



Philippines Customs Modernization Project (P163428)

EAST ASIA AND PACIFIC | Philippines | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2021 | Seq No: 2 | ARCHIVED on 23-Nov-2021 | ISR48638 |

Implementing Agencies: Bureau of Customs, REPUBLIC OF THE PHILIPPINES

Key Dates

Key Project Dates

Bank Approval Date: 27-Oct-2020

Effectiveness Date: 28-Jan-2021

Planned Mid Term Review Date: 12-Apr-2023

Actual Mid-Term Review Date:

Original Closing Date: 30-Jun-2025

Revised Closing Date: 30-Jun-2025

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective is to improve the efficiency of the Bureau of Customs and reduce trade costs.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Component 1. Modernization of Customs Operations:(Cost \$84.25 M)
Component 2. Organizational Development:(Cost \$11.50 M)
Component 3. Project Management and Implementation Support:(Cost \$6.58 M)
Contingency:(Cost \$2.05 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

This is the second ISR for the Project since the Project became effective on Jan. 28, 2021 subsequent to the Board approval on October 27, 2020. This reports the findings of the Second Implementation Support mission for the PCM Project that took place from October 27-29, 2021.

During the mission, the team reviewed the overall progress since the Board approval and reviewed the technical, fiduciary, and social and environmental safeguards areas of support. The Bank team provided just-in-time technical support to BOC to expedite implementation.

The BOC team has made good progress in advancing towards implementation. This includes:

1. Inaugural Meeting of the Project Steering Committee (PSC). The Joint Memorandum Circular (JMC) that provides the legal underpinning for establishment of the PSC was signed on October 18, 2021. The inaugural meeting of the PSC was held on October 28, 2021, with participation from the BOC, Department of Finance, Department of Trade and Industry, Department of Agriculture, Department of Budget and Management, Philippine Ports Authority, Philippine Economic Zone Authority, and the World Bank. The meeting highlighted the



critical importance of the inter-agency PSC to provide overall strategic guidance to the project team and to help coordinate trade facilitation reforms that are beyond Bureau of Customs' mandate.

2. Completing the procurement of the Project Supervision and Quality Assurance (PSQA) consulting firm. The PSQA is a critical first procurement that will jumpstart the implementation of the Project including other key procurements. Progress on this critical first procurement has been slower at the beginning than initially envisaged partly due to BOC's lack of familiarity with the Bank's procurement rules and process systems. At the time of the mission, the combined Technical and Financial Evaluation Report has been completed and the recommended firm will be invited for contract negotiations early November. It is expected that the contract will be signed in December and the PSQA firm will be on board by January 2022.
3. The first withdrawal representing the initial advance to the Designated Account has been disbursed. This initial advance is expected to fund the incremental operating costs (IOCs) for the project.
4. The Grievance Redress Mechanism (GRM) systems based on existing Customs feedback systems have been modified to allow for the Project related data collection and complaints' resolution from relevant stakeholders.

Moving forward, the project teams will focus on the completion of the bid documents for the procurement of the Customs Processing System, the Administrative Back-office Enterprise Resource Planning system and Remote Image Analysis Center feasibility study.

Further, in light of the discontinuation of the Doing Business (DB) Report, the Bank team discussed options for replacement of indicators. This would entail project restructuring. The current PDO indicators designed to measure improvement in the efficiency of Customs and the reduction of trade costs are based on the Trading across Borders time and cost estimates drawn from the annual Doing Business Indicators. The team has initiated the discussion to use data drawn from the Time Release Study to find appropriate indicators. Additional discussions with the BOC will need to be conducted to finalize the baselines and targets, given that many of the procedures for cargo clearances are outside the direct mandate of the Bureau of Customs.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> High
Macroeconomic	<input type="checkbox"/> Moderate	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Sector Strategies and Policies	<input type="checkbox"/> Substantial	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Technical Design of Project or Program	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Institutional Capacity for Implementation and Sustainability	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Fiduciary	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial
Environment and Social	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Stakeholders	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> High
Other	--	--	--
Overall	<input type="checkbox"/> High	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Results

PDO Indicators by Objectives / Outcomes

Improve the efficiency of Customs



▶ Time to import: Border compliance (Hours, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	120.00	120.00	120.00	80.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	The time for border compliance includes the time for obtaining, preparing and submitting documents during port or border handling, customs clearance and inspection procedures.			
▶ Time to export: Border compliance (Hours, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	42.00	42.00	42.00	30.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Same as above.			

Reduce trade costs				
▶ Cost to export: Border compliance (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	690.00	690.00	690.00	500.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Cost for border compliance includes the cost for obtaining, preparing and submitting documents during port or border handling, customs clearance and inspection procedures.			
▶ Cost to import: Border compliance (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	456.00	456.00	456.00	300.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Same as above.			

Overall Comments

In light of the discontinuation of the Doing Business (DB) Report, the Bank team discussed options for replacement of indicators – which would also entail project restructuring.

The current PDO indicators designed to measure improvement in the efficiency of Customs and the reduction of trade costs are based on the Trading across Borders time and cost estimates drawn from the annual Doing Business Indicators. The BOC has agreed to a Project restructuring to replace the DB PDO indicators. The team has initiated the discussion to use data drawn from the Time Release Study to find appropriate indicators.



BOC has committed to continue the annual calculation of the TRS statistics in support of project monitoring. They have also offered the use of alternative measures, such as the TRS from the port of Batangas, as a means to capture the national performance of the BOC. Additional discussions with the BOC will need to be conducted to finalize the baselines and targets, given that many of the procedures for cargo clearances are outside the direct mandate of the Bureau of Customs. It was agreed that future Time Release Studies will also clearly identify Customs related activities to ensure BOC's contribution to any time reductions can be identified and monitored. In parallel, the Bank team will initiate the internal discussion with technical and M&E teams regarding the proposed indicators.

Intermediate Results Indicators by Components

1. Modernization of Customs Operations				
▶ Percentage of declarations covered by the authorized economic operators program (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Percentage of declarations, based on value, which are transacted by authorized economic operators.			
▶ Share of non-intrusive inspections handled by the remote image analysis centers (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	X-ray images of containers assessed by the remote image analysis centers.			
▶ Customs processing system is connected to disaster recovery data center (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	The operation of the CPS is supported by at least one disaster recovery data center.			
2. Organizational Development				
▶ Approved modern organizational structure (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes



Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Organizational structure to operate under the new CPS.			
► Financial management systems integrated into the customs processing system (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Financial management systems developed as part of the back office ERP system are integrated with the CPS.			
► Availability of HR and employment data that are disaggregated by grade level and sex. (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	Generation of sex-dissagregated data by the back-office ERP system.			
► Human resource management strategy that incorporates targets for gender balance of all BOC employees (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	30-Jun-2025
Comments:	New human resource management strategy to operate under the modern ICT enabled environment, promoting gender balance.			
► Share of public feedback processed by an ICT-enabled grievance redress mechanism (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	31-Oct-2019	21-Apr-2021	21-Apr-2021	31-Dec-2025
Comments:	Feedback received by BOC's Customer Assistance and Response Service and Assistance Center (BOC CARES) and processed through the online GRM.			

Performance-Based Conditions

Data on Financial Performance

Disbursements (by loan)

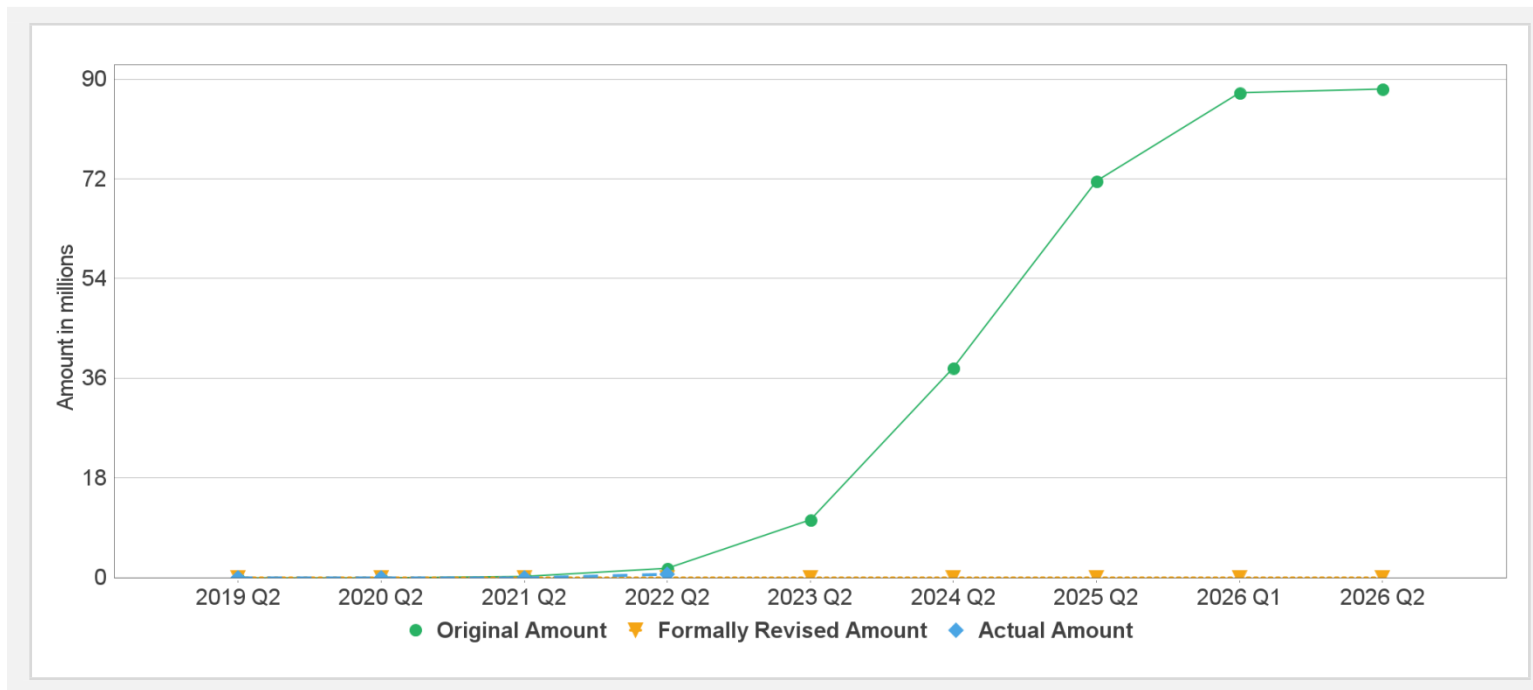


Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P163428	IBRD-91710	Effective	USD	88.28	88.28	0.00	0.63	87.65	0.7%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P163428	IBRD-91710	Effective	27-Oct-2020	03-Dec-2020	28-Jan-2021	30-Jun-2025	30-Jun-2025

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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Restructuring History

There has been no restructuring to date.

Related Project(s)



There are no related projects.
