b> A computer module to enable the broker to apply for and electronically receive and advanced ruling (before the introduction of the Single Window) should be developed either within ASYCUDA or as a sub-system to ASYCUDA.	Medium	UNCTAD development required  By June 2018
28	<b>Publishing Advanced Rulings on the System:</b> should be “published” on the system (with links to the tariff and country tables) so that both the broker and the officer could see the document from the ASYCUDA file.	High	UNCTAD development required  By June 2018

## 2. Technical Implementation Plan

SN	Activity	Priority	Timeline
1.	<b>Source Code Versioning System</b> <ul style="list-style-type: none"> <li>Define mechanism for DOC to track the changes carried out by the developer (UNCTAD).</li> <li>Define mechanism to verify the code and commit into master.</li> </ul>	High	Jun, 2017
2.	<b>System to track QA test cases</b> <ul style="list-style-type: none"> <li>Analyse, evaluate and deploy software that suits as test case management tool. (eg, Tarantula, testcube)</li> <li>Carry out functional tests for every new application release/ updates before implementing it to production system.</li> </ul>	High	Aug, 2017
3.	<b>Segregating teams</b> Technical team should be segregated based on their roles and responsibilities. Recommended teams are: <ul style="list-style-type: none"> <li>Network Admin Team</li> <li>System Admin Team</li> <li>Development Team</li> <li>QA Team</li> <li>Monitoring Team</li> <li>Support Team</li> </ul> Development Team and QA team, Monitoring and Support Team can be merged temporarily until sufficient man power is available.	High	Aug, 2017
4.	<b>Auditing</b> <ul style="list-style-type: none"> <li>Enable audit trails on database. (Details provided in Appendix 1 Technical Details)</li> <li>Enable audit on AW application. (Details provided in Appendix 1 Technical Details)</li> <li>Enable audit on Network systems, Servers and Operating Systems. (Details provided in Appendix 1 Technical Details)</li> </ul> Arrange to transmit audit logs to another system in DOC data center or GIDC securely and must configure strong access control with the limit number of user accounts that can modify audit log files.	High	Nov, 2017

5.	<b>Monitoring and Logging System</b> <ul style="list-style-type: none"> <li>Implement system to review and monitor real-time system, application and network status, and logging system to securely store and collect system generated logs and audit logs.</li> <li>Monitor AW application, system and service.</li> <li>Monitor network hardware status, connectivity uplinks, connectivity between customs offices and data traffic on all network interface.</li> <li>Monitor server system hardware, services status and resource utilization.</li> </ul>	High	Aug, 2017
6.	<b>Security and firewalls</b> <ul style="list-style-type: none"> <li>Identify and segregate resources to be used by public and internal, and implement them in multi-level DMZ.</li> <li>Activate intrusion detection and prevention (IDPS) systems, network behaviour anomaly detection (NBAD) systems</li> <li>Implement SSL for AW Web Portal and Customs Website.</li> <li>Update system security patches, remove un-necessary services and ports running, implement firewall, put system in monitoring, disallow super user access from remote and other security measures.</li> </ul>	High	Sep, 2017
7.	<b>Hardware replacement plan</b> <ul style="list-style-type: none"> <li>Prepare record of warranty and extended warranty period for all hardware that are being used. Lifespan of Hardware is usually equals warranty and extended warranty period.</li> <li>Identify and prepare inventory of devices/ modules that are vulnerable for frequent failures.</li> <li>Categorise hardware based on their usage as more the usage more vulnerable for failure.</li> </ul>	High	Aug, 2017
8.	<b>System and services backup</b> <ul style="list-style-type: none"> <li>Identify critical systems, services and data.</li> <li>Design optimal backup scheduling and retention policy to minimize Recovery Response Time. Multiplex backup copies to different geographic locations.</li> <li>Document, test and verify standby system for AW App Server, AW Database and AW Portal to avoid single point of failure so that they can be brought online with minimal effort.</li> <li>Design, test and document recovery procedure for disaster, failures, data corruptions, human errors, applications errors.</li> <li>Develop mechanism to validate backup integrity checks, and send status report to monitoring team after backup process completion.</li> </ul>	High	Sep, 2017
9.	Required to build system to track vendor agreement which should be capable to record vendor contact details, type of equipment and software purchased and support expiration date.	High	Oct, 2017

10.	<b>In-House Wiki System</b> <ul style="list-style-type: none"> <li>Analyse and evaluate software that suits DOC to use as Wiki System or existing Redmine system can be reused.</li> <li>Define groups or individual access that can access shared information.</li> <li>Maintain technical implementation and administration documentation.</li> <li>Maintain users guides and manuals</li> </ul>	Medium	Jan, 2018
11.	<b>In-House Ticketing System</b> <ul style="list-style-type: none"> <li>Define and finalise process flow for functional, technical and UNCTAD support.</li> <li>Define support levels and arrange groups of officers for the ticket assignment.</li> <li>Analyse, evaluate and deploy software that suits as ticketing system ( develop or use paid (JIRA)/ open source ticketing system – Redmine or others).</li> </ul>	Medium	Jan, 2018
12.	<b>Refine High Availability Architecture and System Scalability Plans</b> <ul style="list-style-type: none"> <li>Explore hardware level possibilities to horizontally scale application server and implement.</li> <li>Automate failover recovery to redundant system for storage, database and application server with minimal manual intervention.</li> </ul>	Medium	Sep, 2018
13.	<b>VPN implementation for AW client access</b> <ul style="list-style-type: none"> <li>Configure active directory for VPN authentication with strong password policy.</li> <li>Implement strongest possible encryption method and authentication method .</li> <li>Implement VPN Quarantine.</li> </ul>	Medium	Nov, 2018
14.	Define schema and design web services for exchange rate automation with the central bank, Nepal Rastra Bank (NRB).	Medium	Aug, 2018

## ANNEX VIII: Selectivity Exercise programing into AW timetable

[Note: Extracted from the Risk Profiling Exercise Report certified by CRM.]

The following list of activities are those necessary to first integrate the IFC data to the ASYCUDA System and then subsequently to build a more effective risk management system. Also listed are those activities necessary to build the ASYCUDA valuation system so that the computer will automatically check the value of high-risk commodities. The activities are phased over the next two years.

- **Blue** = Build, test and improve selectivity criteria based upon IFC Study data
- **White** = Add other selectivity criteria.
- **Yellow** = Build and test valuation system.

Sequence	Activity	Responsibility	Action	Dates
1.	Build list and rule for Top 100 traders.	DOC IT section	Rule and list loaded to AW	April 2017
2.	Build List and rule for "Below average revenue collected for footwear and garments"	Ditto	Ditto	April 2017
3.	Add top footwear traders to list of Top 100 companies	RMT	Ditto	April 2017
4.	Build list and rule for non-compliant Agents.	Ditto	Ditto	April 2017
5.	RMT to analyse AW statistics for penalties applied to agents and top 100 importers.	RMT	RMT to move some traders to other, more appropriate, lists	May to Nov 2017
6.	DOC to Monitor inspection acts and Selectivity Control Pages (exam results relating to out-turned containers) for results of above selection.	RMT	RMT to move some traders to other, more appropriate, lists	May to Nov 2017
7.	Create trusted trader list and rule	DOC IT section	Rule and list loaded	Nov 2017
8.	RMT to Analyse remaining Top Traders for solvency, record keeping and known premises and move them to Trusted Trader list if appropriate	RMT		Nov and Dec 2017
9.	DOC to determine policy for control of trusted traders and to prepare SOP.		New procedures implemented for trusted traders	January 2018
10.	Selectivity control over countries to be introduced	RMT	HR and MR countries loaded to a rule.	June 2017
11.	Selectivity control over uneconomic consignments to be introduced.	RMT	New selectivity rule introduced	June 2017

12.	Selectivity Control over new Companies to be introduced	RMT	Rule input to control new companies for six months	July 2017
13.	Selectivity control over procedures to be implemented	RMT	Control over guarantees, exemptions and deposits.	July 2017
14.	Analysis of low value import consignments. To be employed in determining out-turn examinations, once program to identify top 100 trusted traders is completed.	RMT	List of traders importing low value consignments	Feb to March 2008
15.	Control over low value goods to be Introduced (out-turn examination of low value goods containers)	Examination staff/RMT	Trained to conduct examinations	March 2018
16.	Analysis of inappropriate goods being imported – business style found in Inland Revenue records.	RMT	Traders identified	April 2018
17.	Examination control over inappropriate goods	Examiners/RMT		June 2018
18.	Provide training and assistance to RMT	ADB consultant		July 2017 to June 2018
19.	Valuation Control to be implemented Build TSC codes	Valuation teams	TSC codes built using PC valuation list	July 2017 to May 2018
20.	Training for valuation team	ADB consultant	Hands-on support given	July 2017
21.	Adapt system to combine SAD and valuation declaration.	UNCTAD	Integrated declaration produced	May to June 2017
22.	Pilot test above			July 2017
23.	Prepare valuation SOPs for HQ and local office.	ADB consultant /DOC		Aug 2017
24.	Release initial test commodities for automatic valuation control	DOC		Sept 2017
25.	Release more commodities for automatic valuation control	DOC		Nov 2017

## ANNEX IX: Phased Realignment Plan Timetable

[Note: Extracted from the Appendix IV of the O & M Survey.]

SN	Activities	Time Frame (Year)											
		2016/17		2017/18				2018/19		2019 to 2021			
		Initial Phase								First Phase		Second Phase	
		Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	July - June	
A. INITIAL PHASE (January 2017 – September 2018)													
1.	Form "O&M Survey" Committee with representatives from MOGA and MOF for DOC Organizational to review the existing DOC organogram and proposed phased realignment plan.	+ Mar 2017											
2.	Review DOC organogram to improve Customs reform process.	<<< + Mar 2017	+ May 2017										
3.	Prepare DOC "O&M Survey" Committee Report with an attachment of "Realignment Plan Report" in Appendix.		+ Jun 2017										
4.	Approve "O&M Survey" Committee Report with Realignment Plan Report by the "O&M Survey" Committee"		+ Jun 2017										
5.	Submit DOC "O&M Survey" Committee Report with Realignment Plan Report as an Appendix to the MOF for approval by the "O&M Survey" Committee		+ Jun 2017										
6.	Certify the Realignment Plan Report as an ANNEX of "Brief O&M Survey Committee" Report by the CRM Section and submit to ADB.		+ Jun 2017										

SN	Activities	Time Frame (Year)													
		2016 /17		2017 /18				2018 /19		2019 to 2021					
		Initial Phase										First Phase		Second Phase	
		Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	July - June			
7.	Conduct the study of the implications on the Federal restructuring on DOC through an internal task force to provide base to conduct the "Comprehensive O&M Survey".			<<	+ Dec 2017										
8.	Conduct a "Comprehensive O&M Survey" on restructuring of DOC by adopting recommendations of the "O&M Survey" Committee" Report and in line with the Government of Nepal overall Federal Restructure Policy.				>>>	>>>	>>>	>>>	+ Sep 2018						
9.	Establish Risk Management Section and Compliance Management Unit with necessary staffs in Department of Customs Headquarter.								+ Sep 2018						
B. FIRST PHASE (October 2018 – March 2019)															
1.	Set up Procurement Unit with necessary staff, including Procurement Expert.								+ Dec 2018						
2.	Set up an organizational structure at one major Customs office to pilot pre-arrival processing, as the first step to roll it out in 9 additional major field Customs offices in a phased manner, where ASYCUDA World has been implemented.										+ Mar 2019				
3.	Form Advance Ruling Committee with necessary staff.										+ Mar 2019				



SN	Activities	Time Frame (Year)												
		2016 /17		2017 /18				2018 /19		2019 to 2021				
		Initial Phase								First Phase		Second Phase		
		Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	July - June		
C. SECOND PHASE (April 2019 – June 2021)														
1.	Assess readiness of the organization structure to adopt WTO TFA Priority areas including IT organization structure.												+ Jun 2019	
2.	Form risk-based Clearance Monitoring Unit in the Monitoring Section and initiate parallel online monitoring of goods declared in the 10 major field Customs offices where ASYCUDA World has been applied.												<<<<	+ Jun 2021
3.	Implement 10% initially full Post Clearance Audit of the declarations cleared through the green, yellow and blue channels.												<<<<	+ Jun 2021
4.	Set up organization structure to initiate activities for the facilitation of AO/Trusted Traders (Program) and evaluate Customs field office impact.												<<<<	+ Jun 2021
5.	Set up organization structure to initiate expedited shipment process and evaluate field office impact.												<<<<	+ Jun 2021
6.	Continue refinement of organizational restructure according to the implications of the WTO trade facilitation priority areas													+ Jun 2021
7.	Evaluate organizational structure implications of a complete Integrity review.													+ Jun 2021

## **ANNEX X: Next Steps in Training Need Assessment.**

[Extracted from the Training Need Assessment Report.]

The proposed next steps to implement the capacity gap analysis and training need assessment are as follows:

- (i) Formulate capacity development plan based upon individual assessment of the training need and as recommended in Section 4 above in each of the ten identified priority areas in the PBL T1-9 focusing on hands on in-house training and practical case-studies;
- (ii) Design a training program and training manuals for each of the 10 priority areas, as well as any other as deemed necessary in the capacity development plan (step (i) above);
- (iii) A separate training unit/section (or HR development section with specific training functions) should be established at DOC with a dedicated training unit/training manager supported by a training unit in each major Customs offices to be responsible to carry out all training programs as targeted in capacity development plan;
- (iv) Nominations for overseas training/workshops should aim to lead to efficient capacity development and support "pool of expert" scheme by developing appropriate directives.
- (v) Action to be taken to rationalize the existing rotation policy and form a separate customs service group as per MOF Policy to consider how that policy is hampering capacity development, staff development and service delivery in customs administration.
- (vi) Use the Annex 2.11 matrix, which enables quantitative assessment of training numbers in the various priority areas mentioned in the narrative above.

## **ANNEX XI: Next Steps in Pool of Expert**

[Extracted from the Pool of Experts Report.]

The proposed next steps to design the Pool of Expert scheme are as follows:

- (i) The MOF to form a committee composed of officials from Revenue Management Division of Ministry of Finance, Department of Customs and Revenue Administration Training Center. The Committee's TOR will include to design the pool of expert scheme and its operation manuals, and also prepare a draft roster of experts that may include existing DOC staff, ex- customs officials, retirees from customs and from outside organizations for cross cutting areas, if any.
- (ii) DOC to establish the pool of expert accreditation mechanisms, as part of the design, and with assistance from WCO.
- (iii) DOC to formulate a roster of potential pool of experts, who will go through a TOT Program.
- (iv) DOC to develop computer software to capture inventory of the training need, training conducted, participants, pool of experts, potential pool of experts.
- (v) DOC to formalize the collaboration with FCGO, PPMO and NACS on provision of experts under the pool of expert scheme (e.g. MOU).
- (vi) DOC to initiate a phased launch of the pool of expert scheme by completing (i) – (iv) and commence utilization of the experts registered in the pool, with the initial phase (by the second tranche release of July 2019) consisting of risk management, PCA, automation, governance and integrity, procurement, and accounting -- the priority areas for which this mapping exercise has identified existence of experts. [Note: Other areas closely related to the priorities and where experts have been identified -- tariff classification, valuation, Customs Procedure -- may be considered for the second phase]

SASEC CRM for TF: IMPLEMENTATION SCHEDULE													
Task		2013											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HPI Output 1: Legal and regulatory frameworks aligned with international standards													
Project 1: Harmonized Policy Frameworks for Trade Facilitation and JAT													
Task 1: Designate Thematic Task Force -2 (Legal)													
Task 2: Constitute and intergovernmental committee to review, revise and finalise the draft to address 30 identified Gaps in RVC General Annex													
Task 3: Constitute an intergovernmental committee to review, revise and finalise the draft for 6 priority areas													
Advance Ruling													
Pre-arrival processing													
Risk Management													
Post Clearance Audit													
TF Measures for AEO													
Expedited Shipment													
Task 4: Assess the infrastructure requirements to implement WTO TFA6 priority measures													
Task 5: Submit the proposal to Cabinet for approval													
Task 6: Obtain the letter from MOF certifying the submission of proposal to the Cabinet													
Task 7: Submit the draft ACT to Parliament													
Task 8: Prepare necessary evidence of compliance documents													
Task 9: Prepare a concept paper and detailed TOR and work plan to develop manuals, SOPs and associated tools for 6 priority areas													
Project 2: Gap analysis on the Customs related WTO TFA													
Task 1: Designate Thematic Task Force -2 (Legal)													
Task 2: Conduct legal gap analysis of remaining 31 measures													
Task 3: Formulate legal text for the identified gaps													
Task 4: Conduct Focused group discussion on the identified gaps													
Task 5: Conduct stakeholder consultation on the proposed legal text													
Task 6: Improve draft legal text.													
Task 7: Constitute an intergovernmental committee and review and approve the legal text													
Task 8: Finalize the legal text													
Task 9: Prepare necessary evidence of compliance documents													
Task 10: Transform the legal text in Government of Nepal format and send to MOF for review.													
Task 11: Submit the legal text to Cabinet													
Task 12: Submit the legal text to the Parliament													
Task 13: Review documents required for import and export (CRMSAP 1.2)													
Conduct detailed study of all necessary Customs documents													
Prepare the Board action plan to achieve document													
Prepare legislative draft to reduce document requirements													
Submit proposal to MOF for revision in legislation													
Submit legislative draft to cabinet													
Task 14: Study deferred payment system (CRMSAP 1.4)													
Conduct prefeasibility study on deferred payments													
Review legislation for introduction of deferred payment system													
		2014											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Task 1: Designate Thematic Task Force -2 (Legal)													
Task 2: Constitute and intergovernmental committee to review, revise and finalise the draft to address 30 identified Gaps in RVC General Annex													
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Review legislation for introduction of deferred payment system													
		2015											
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**DS: Desk Support**

Customs Reform and Modernization for Trade Facilitation Program Overview (ADB support)			
Guiding Documents	National Development Plan, Trade Policy, Nepal Trade Integration Strategy, Operational Plan		
Impact of program is aligned with	Nepal's exports expanded and export competitiveness increased (The Fourteenth Plan, FY2017– FY2019; Nepal Trade Integration Strategy 2016)		
Program Intervention	Outcome	Legitimate trade's access to simplified, harmonized and modernized trade processes increased.	
		Performance indicators with targets and base lines:	
		a	At least 70% of the total cleared in Green Lane (2016 Base line 22%)
		b	90% of the total number of Customs declarations processed by ASYCUDA World. (2016 Base line 6%)
		c	Average Cargo Clearance time recorded in the TRS decreased by 30%. (2016 TRS Baseline: Export 11h49m, Import 18h54m.
Program Intervention	Output	d	An overall score of 1.3 on OECD TFI's attained. (2015 baseline 0.8 out of 2.0)
		1.	National policy and legal framework for trade facilitation improved
		2.	Customs procedures improved
		3.	DOC organizational structure strengthened
		4.	DOC's capacity enhanced
Program Intervention	Policy Matrix	Policy Actions relating to National Policy and Legal reform	
		Policy Reform: CRMSAP Formulation, Instrument of Accession WTO TFA/RKC and CRMSAP Milestone implementation. (Policy Matrix 1-1, 1-2, 2-1)	Legal Reform: Legal draft for RKC GA extended to 6 TFA areas (Policy Matrix (1-3 and 2-2), WTO TFA and other int. standards (Policy Matrix 1-4, 2-3 and 2-4).
		WTO TFA strategic priorities : Risk Management, Post Clearance Audit, Advance Ruling, Trusted Traders Program, Pre-arrival processing, Expedited Shipment.	
		Policy Actions relating to Automation and Organization Development	
		Procedure reform: BPR, Automation and Risk Management (Policy Matrix 1-5, 2-5, 1-6, 2-6, 1-7 and 2-7)	Institution strengthening: Organization restructuring (Policy Matrix 1-8, 2-8) Capacity development: Training Need Assessment and Pool of Experts Scheme (Policy Matrix 1-9, 2-9, 1-10, 2-10)
Implementation Monitoring Evaluation	Implementation Monitoring Evaluation	Steering Committee (Chair by DG, DOC - DOC Directors, MOF, MOC, MOI, invitees - NCTFC, ADB)	
		Program Implementation Framework led by Deputy Director General	
		Thematic Task Force for Policy Matrix Implementation (1) CRM, (2) Legal, (3) Automation, (4) Risk Management, and (5) Organization and Capacity development.	

