



## Lao PDR Customs and Trade Facilitation Project (P101750)

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | Trade & Competitiveness Global Practice | IBRD/IDA | Specific Investment Loan | FY 2008 | Seq No: 15 | ARCHIVED on 26-Jun-2017 | ISR28363 |

Implementing Agencies: Customs Department, Ministry of Finance, Ministry of Finance

### Key Dates

#### Key Project Dates

Bank Approval Date:17-Jun-2008

Effectiveness Date:20-Oct-2008

Planned Mid Term Review Date:21-Jan-2013

Actual Mid-Term Review Date:28-Jan-2013

Original Closing Date:31-Dec-2013

Revised Closing Date:30-Jun-2017

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective of the project is to facilitate trade by improving the efficiency and effectiveness of customs administration. The project will simplify customs procedures, eliminate duplication and redundancy, reduce transaction costs and time to clear goods, and increase transparency and accountability.

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

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

The objective of the project is to facilitate trade by improving the efficiency and effectiveness of customs administration and simplifying customs procedures to eliminate duplication and redundancy, reduce transactions costs and time to clear goods, and increase transparency and accountability.

### Components

Name

Automation Support (including Implementation of ASYCUDA World):(Cost \$6.60 M)

Organizational Development (including Customs Modernization Support):(Cost \$5.60 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Low	● Low



## Implementation Status and Key Decisions

In aggregate, the project has achieved the Project Development Objective and the result indicators. With support of the project, the ASYCUDA World system now runs live, stable and secure in 24 customs checkpoints in early 2017 covering more than 90-95 percent of formal trade in Lao PDR. For the efficiency of customs administration, LCD has made significant progress in reducing customs clearance times at major border crossing points, with average clearance times falling from 11:24 hours in 2012 to 6:30 hours in 2016, representing a 43% reduction. Likewise, median clearance time has fallen from 3:10 hours in 2012 to 2:50 hours in 2016, representing an 11% decrease. These encouraging results build on an earlier 36% reduction achieved from 2009 – 2012 during the earlier phase of CTFP. The improvement of the clearance time has resulted from significant reforms in the customs clearance procedures and documentation since 2008, the beginning of the CTFP. Lao Customs introduced ASEAN Customs Declaration Document on June 17, 2010 that harmonizes the Lao PDR's customs declaration form with ASEAN version of Single Administrative Document (SAD) and it also standardizes and simplifies Lao customs declaration forms and documentation. Following the adoption of the ACDD, Lao Customs adopted a new customs clearance procedure on July 5, 2012 to reduce the steps to clear imports from 9 to 5 and export from 7 to 4. Further effort was taken in 2017 by reducing the steps to clear imports from 5 to 4 and exports from 4 to 3. These efforts were to remove the unnecessary and redundant steps in customs clearance in synchronization with utilization of the automated customs system--ASYCUDA World.

Likewise, Lao Customs also made good progress in improving the effectiveness of customs administration. Measuring the success of customs effectiveness is more challenging as the required data are often not available and reliable. In the case of measuring customs detection ratio as an indicator of customs effectiveness, the required data are not retrievable due to only manual records of inspection results and resolution measures. To address this shortfall, a proxy measurement of risk management capacity is used to report the effectiveness of customs operation at the borders. LCD has used risk management since 2013 to facilitate low risk cargos but target high risk ones across borders. The selectivity data of the risk management has shown that customs declarations that are subject to full physical inspections have declined to 46 percent in end December 2016 from 50 in 2015, 60 in 2013 and 100 in 2012 at time the ASYCUDA was piloted. This has demonstrated some gradual improvements over time in relation to customs effectiveness of profiling and targeting risks. Based on LPI reports, Lao Customs has made gradual progress by improving the subset score of client perception on customs performance and integrity, as a result indicator, from 2.08 in 2007 in the scale between 1 and 5 to 2.17 in 2010, 2.38 in 2012 and 2.45 in 2014 indicating better client perception; however, the score was lower at 1.85 in 2016. While there is no LPI report in 2017, the team has attempted to use the Enabling Trade Index (ETI) published by OECD in November 2016 as a proxy to measure and capture the progress of this indicator. As measured by ETI, Lao PDR improved 7 points in ranks on the indicator of "Efficiency and Transparency of Border Administration" from 100 in 2014 to 93 in November 2016. Likewise, this measure is also in line with the firm perception in the 2016 World Bank Enterprise Survey for Lao PDR reporting that there is only 7.6 percent of firms in 2016, dropped by 4.8 percentage point from 12.4 percent in 2012, identifying customs and trade regulations as a major constraint.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Moderate
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Low	● Low
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Low	● Moderate
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low



Stakeholders	--	● Low	● Low
Other	--	● Moderate	● Moderate
Overall	--	● Low	● Low

## Results

### Project Development Objective Indicators

#### ► Customs Efficiency: Reduction in mean import, export, and transit clearance times. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	17.9 (Hours)	6.5 (Hours in the 2016 TRS data)	6.5 (Hours in the 2016 TRS data)	7.40
Date	22-Mar-2010	27-Mar-2017	20-Jun-2017	30-Jun-2017

#### ▲ Customs Efficiency: Reduction in number of steps to clear commercial shipments (import / export). (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	9 / 7 (Import / Export)	4 / 3	4 / 3	4 / 3
Date	22-Mar-2010	27-Mar-2017	20-Jun-2017	30-Jun-2017

#### ► Customs Effectiveness: Increase in the ratio of detections / inspections by customs. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.2 (at the additional financing)	While pending for LCD to provide the relevant data, In the case of the data may not be made available, the team will use the proxy indicator on risk profiling to capture the progress of this indicator. Customs declarations that are subject to full physical inspection has declined from 50 percent in 2015 to 46 percent in ending December 2016.during this period of ISR, showing that	LCD was not able to provide reliable data, the team has used the proxy indicator on risk profiling to capture the progress of this indicator. Customs declarations that are subject to full physical inspection has declined from 50 percent in 2015 to 46 percent in ending December 2016.during this period of ISR, showing that there are some improvements in relation to customs effectiveness	2.90



		there are some improvements in relation to customs effectiveness of managing and targeting risks.	of managing and targeting risks.	
Date	26-Apr-2013	27-Mar-2017	20-Jun-2017	30-Jun-2017

▲ Customs Effectiveness: Increase in the perceptions of customs performance and integrity by clients. (Text, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.08 (LPI 2007)	Given there is no new LPI data that will be available during the reporting period, the Enabling Trade Index (ETI) published by World Economic Forum (WEF) in November 2016 was used to measure this indicator. As measured by ETI, Lao PDR improved 7 points in ranks on the indicator of "Efficiency and Transparency of Border Administration" from 100 in 2014 to 93 in November 2016. Likewise, this measure is also in line with the perception measurement under the 2016 World Bank Enterprise Survey showing that there is only 7.6 percent of firms in 2016, dropping from 12.4 percent in 2012, that identified customs and trade regulations as a major constraints.	Given there is no new LPI data that will be available during the reporting period, the Enabling Trade Index (ETI) published by World Economic Forum (WEF) in November 2016 was used to measure this indicator. As measured by ETI, Lao PDR improved 7 points in ranks on the indicator of "Efficiency and Transparency of Border Administration" from 100 in 2014 to 93 in November 2016. Likewise, this measure is also in line with the perception measurement under the 2016 World Bank Enterprise Survey showing that there is only 7.6 percent of firms in 2016, dropping from 12.4 percent in 2012, that identified customs and trade regulations as a major constraints.	2.80
Date	30-Jun-2007	27-Mar-2017	20-Jun-2017	30-Jun-2017

Overall Comments

Intermediate Results Indicators



► Full acceptance of electronic data submission for customs declaration procedures by the end of 2013 (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	The geographical rollout was completed. Electronic data submission is partially accepted in the ASYCUDA system but partially it faces legal constraint in respect of face-vetting requirement.	As April 19, 2017 the geographical rollout included three additional checkpoints including Savan Logistics Park in Savannakhet province, Vientiane Logistics Yard warehouse and Friendship Bridge 1 in Vientiane Capital and this has exceeded the target of planned rollout for only 12 customs checkpoints. Electronic data submission is partially accepted in the ASYCUDA system but partially it faces legal constraint in respect of face-vetting requirement.	Completed for the additional 12 customs checkpoints that the ASYCUDA System is being rolled out in 2015.
Date	30-Jun-2009	27-Mar-2017	19-Apr-2017	30-Jun-2017

► Prototype developed and accepted by government (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	Completed.	Completed.	Completed
Date	30-Jun-2009	31-Dec-2011	31-Dec-2011	31-Dec-2010

► Accepted prototype validated at the pilot site (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	Completed. The prototype was accepted by the Government at the pilot site in April 2012.	Completed. The prototype was accepted by the Government at the pilot site in April 2012.	Completed
Date	30-Jun-2009	30-Apr-2012	30-Apr-2012	30-Dec-2011



► Prototype replicated at the remaining checkpoint sites (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	Completed 10 out of 12 planned checkpoints. Two checkpoints, Luangprabang International Airport and Pake International Airport were not rolled out due to limited volume of trade.	As April 19, 2017 the geographical rollout included three additional checkpoints including Savan Logistics Park in Savannakhet province, Vientiane Logistics Yard warehouse and Friendship Bridge 1 in Vientiane Capital and this has exceeded the target of planned rollout for only 12 customs checkpoints. Both Luang Prabang and Pakse Airport were not installed of the ASYCUDA World System due to limited volume of trade.	Completed for the geographical rollout of additional 12 customs checkpoints
Date	30-Jun-2009	07-Aug-2015	19-Apr-2017	30-Jun-2017

► Integrated IT system is in place by 2011, pilot completed and reviewed by 2012, and fully operational in all implementation sites by 2014 (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	Completed and the full operation of the ASYCUDA System for 11 international customs checkpoints financed by the original grant in December 2013. Additional rollout of the system to another 12 international customs checkpoints through Additional Financing will be implemented in 2015.	Completed and the full operation of the ASYCUDA System for 11 international customs checkpoints financed by the original grant in December 2013. Additional rollout of the system to another 12 international customs checkpoints through Additional Financing will be implemented in 2015.	Completed
Date	30-Jun-2009	25-Apr-2014	25-Apr-2014	31-Dec-2014





► Appropriate front line staff and affected traders trained in advance of pilot testing and pre nationwide rollout (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not initiated	Completed in December 2012. Additional trainings have been provided to staff for additional 12 customs checkpoints in 2014.	Completed in December 2012. Additional trainings have been provided to staff for additional 12 customs checkpoints in 2014.	Completed (2011)
Date	30-Jun-2009	25-Apr-2014	25-Apr-2014	30-Dec-2011

## Overall Comments

## Data on Financial Performance

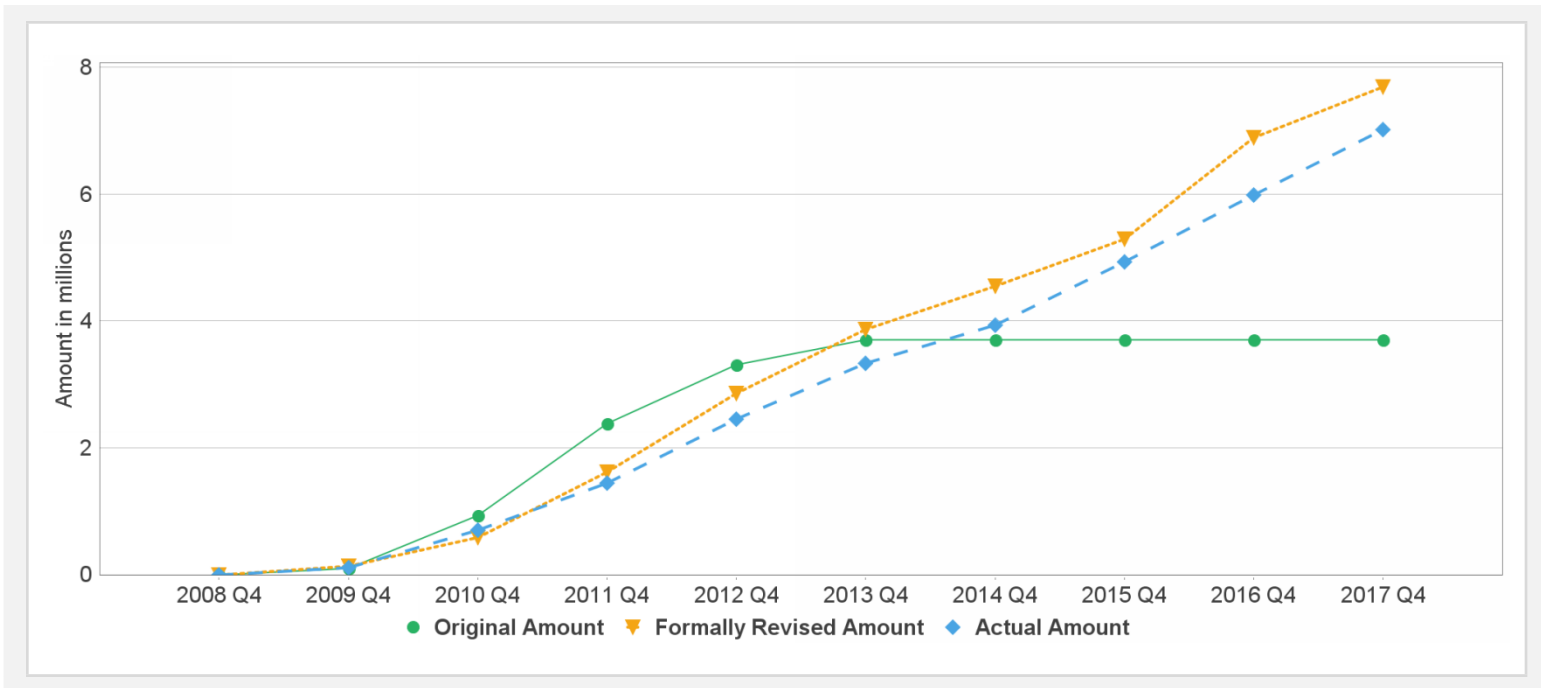
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P101750	IDA-H4030	Closed	XDR	3.70	3.68	0.02	3.68	0.00	 100%
P101750	IDA-H8430	Effective	XDR	4.40	4.40	0.00	3.33	1.07	 76%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P101750	IDA-H4030	Closed	17-Jun-2008	25-Jul-2008	20-Oct-2008	31-Dec-2013	31-Dec-2013
P101750	IDA-H8430	Effective	28-May-2013	14-Jun-2013	11-Jul-2013	30-Jun-2017	30-Jun-2017

### Cumulative Disbursements



### Restructuring History

There has been no restructuring to date.

### Related Project(s)

P144992-Lao PDR Customs and Trade Facilitation Project - Additional Financing