Cabinet du Vice-président de l'Organisation Mondiale des Douanes pour la Région de l'Afrique Occidentale et Centrale

Office of the Vice-Chair of the World Customs Organization for the West and Central Africa Region

PROJECT FOR THE DEVELOPMENT AND IMPLEMENTATION OF A REGIONAL PROGRAM OF AUTHORIZED ECONOMIC OPERATORS (AEO)

Acronyms

MRA	Mutual Recognition Agreement
BRLR	Regional Intelligence and Liaison Office
ROCB	Regional Office for Capacity Building
ECOWAS	Economic Community of West African States
ECCAS	Economic Community of Central African States
CEMAC	Economic and Monetary Community of Central African Sates
RECs	Regional Economic Communities
RKC	Revised Kyoto Convention
RTC	Regional Training Center
RSGP	Regional Steering Group of the Program
OECD	Organization for Economic Co-operation and Development
AEO	Authorized Economic Operator
WTO	World Trade Organization
WCO-WCA	World Customs Organization Region for West and Central Africa
DRC	Democratic Republic of Congo
WAEMU	Western African Economic and Monetary Union

1. Background

The World Customs Organization Region for West and Central Africa (WCO-WCA) is one of the six Regions of WCO. It comprises twenty-three countries[1] for a population of about 400 million inhabitants spread over a total area of approximately 12,756,856 km2 and grouped in four regional economic communities: ECOWAS, ECCAS, WAEMU and CEMAC.

Trade between the countries of this region remains very low, like the rest of the continent (11% of intra-African trade in 2011 according to the OECD), which is not conducive to the growth and the development of the region. Moreover, almost all of these countries occupy the bottom ranks (between 138 and 187 out of 189) in the World Bank's 2015 Doing Business ranking.

Nowadays, in addition to their traditional mission of collecting public revenues, Customs administrations in the WCO-WCA Region are called upon to make a significant contribution to the preservation of security as well as to the economic competitiveness and development of their countries through implementation of trade facilitation measures, by applying international standards, including those set out in the revised Kyoto Convention (RKC), the SAFE Framework of Standards, and the WTO Agreement on Trade Facilitation.

For this purpose, Customs Administrations of the Region, within the framework of the WCO Columbus Program, are engaged in strategic planning and driving reforms in line with the 2013-2017 Regional Strategic Plan. The development of partnership with the private sector is one of the priority areas of these reforms, which aim, among others, at setting up the AEO programs with mutual recognition arrangements.

While many countries in the WCO-WCA region are implementing various forms of partnership with the private sector, it is clear that the implementation of the AEO concept remains slow. The development of a regional AEO framework will facilitate the implementation of this tool in customs administrations in the Region, which will contribute to reducing border crossing costs and delays, business competitiveness, trade and economic development of the countries of the Region.

Moreover, in this context of insecurity, characterized by a resurgence of organized cross-border crime, the implementation of a regional AEO program will enable customs administrations to support the development of a pool of trusted and compliant economic operators to benefit from reduced customs controls so as to allow administrations to concentrate efforts and resources on high-risk operators and users, thereby contributing to the fight against insecurity in the region.

The increase in trade resulting from these facilitation measures will enable customs administrations in the region to improve their performance in collecting revenue for the treasury public.

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1 Benin, Burkina Faso, Cameroon, Cape Verde, Côte d'Ivoire, Gabon, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Central African Republic, Democratic Republic of the Congo (DRC), Republic of Congo, Sao Tome and Principe, Sierra Leone, Senegal, Togo and Chad

2. Constraints and opportunities

2.1 Constraints

The implementation of the AEO program requires financial resources that Customs administrations are not always able to satisfy internally.

Other major constraints in the implementation of the program are:

- predominance of informal trade and the level of voluntary compliance by the trade, which will require an effort to ensure upgrading of economic operators;

- Lack of human resources with the necessary skills to implement AEO programs;

- Absence or inadequacy of the legal framework for the exchange of information between customs administrations;

- Uncertain political will in some countries and economic communities in the region;

- Inadequate transport infrastructure and logistics;

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2.2 Opportunities

- Implementation of WTO Agreement on Trade Facilitation;

- WCO Mercator Program;

- Consolidation of the majority of countries of the region into two customs unions, namely CEMAC and ECOWAS;

- Willingness of customs administrations in the region to work together on customs reform and modernization;

- Regional Strategic Plan which devotes an important component to development of partnerships with the private sector, including development of AEO programs;

- Many customs administrations in the region already have successful partnerships with the private sector;

- The process of revising ECOWAS and CEMAC Community codes which will certainly resolve the question of legal basis of AEOs.

3 Benefits of implementing the AEO program

Implementation of the AEO program will have certain benefits for economic operators, customs administrations and regional economic communities.

3.1 Benefits for Business

- Predictability of the supply chain;

- Improvement of logistics;

- Transparency and fair competition;

- Simplification of procedures;

- Reduced transit times;

- Competitiveness gains;

- Less burdensome administrative management;

- Cost reduction.

3.2 Benefits to Customs and the State

- Reduction of personnel costs;

- More efficient customs controls;

- Centralization of functions and key competences;

- Risk reduction;

- A more secure logistics chain;

- Improvement of the business environment;

- Revenue increases;

- increased investment;

- Economic growth.

3.2 Benefits for Regional Economic Communities (RECs)

- Enhanced economic integration;

- Enhanced regional security;

- Increase in revenues collected at gateway on behalf of RECs

4   Objectives and expected outcomes

4.1 Overall goal

Contribute to the strengthening of security in the Region and to the increase of intra-regional trade, to greater integration of the countries of WCO-WCA Region into the international trade system and thereby enhance the development of economies within the Region.

4.2 Specific goals

- Contribute to the security of the supply chain and the fight against insecurity in the region;

- Build the capacity of Customs Administrations of the WCO-WCA Region in the area of trade facilitation at regional and international level.

   To achieve the overall goal, a phased approach will be adopted. It will start from the implementation of compliance programs and thereafter incorporate security aspects laid out in the standards of the WCO's SAFE Framework of Standards.

4.3 Outcomes

1. A regional Framework for AEO and mutual recognition is developed and approved.

2. Capacities of Customs administrations and economic operators to implement the AEO program are strengthened.

3. Customs Administrations of the WCO-WCA Region implement AEO and mutual recognition programs in accordance with a harmonious regional framework that takes into account trade facilitation requirements and supply chain security.

5   Risks and assumptions

5.1 Assumptions

It is assumed, in the drafting of this project, that Governments and economic communities in WCO-WCA Region have a shared vision of integration and promotion of intra-regional trade.

Another underlying assumption is that the main donors support the said vision.

5.2 Risks

Risk	Probability	Impact	Comments
Lack of political will in the conclusion and implementation of bilateral and multilateral agreements	High	Key	Develop strong arguments for policy makers beforehand and involve RECs by integrating them from the beginning of the

			process
Lack of funding	Average	Key	Continue to sell the project to the donors and adapt it to their requirements
Low capacity of administrations and economic operators to implement the program	Average	Key	Organize training and institutional reform activities
Lack of commitment from economic operators	Average	Key	Early involvement of economic operators and continuous awareness raising
Bottlenecks caused by other border control services	High	Key	Develop coordinated border management

6 Activities and timetable for implementation

6.1 Activities

6.1.1 Outcome 1: A Regional AEO and Mutual Recognition Framework is developed and validated

There is currently no common AEO framework for WCO-WCA region. However, some countries in the region are in the process of developing or implementing their own AEO programs. The absence of a regional AEO template will result in a multitude of country-specific accreditation standards and procedures, which will make it difficult for the mutual recognition of AEO programs between countries and the attainment of objectives to increase intra-regional trade.

It will therefore be necessary to develop common standards and procedures for accreditation of AEO programs to enable countries and customs union in the region to reform their respective regulatory frameworks in order to promote a uniform application of the AEO concept by the countries of the region.

The key activities to achieve this result will be to:

1	Create project governance structures: a Regional Steering Group of the program (including stakeholders from public and private sectors and regional communities) and a project committee, dedicated to the project design, implementation and evaluation.
2	Review and conduct a comparative study of existing AEO templates and practices and the SAFE Framework of Standards to identify appropriate best practices for WCO-WCA Region.
3	Develop a Regional AEO and Mutual Recognition Framework that takes into account the specificities of WCO-WCA Region.

6.1.2 Outcome 2: Capacities of Customs administrations and economic operators to implement the AEO program are strengthened

The implementation of AEO program in the region and its use by Customs Administrations require the support of all stakeholders through awareness raising, hence the need to design and implement a communication master plan.

Also, customs regulations in most countries of WCO-WCA Region do not contain provisions that allow administrations to implement AEO programs effectively. It will be important to provide these administrations with legal and regulatory provisions, enabling them to implement AEO programs.

Special attention has to be given to the training of customs officers and economic operators so as to enable them to have the necessary skills in the implementation of AEOs.

In this light, it will be necessary to:

1	Develop and implement a communication plan to gain buy-in from Stakeholders
2	Revise legal frameworks of Customs administrations so as to empower them to implement AEO programs and adapt their information systems
3	Train customs officers on corporate audit, post clearance audit and risk management
4	Organize AEO training sessions for economic operators

6.1.3. Outcome 3: Customs Administrations in the WCO-WCA Region implement AEO and Mutual Recognition programs according to a harmonious regional framework

Successful implementation of the AEO program at the regional level must necessarily involve a pilot phase to ensure viability of the chosen template. Countries and business entities involved in such pilot phase should be carefully selected and monitored to allow an evaluation of the effectiveness of the program. This exercise should make it possible to make the necessary adjustments before proceeding to regional implementation.

As such, it will be crucial to carry out the following activities:

1	Implement a first pilot phase of AEO (compliance with customs legislation) in four countries in the Region, with a maximum of 20 companies per country
2	Evaluate the first pilot phase and make adjustments to the AEO template
3	Implement a second AEO pilot phase (with security aspects) in eight countries of the Region, with a maximum of 20 companies per country
4	Evaluate the second pilot phase and make adjustments to the AEO model
5	Extend implementation to all countries in the Region
6	Sign Mutual Recognition Agreements

6.2 Schedule of Activities

		Year n				Year n+1				Year n+2			
Outcome 1: A Regional AEO and Mutual Recognition Framework is developed and validated													
	A 1.1	■											
	A 1.2		■										
	A 1.3			■	■	■							
Outcome 2: Capacities of Customs administrations and economic operators to implement the AEO program are strengthened													
	A 2.1			■	■	■	■	■	■	■	■	■	■
	A 2.2			■									
	A 2.3			■	■								
	A 2.4			■	■								
Outcome 3: Customs Administrations in the WCO-WCA Region implement AEO and Mutual Recognition programs according to a harmonious regional framework re													
	A 3.1							■	■				
	A 3.2								■				
	A 3.3									■	■		
	A 3.4										■		
	A 3.5											■	
	A 3.6												■

7 Management Structure and Report

7.1 Management structures

Project management will be carried out at two levels: the Regional Steering Group of AEO Program and the Project Management Team (Project Team).

7.2 The Regional Steering Group (RSG) of OEA Program
The RSG is responsible for monitoring the design, implementation, evaluation and extension of the program.

It is composed as follows:

- A representative of the Office of the Regional Vice-Chair (Chair);

- A representative of the development partner;

-    A representative of customs administrations of West Africa;

-    A representative of customs administrations of Central Africa;

-    A representative of ROCB;

-    A representative of WCO Secretariat;

-    A representative of ECOWAS Commission;

-    A representative of ECCAS Commission;

-    A representative of economic operators of West Africa;

-    A representative of economic operators of Central Africa;

7.3 Project Team

It is the technical structure responsible for carrying out the activities defined in the framework of the project, in accordance with the established timetable. It is composed as follows:

-    A project manager;

-    Two WA experts;

-    Two CA experts;

-    A representative of WCO Secretariat;

-    A representative of IT RWG;

-    A representative of ROCB.

7.4 Reports

The Project Team will prepare and submit a quarterly report of activities to the Regional Steering Group of the AEO Program.

The Regional Steering Group of the AEO program will report to the Committee of Experts of the Conference of Directors General of the WCO-WCA Region on a half-yearly basis. It will also report annually to the Conference of Directors General of WCO-WCA Region.

8   Projected Budget

Outcome 1: A Regional AEO and Mutual Recognition Framework is developed and validated		
Activities	Description	Cost in EUR
1.1	Create project governance structures: a Regional Steering Group of the program (including stakeholders from public and private sectors and regional communities) and a project committee, dedicated to the project design, implementation and evaluation.	165 500
1.2	Review and conduct a comparative study of existing AEO templates and practices and the SAFE Framework of Standards to identify appropriate best practices for WCO-WCA Region	12 400
1.3	Develop a Regional AEO and Mutual Recognition Framework that takes into account the specificities of the WCO-WCA Region	58 000
Total Outcome 1		**235 900**
Outcome 2: Capacities of Customs administrations and economic operators to implement the AEO program are strengthened		
1.1	Develop and implement a communication plan to gain buy-in from Stakeholders	667 792
1.2	Revise the legal frameworks of customs administrations so as to empower them to implement AEO programs and adapt information systems	✓
1.3	Train customs officers on corporate audit, post clearance audit and risk management	384 000
1.4	Organize AEO training sessions for economic operators	517 500
Total Outcome 2		**1 569 292**
Outcome 3: Customs Administrations in the WCO-WCA Region implement AEO and Mutual Recognition programs according to a harmonious regional framework		
1.1	Implement a first pilot phase of AEO in four countries in the Region, with a maximum of 20 companies per country	✓
1.2	Evaluate the first pilot phase and make adjustments to the AEO template	75 000
1.3	Implement a second pilot phase of the AEO in four countries in the Region, with a maximum of 20 companies per country	✓
1.4	Evaluate the second pilot phase and make adjustments to the AEO template	95 000
1.5	Extend implementation to all countries in the Region	1 143 360
1.6	Conclude Mutual Recognition Agreements	✓
Total Outcome 3		**1 313 360**
Freshly Administrative		**218 298, 64**
Overall total		**3 336 850, 64**

9   Logical Framework and Performance Measurement

Logic	Indicators	Sources of verification	Current situation	Target	Risks and assumptions
Overall goal: Contribute to the strengthening of security in the Region and to the increase of intra-regional trade, to greater integration of the countries of WCO-WCA Region into the international trade system and thereby enhance the development of economies within the Region.	Increase in the percentage of intra-regional trade **Decrease of security index in the Region**	Statistics of foreign trade in member countries of the Region Reports of competent bodies	About 11%		Situation of road infrastructure and of the logistics sector Political Instability
Specific Goals: Contribute to the security of the supply chain and the fight against insecurity in the region; Build the capacity of customs Administrations of the WCO-WCA Region in the area of trade facilitation at regional and international level.	Safety index Improvement in countries position in the Doing Business rating Clearance time for goods has decreased	Report from competent bodies Doing Business publications of the World Bank Time Release Study	The majority of the countries of the region are between 138th and 187th position Basis of comparison to be determined by a study at the beginning of the project	Improvement in the position held on average by countries in the Doing Business ratings 25 % decrease on average per country in clearance time	Efforts towards good governance made in other sectors
Activities					

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Logic	Indicators	Sources of verification	Current situation	Target	Risks and assumptions
Outcome 1: A Regional AEO and Mutual Recognition Framework is developed and validated					
Activity 1.1 Create a regional steering group of AEO program including public and private sectors stakeholders and regional economic communities	The Regional Steering Group is established	The Text establishing the Regional Steering Group	There is no structure for such purpose	The steering effectively starts implementation of the AEO regional program	The political will of Administrations and RECs to work in synergy to achieve a regional AEO program
Activity 1.2 Conduct a comparative study of AEO templates and practices and of the SAFE Framework Standards in order to identify the best appropriate practices for WCO-WCA Region	Benchmarking of similar Administrations and regions which implement AEO program is conducted	Comparative study report			Human resources engaged and funding allocated
Activité1.3 Develop a Regional AEO and Mutual Recognition Framework that takes into account the specificities of the WCO-WCA Region	A document on the AEO regional framework and of mutual recognition is validated by the Conference of Customs Director Generals of WCO-WCA Region	The framework document	There is no AEO Regional framework	The availability of an AEO framework adapted to the needs of the Region	The political will of the Members of the Region
Outcome 2: Capacities of Customs administrations and economic operators to implement the AEO program are strengthened					
Activity 2.1 Develop and implement a communication plan to gain buy-in from stakeholders (Internal	A communication master plan is developed with a timetable for implementation	Communication master plan. Reports of communication and awareness activities.			Availability of dedicated funds and stakeholder engagement: public (political sphere-customs

Logic	Indicators	Sources of verification	Current situation	Target	Risks and assumptions
communication/ external communication)

Revise the legal frameworks of customs administrations to empower them to implement AEO programs and adapt Information | Customs codes and other legislative and regulatory frameworks for Members of WCO-WCA customs Region have been revised to contain provisions for implementation of AEO programs

Information Systems have been adapted and take into account the discriminatory benefits of AEOs | Customs Codes and other legislative and regulatory frameworks for Members of WCO-WCA Region

Information Systems Of customs Administrations | | The 23 countries Of the Region have provisions in their legislative frameworks for the implementation of the AEO and mutual recognition | administration) private sector (economic operators)

Political will of economic communities and member countries of the Region |
| **Activity 2.2** Train customs officers on corporate audit, post clearance and risk management | Number of customs officers trained per country | Reports from training workshops | | 5 Regional training workshops for 120 civil servants trained | Availability of Dedicated funds |
| **Activity 2.3** Organize training and outreach sessions on the AEO program for economic operators | Number of training sessions and extension activities organized by country | Reports of training workshops and outreach activities | | 23 extension workshops for 690 persons | Commitment of economic operators |

Logic	Indicators	Sources of verification	Current situation	Target	Risks and assumptions
Outcome 3: Implementation of AEO program and of mutual recognition					
Activity 3.1 Implement a first pilot phase of AEO (compliance with customs legislation) in four countries in the Region, with a maximum of 20 companies per country	Number of operators accredited to the AEO regime in the pilot countries	Implementation report for the pilot phase		80 companies authorized during this.	Commitment of customs administrations and economic operators of the countries chosen for the pilot phase
Activity 3.2 Evaluate the first pilot phase and make adjustments to the AEO model	Evaluation of the pilot phase made	Pilot phase evaluation report			
Activity 3.3 Implement a second AEO pilot phase (Compliance with Customs, Safety and Security) in four countries of the Region, with a maximum of 20 companies per country	Number of operators authorized under the AEO regime in pilot countries	Implementation report for the pilot phase		160 companies authorized during this phase.	Commitment of customs administrations and economic operators of the countries chosen for the pilot phase
Activity 3.4 Evaluate the second pilot and make adjustment to AEO template	Evaluation of the pilot phase was made	Evaluation report of the pilot phase			
Activity 3.5 Extend implementation to all the countries of the Region	Number of operators authorized under AEO regime and number of countries which implement AEO program	Implementation reports of the AEO regional program		490 authorized companies	Political will, peace and stability in the different countries.