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Why Regional Cooperation is relevant and why Regional Integration is necessary – An ICT perspective

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About the World Bank

- One of the world's largest providers of financial support and technical assistance for developing countries – IBRD/IDA
- Bank + International organization (UN system) - Owned by its 185 members/shareholders – 10,000 staff in 100+ countries
- In 2008 - $ 24.7 billion in loans and grants
- Bank financing - Country implementation - Demand driven
- Focus on global poverty reduction – Trade an engine for economic growth
- Financed 120 Customs projects in last 20 years
- Current Customs portfolio of $449 million plus $91 million in the pipeline

New Bank Developments

- The WB is ramping up its trade facilitation work program – research, diagnostics, technical assistance and projects
- The WB is working closely with other organisations such as the IMF, WTO, UNCTAD and WCO with trade facilitation reforms resulting in two major initiatives:
  - The Global Facilitation Partnership for Transportation and Trade (www.gfptt.org) and
  - The Trade Facilitation Negotiations support Project (TFNSP)
- The WB continues to develop knowledge and analytical tools in the form of economic research and the production of vision state and toolkits including:
  - The Logistics Performance Index (LPI) and component indicators
  - Preparing a new book "Border Management Modernisation: A Guide for Reformers" will be released in mid 2009
  - A new Trade Facilitation Facility

What is the value of Regional Cooperation/Integration

The value is in Operational Convergence and this can be achieved through the correct use of

- Governance
- Stakeholder Engagement
- Training and
- ICT

What is the Vision State for Regional Cooperation/Integration

- Is the aim to deliver regulatory and trade facilitation services, providing for efficient, effective and interoperable information and communication systems between supply chain partners, including between their front and back offices, in order to exchange and process information across the region in a secure manner?

What would the Vision State look like?

- the collection and the repayment/remission of duties and taxes are, in principle, be handled by the customs office responsible for the place where the importer/exporter is established and keeps his customs records;
- traders have access to an information portal and single electronic access points for import and export transactions, irrespective of the regional country in which the transaction starts or ends;
- Authorised Economic Operators are granted regional reciprocity of treatment (i.e. have only to register in one country) for customs purposes, even if they perform customs transactions in other regional countries;
- all economic operators can lodge their customs declarations in electronic form from their premises, irrespective of the regional country in which the goods are entering into or leaving the region;
- all regulatory authorities and agencies involved in import and export transactions are enabled to exchange electronic information. Customs will function as the lead agency for the Single Window. All physical controls would be carried out at the same time and at the same place (i.e. across agency one-stop shop);

What would the Vision State look like?

- the selection of goods for customs controls at border and inland customs offices is based on automated risk analysis using inter-agency regional and national criteria;
- all existing reference data (e.g. Tariff, origin rules, valuation data etc.) and future computerised customs systems developments will be based on an integrated and interoperable architecture; and
- electronic data exchange between customs offices is possible throughout the region where required for any customs procedure or any other purpose related to the movement of goods across regional borders.

What is the role of ICT

ICT systems are required to make customs clearance more efficient, to serve fiscal interests, to reduce administrative burdens, to combat fraud, to protect intellectual property and cultural heritage, to increase the safety of goods and the security of international trade, and to enhance health and environmental protection.

Regional interoperability needs to be assured to allow for a seamless flow of data between export, import and transit countries.

Multiple versus centralised declaration processing systems

Option 1 Single Centralized System for Regional and national data	
Benefits	• All the instances for the various countries are installed at one central site. • A single Operations Centre could then provide a centralized operations service to all the member countries. • Homogenous implementation of common legislation • Single system specifications and operating guidelines could be available on-line throughout the region (uniformity) • Guaranteed same quality of services throughout the region
Constraints/Risks	• Countries may feel their data is more secure under their own management. • Dependency on reliable telecoms connections with sufficient bandwidth • A Single (Centralised) Regional Operations Centre needs to be a politically neutral site and should be operated by a Trusted Neutral entity. • This needs to be supported by a strong political choice rather than a technical choice alone to overcome possible operations obstacles. • Specific Customs business and technical knowledge for each country may differ and a substantial training programme would need to accompany the harmonization exercise.
Costs	• A common standard technical infrastructure would be the most cost efficient solution.

Multiple versus centralised declaration processing systems

Option 2	Common National Platforms per Country with a Single Regional Operations Centre for Regional Reference Data
Benefits	Interconnectivity with each of the national and regional systems would be assured through a homogenous technical architecture •A Regional Operations Centre would provide a common repository and dissemination point for all of the commonly agreed legislation and procedural solutions. •Regional Management would be better equipped for a) regional trade, b) external tariff management and c) national self determination of revenue collections. •Traders would only have to use one system or interface to only one system •The software development approach could be built on the best practices of the international Customs business domain using fresh technology building blocks and based on an open standards (e.g. Services Orientated Architecture) technical platform. •A common maintenance and operations support could be provided by a regional technical centre
Constraints/Risks	Each country would need to build and manage its own National Operations Centre in a location within each country. •Agreement would need to be reached on the capture, maintenance and dissemination of regional reference data. •A separate consideration could be for Region to outsource the contract the establishment of a Regional Operations Centre for the Regional Reference Systems.
Costs	Significant economies of scale could be achieved in terms of cost to develop and maintain a common standard system and in terms of development and operations efforts •Infrastructure and equipment can be made homogenous and development and operation costs can be made more efficient. •A standard approach to operational support can be assured.

Multiple versus centralised declaration processing systems

Option 3	Disparate National Platforms with a Single Regional Operations Centre for Regional Reference Data
Benefits	• A Regional Operations Centre would provide a common repository and dissemination point for all of the commonly agreed legislation and procedures • Single source and guaranteed correctness of common information (tariff, quotas etc.)
Constraints/Risks	• Consistent interconnectivity from the Regional Operations Centre to the National Operations Centres might be technically feasible but interconnectivity between the National Operations Centres might be difficult to achieve. • Attempts to integrate a mixed solution landscape will a) be technically difficult and cumbersome to achieve, b) require a significant integration effort, c) have a large cost and time implication in terms of both development and maintenance effort. • Regional management will continue to be cumbersome in terms of data exchange and revenue sharing • Common Traders (who trade for more than one country) will have to interface and use separate systems • Governance mechanism required for regional data management.
Costs	• Cost saving for centralized regional reference data • Expensive infrastructure and equipment must be repeated for each country due to the disparate nature of the heterogenous technical environments and the limitations of some of the application architectures • Expensive operational and maintenance teams must be duplicated by each country in areas that remain decentralised.

Multiple versus centralised declaration processing systems

•Option 4 Disparate National systems without Regional Reference Systems	
Benefits	Geared to purely national requirements of limited functionality
Constraints/Risks	Regional cooperation very difficult due to compatibility problems •Repetition of information in each country instead of replication and central repository •No uniform implementation of common regional policies •Continuance of the status quo will not further the mandate of regional integration and will inhibit the extension and functioning of the Customs Union.
Costs	High development costs as each country needs to develop its own system and no economies of scale can be achieved •High maintenance costs as tasks will be different from one country to another

What is the best Option?

- The usefulness of a single regional system should be determined to a large extent by the degree of integration of the region and political will of the members.
- A modular approach to achieving the same result as 1 above would be to establish a common set of national platforms with interconnection to a set of regional reference data. The functionality of each common platform should include the validation requirements for import, export, transit, warehousing, accountancy, guarantee management, manifest handling, treasury functions, trade statistics, etc. The features of such a modular approach could include;
  - Any installations serving multiple countries should be deployed in such a way as to ensure that the data of any country is secure and only accessible to the officials of that country.
  - a central suite of reference data being set-up, such as external customs tariff, classification and value information, origin certificates, reference material (stamps, office list) and transit guarantee management etc.
  - The deployed solution should be enabled to permit extensive remote (but close proximity) and timely operations support.
  - The solution should be configurable from a small installation to a very large installation. Business continuity must be assured with the solution being to allow for and utilize a load balanced infrastructure.

For further information:

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