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# **Free Trade Implementation Activity (FTIA)**

## **Year 1 Work Plan**

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# Introduction

The Colombia Trade Promotion Agreement (CTPA) took effect on May 15, 2012. As part of the U.S. Government's initiative to support the implementation of this agreement, USAID expanded its technical assistance in Colombia in 2012 under the Peru and Andean Trade Capacity Building Program (PATCB) to include a trade facilitation component. Between 2012 and 2013, PATCB focused much of its efforts on conducting diagnostics that laid the path for reforms needed in order for Colombia to adhere to commitments made in the CTPA trade facilitation chapter.

The Free Trade Implementation Activity (FTIA), as the successor project, will pick-up where PATCB left off by continuing to work with the Government of Colombia and the private sector over a two-year period on CTPA compliance. FTIA, also known as the USAID *Facilitando Comercio* project, will focus its technical assistance activities across three components—(1) Customs Policies and Enforcement (2) Rules of Origin; and (3) Technical Standards.

The assistance to be provided under *Facilitando Comercio* is intended to improve CTPA compliance at an operational level and also forms part of a larger trade agenda with similar commitments made under the World Trade Organization's Trade Facilitation Agreement (TFA). The TFA, pending ratification of the 2013 Bali Package, is centered on lowering the costs of trade by streamlining customs procedures. Under both agreements—CTPA and TFA—Colombia must implement an advance rulings system and establish procedures for expedited shipping, which are two areas of anticipated project intervention. TFA includes several other provisions, which Colombia already adheres to.

Much of USAID *Facilitando Comercio*'s assistance will be directed towards the Colombian Tax and Customs Agency (DIAN) and the Ministry of Trade, Industry and Tourism (MinCIT). It's important to note that as the project initiates its first year of activities, it coincides with the beginning of President Santos' second term and a newly formed cabinet. This has led to changes in leadership at both DIAN and MinCIT and could result in subsequent changes in key counterpart divisions, such as the head of customs. USAID *Facilitando Comercio* has validated the proposed work plan activities with all relevant and current division heads at both DIAN and MinCIT. As personnel changes may continue to occur and priorities shift, the project will respond accordingly with demand-driven technical assistance within the context of the project's core objectives and components. This is further elaborated on below.

Additionally, it is worth noting two key developments expected to occur over the next two years, which will have heavy implications on the project's focus and its contributions to measurably reduce customs clearance times. The first is the customs code, which supports the implementation

of many relevant CTPA procedural reforms, and remains in draft form pending a court ruling. The second, is DIAN's purchase of a new customs management system (CMS), Uni-Pass, with migration expected between 2015 and 2017. In light of this, DIAN has asked the project to prioritize inspector training and advance rulings rather than drafting supporting regulations or making IT improvements to its current CMS.

Pertinent regulations and improvements to DIAN's CMS have the potential to reduce clearance times in the short to medium-term. USAID *Facilitando Comercio* supports making advancements on both fronts even as the code remains pending and preparations get underway with the new CMS. Therefore, the project will actively look for opportunities to assist DIAN with these matters as a means of achieving the project's expected results in a timely manner. Measures such as inspector training will have a beneficial impact on clearance times as well. However, its effect will take longer than the project's two-year period of performance to be fully reflected in time studies conducted at the national level.

All activities proposed in the work plan form part of Colombia's trade facilitation agenda and are therefore demand-driven. USAID *Facilitando Comercio* seeks to provide high-caliber technical assistance drawing from international best practices. In some instances, the project's value-added assistance may simply be to provide the key recommendations that allow counterparts to move forward with implementation using their own resources. In other cases, additional assistance and training may be required. Under both circumstances, the project will measure its contributions to quantify impact to the extent possible. This will be specified in a Performance Management Plan following finalization of the work plan; provisional indicators are provided in Appendix B. Additionally, the project will seek to leverage resources by partnering with other government agencies and donors, and always look for opportunities to co-finance activities with Colombian counterparts to improve sustainability. Leveraged resources will be carefully noted in quarterly reports.

Sustainable impact—Colombianization—is a central piece in the design of each activity. From the outset, USAID *Facilitando Comercio* will build consensus among stakeholders and ensure reform initiatives are understood through continuous meetings with government officials and trade associations. To ensure broad ownership of reform that endures beyond the project's period of performance, the team will play an active role in facilitating interagency coordination and public-private dialogue. Such dialogue will raise awareness of border management problems and solutions, and show that trade facilitation requires the engagement not just of customs, but all actors involved in trade. Part of this strategy is the reengagement of the National Committee on Trade Facilitation (NCTF) (see Activity 1.43). And more specifically, with the project's main counterpart, DIAN, training activities have been designed with its training academy at the forefront. The project has also asked DIAN to allocate the necessary resources to the academy, which in turn strengthens the institution as a whole.

In the following Section, technical assistance activities are elaborated on and grouped under the project's three components, with a forth section dedicated to demand-driven technical assistance. An activity implementation budget, activity indicators, and implementation timeframes are attached as appendices.

# Component 1: Strengthen Customs Policies and Enforcement Practices

Technical Assistance under Component 1 is centered on improving operational and technical aspects of customs and trade, particularly as it relates to imports. Activities are also intended on improving border management transparency and importer compliance.

Under Article 5.2 and 5.7 of the CTPA, Colombia is required to release goods from customs within 48 hours of arrival for cargo and 6 hours for express shipments; implementation deadlines for both have already lapsed. There are a number of processes and IT-related improvements that need to be made in order for DIAN to meet these time-release commitments, most of which DIAN will take on directly as part of its internal reform agenda. Additionally, one of DIAN's impeding factors in being able to reduce clearance times without jeopardizing border security is the human capital aspect and the dire need for training.

Upon DIAN's request for USAID *Facilitando Comercio* to prioritize technical assistance for the development of an inspector training program, the implementation of an advance rulings system, and assistance designing a more robust risk management system, these three activities have been allocated notable resources (See Appendix A). Other activities, such as drafting of customs code regulations and assistance with improving the express deliveries operation, which were initially intended to be an integral part of Component 1, have been moved to Demand-driven Technical Assistance given DIAN's agenda.

## **ACTIVITY 1.1 DEVELOP INSPECTOR TRAINING PROGRAM**

At the forefront of DIAN's customs clearance operation are the inspectors; about half are civil servants and the other half contract employees. Colombian regulation prohibits contract employees from receiving training, however neither class of employee currently receives any formal training prior to being placed in the field. Thus, any training received in order to conduct the job is done so in an ad hoc fashion once the inspector is already placed at a port of entry. The lack of standardized training and the high level of job rotation that occurs within the inspector group leads to poor operational practices and unnecessary clearance delays.

These institutional challenges are elaborated on below in Table 1-1 along with risk mitigation strategies. With the customs division having prioritized inspector training, and efforts already

underway to use the academy’s platform to train officials, USAID *Facilitando Comercio* will proceed with securing the necessary buy-in from the director of DIAN.

**Table 1-1**

*Inspector Training Sustainability Strategy*

Risk	Risk Mitigation Strategy
Training is not an obligation for new or experienced personnel. Training is ad hoc and subject to inspector’s time availability.	Before designing the program, FTIA will secure a commitment from DIAN’s director, that the program be mandatory and that a formal task force will be established to run the program. FTIA will present quarterly progress reports to DIAN’s director to keep decision making on track.
Formal job descriptions and responsibilities for the pre-inspection analyst ( <i>reconocedor</i> ) and the inspector are not aligned with on-the-job realities.	FTIA will advocate for better description of job responsibilities. In the interim, FTIA will request that DIAN make the training program mandatory for pre-inspection analysts as well as inspectors, as these groups have functions that overlap.
Inspectors are frequently rotated to combat corruption. Job rotation can include a change in location and/or job function.	FTIA will (1) request that participants in the pilot training program be exempt from rotations; (2) use an e-learning program format housed in the training academy’s platform so knowledge is not lost when inspectors and personnel at the training academy are reassigned. Specify
Inspectors are both contract employees and civil servants; not all have a defined career track within DIAN which can translate to a loss in knowledge transfer.	FTIA will work with DIAN to make sure inspectors selected in the pilot program are civil servants and not near retirement age to ensure selected individuals can complete the pilot and have a career track within DIAN.

With DIAN’s commitment to make training mandatory for civil servant inspectors, USAID *Facilitando Comercio* will first assess the current efforts being made by the training academy to reach inspectors. This includes evaluating existing approaches and coursework to move forward with a comprehensive training methodology. Once the methodology is established, the project can proceed with the development of course work, and the piloting of the training program. In doing so, the project intends to work collaboratively with CBP to adapt international best practices to local needs. A partnership with CBP’s training academy will be key for resource utilization, allowing the project to build from existing training material rather than investing in re-creating some of the fundamental inspection practices.

During Year 1, the project will carry out an in-depth diagnostic of the inspector’s role in border management. This includes evaluating formal job responsibilities and observing on-the-ground realities at a minimum of two ports of entry. Working closely with DIAN’s foreign trade division and the training academy, the project will compare local practices with international best practices to evaluate areas of improvement in order to develop a curriculum outline, and then move forward with the development of coursework on subject-matters pending definition by DIAN.

This activity is anticipated to continue through Year 2 of the project. All material—training methodology and coursework—will be developed with DIAN’s training academy and all final material will be transferred to its IT training platform.

Inspector training will only work with support from the highest level at DIAN. If this support is not forthcoming, USAID *Facilitando Comercio* will explore alternative activities with the same

goal. For example, partnering with FITAC, Colombia's trade and logistics association, to support the accreditation of customs officials through the WCO and a local university.

## **ACTIVITY 1.2 IMPLEMENT ADVANCE RULING SYSTEM**

Article 5.10 of the CTPA obligates Colombia to issue advance rulings prior to imported goods entering the country at the request of the exporter, importer or producer by May 2015. Rulings can be done for seven different categories; DIAN is responsible for issuing rulings on: tariff classification, customs valuation, origin, quotas, duty drawbacks, duty deferral, and treatment of goods in transit. The issuance of advance rulings has been incorporated into the draft customs code, and while DIAN and MinCIT anticipate its approval before May 2015, MinCIT has confirmed that if it is delayed further, a specific decree will be issued to assign DIAN relevant functions so as not to miss the CTPA deadline.

Over 90 percent of requests for advance rulings re expected to be for tariff classification, with origin and valuation making up the remainder 10 percent. With PATCB having already conducted a series of technical training on tariff classification and origin, USAID *Facilitando Comercio* will mostly focus on valuation. All training sessions and material will be coordinated with DIAN's Training Academy.

### **1.2.1 Technical Training for Issuing of Rulings**

DIAN's technical division is in charge of issuing rulings and has requested assistance to develop processes and procedures, as well as related technical training on valuation and laboratory practices. For the Tariff & Valuation Unit, *Facilitando Comercio* will develop the following three training categories: 1) Valuation Fundamentals Overview; 2) E-Commerce and Invoicing; and 3) Quantifying the Production Process (Sectors to be determined). Materials developed will be incorporated into DIAN's existing valuation manual, which needs to be updated with e-commerce guidelines and more elaborate valuation methodologies.

For the Laboratory Unit, the illustrative list of training topics requested by DIAN include 1) Best practices on laboratory sample collecting; 2) Managing and transporting hazardous material; and 3) Metrology with an emphasis on chemical products.

Each of the subject matters will have a series of two or three related training sessions, starting with the fundamentals of each and building on to more complex matters with a focus on sectorial best practices when relevant. The introductory, fundamental training will occur during Year 1 and most likely extend into Year 2 as material learned gets put into practice. USAID *Facilitando Comercio* intends to team up with the World Customs Organization's technical assistance office to conduct the fundamentals overview training for DIAN and will coordinate training efforts with the Canadian technical assistance program that is planning to also work with DIAN on valuation as part of the Canada-Colombia FTA.

### **1.2.2 Implement Appeals Process for Advance Rulings**

USAID *Facilitando Comercio* will help DIAN implement an appeals process for rulings the private sector wishes to petition. In accordance with CTPA, Article 5.8 requires there to be a level of administrative review independent of the office that issues the ruling. Under the new customs

code that is pending approval, this responsibility has been given to DIAN's Legal Counsel Office. In preparation for the May 2015 deadline, DIAN has requested training for the Legal Counsel Office, which will include technical guidelines to rule on appeals as well technical assistance to implement an appeals process.

### **ACTIVITY 1.3 IMPROVE RISK MANAGEMENT SYSTEM**

DIAN is currently undertaking great efforts to improve its risk management system. Colombia has seen an influx of contraband goods entering through its ports and the new administration faces enhanced political pressure to stop the entry of illegal goods. There is a continued focus within DIAN to prioritize the risk control aspect of risk management particularly as it relates to contraband. However, a new reform agenda within the agency has broadened the intended scope of its risk management system. To help undertake needed improvements, DIAN's risk management unit, which falls under the Organization Management division, and encompasses both customs and tax functions, has requested the project's assistance.

USAID *Facilitando Comercio* will work with DIAN to incorporate international best practices into its core management strategies for customs operations, such as risk avoidance, risk sharing and risk acceptance in addition to risk control, which tends to focus on document review and physical examinations. The project will initiate work on this activity by engaging international risk management experts to present empirical risk models so that DIAN can assess a quantitative model that is most applicable to Colombia's needs. For example, a model that helps identify the risk, its type, fraud potential, and general vulnerabilities, as well as a model that allows DIAN to measure the effective rate of its risk system. The project intends to contribute to DIAN's reform efforts by providing guidance on assessing risk models and could potentially help with some of its implementation. As this will be the first time DIAN's risk division receives direct technical assistance from USAID, and the information managed by this division is highly confidential, details of the current system's capabilities are not yet fully known and will require project assessment in order gauge the extent of the project's intervention. Additionally, DIAN may want to narrow this assistance to a specific risk module, which at the time of writing was under discussion. Any assistance provided to DIAN will be coordinated with other donors—the IMF and Canadian Government—which are expected to also provide technical assistance on risk management through 2015.

A key guiding principle for this activity will be to provide technical assistance that is focused on improving importer compliance by better identifying risks and improving pre-arrival controls to facilitate legitimate trade rather than solely stopping a predetermined percentage of goods at the border with little intelligence behind the inspection.

Lastly, DIAN will be working on the migration of Uni-Pass while simultaneously reforming its risk management system. DIAN intends to fully integrate its new risk management system with Uni-Pass over the next 2–3 years.

### **ACTIVITY 1.4 IMPROVE SINGLE WINDOW FOR FOREIGN TRADE**

MinCIT leads Colombia's national single window platform for foreign trade (VUCE), which involves 18 government agencies. The VUCE currently allows for electronic processing of

permits and certifications prior to trading across borders and supports simultaneous inspections for exports, with the same expected for imports once the customs code is approved.

There a number of initiatives being undertaken by MinCIT to improve the VUCE, and an effort to initiate the planning of a port community system (PCS), as elaborated on below. Some of these initiatives benefit from international best practice guidance and can be implemented with counterpart resources. Other efforts require an additional level of coordination, as is the case with incorporating DIAN's clearance operations into the VUCE and the need to better coordinate trade facilitation efforts among all relevant players to better utilize resources. (See activity 1.4.2 and 1.4.3.)

### **1.4.1 Help DIAN Integrate into VUCE**

The VUCE currently supports more functions for exports than imports, a deficiency attributable to the absence of DIAN's clearance operation. Integrating DIAN would improve import clearance times and make the single window more attractive to traders. One of the impeding factors has been DIAN's fragmented IT systems. With the migration to Uni-Pass expected to occur between 2015 and 2017, DIAN's foreign trade division is interested in beginning the process of incorporating DIAN's operation onto the VUCE platform. USAID *Facilitando Comercio* will assist with the backend preparations by providing technical assistance to DIAN while facilitating the coordination between DIAN and MinCIT.

### **1.4.2 Assist MinCIT with Port Community System Planning**

MinCIT is interested in developing a PCS to incorporate all private sector players involved in the logistics chain onto a single platform to improve transparency, streamline port operations, and reduce associated time and costs of trade. The development of the PCS is a large, resource-intensive undertaking, with an implementation timeframe of about two years. PCS have mostly been implemented in European port, along with some in Asia and Africa, with Latin American countries taking interest in doing the same. There are several best practices and lessons learned from other ports that should be taken into account before delving into implementation.

USAID *Facilitando Comercio* will assist MinCIT to develop an implementation roadmap for a PCS at one pilot port. This includes brining international expertise to assess local operations at a chosen port and guiding MinCIT through an appropriate action plan. This could potentially lead to recommendations centered on a public-private partnership to build and operate the PCS or recommendations for the direct management of its design and development. Following the set of recommendations, USAID *Facilitando Comercio* will assist MinCIT with developing terms of reference to procure the design and implementation services from a private firm, as well as the evaluation criteria to assess proposals.

### **1.4.3 Assist MinCIT in Developing National Committee on Trade Facilitation**

With 18 government agencies involved in the single window for foreign trade, and a number of free trade agreements beginning to enter into force in Colombia, a coordinated effort is needed to ensure trade policy is effectively being translated into measures that facilitate trade. Along these

lines, the WTO TFA requires Colombia to establish a national committee on trade facilitation (NCTF) to ensure agreement provisions are implemented. This requirement presents a golden opportunity for sustaining advances in trade facilitation well beyond the confines of the CTPA and the life of USAID *Facilitando Comercio*.

A quasi NCTF currently exists in Colombia; however, the group has been inactive for some time. MinCIT's trade agreement implementation office intends to revive the group and be the leading ministry behind the committee. USAID *Facilitando Comercio*, will assist MinCIT develop committee agendas and help bring together trade associations and other authorities involved in border management by coordinating for relevant speakers to address trade facilitation matters at committee meetings. Establishing a platform for public-private dialogue would not only benefit key activities like the development of the PCS, but would also ensure better donor coordination for trade facilitation.

# Component 2: Strengthen Ability to Meet CTPA Rules of Origin Requirements

Rules of Origin (ROO) are used to determine the national source of a product. It is a very technical process for determining whether a good made up of various inputs qualifies for preferential treatment according to trade agreements. The CTPA allows for the importer, exporter, or producer to certify the origin of its good, rather than having a government entity certify it. This measure contributes to the facilitation of trade under the agreement.

Technical assistance under this component will be focused on practical and operational aspects of origin verification and will be directed towards DIAN and the private sector. The project will make sure technical assistance is coordinated with the Government of Canada, which is helping DIAN apply rules of origin under the Canada-Colombia FTA.

## **ACTIVITY 2.1 IMPROVE ENFORCEMENT OF RULES OF ORIGIN BY DIAN**

DIAN's technical division has the responsibility of conducting origin verification to ensure goods entering Colombia with preferred tariff treatment duly qualify. Article 4.18 of the CTPA lays out the verification process, and while Colombia has already conducted a verification in the US, DIAN still requires further training to be able to conduct plant visits. Additionally, since the advent of the CTPA, Colombia has begun receiving products classified as remanufactured goods, which is a classification DIAN is not familiar with.

In Year 1, USAID *Facilitando Comercio* will initiate the following training for DIAN: 1) Accounting Practices—acceptable evidence to document the cost or value of inputs; 2) Production Process—quantifying material inputs for finished goods of key sectors; and 3) Remanufacturing—the production and commercialization process to aid verification. The training on remanufacturing will build off the introductory workshop being provided by the U.S. embassy in collaboration with CBP in order to leave DIAN with written material that can be used for future training.

Training will be conducted in a manner that facilitates distance learning for DIAN officials working in the regional offices. And all training and material will be coordinated with the training academy to ensure material can continue to be used after the project's completion. Additionally,

while the material will be developed for DIAN's technical division as the principal audience, the material is also intended to be used to train the Customs Oversight and Audit division (*fiscalización*) and the Risk Management division as the analysis of accounting documents also corresponds to their functions. USAID *Facilitando Comercio* will coordinate within DIAN to ensure the Audit and Risk Management divisions are included in the training workshops as part of the project's efforts to minimize clearance delays at the border by strengthening pre-entry and post-release verifications.

## **ACTIVITY 2.2 IMPROVE PRIVATE SECTOR COMPLIANCE**

Similar to DIAN, the Colombian private sector needs assistance in understanding acceptable accounting practices for materials and products that are being shipped with preferential treatment. USAID *Facilitando Comercio* will tailor the guide produced for DIAN to meet the needs of private companies and work with Proexport to hold related training workshops. Material developed for the training will be accessible to the public through Proexport's website.

The project will also work with Proexport to assist with workshops on short supply should they require additional technical assistance on the matter. The short-supply mechanism allows producers to import materials not commercially available in the United States or Colombia to manufacture apparel that still qualifies for preferential treatment when exported. At the conclusion of PATCB, the project published a guide on short-supply determinations, which has been used extensively by Proexport to conduct training workshops for the private sector. Proexport plans to continue conducting these workshops with their own resources in the months to come, which bodes well for the Colombianization of USAID *Facilitando Comercio*'s technical assistance. Given the Colombian ownership of this guide, the project's future assistance on this subject will be more limited than initially expected. The project will coordinate with Proexport to attain figures on number of companies trained and any possible success stories that have resulted from this effort.

# Component 3: Improve Technical Standards and Compliance

Chapter 7 of the CTPA—Technical Barriers to Trade (TBT)—reinforces the WTO’s TBT Agreement. To help developing countries implement commitments made under the TBT Agreement, USAID in partnership with the American National Standards Institute (ANSI), created the Standards Alliance Program. Colombia is participating in this program, with MinCIT’s Office of Technical Regulation leading the effort.

Prior to the commencement of USAID *Facilitando Comercio*, ANSI and MinCIT drafted a work plan, which at the time of writing was still undergoing validation given leadership changes within MinCIT. However, all technical assistance activities will have the following objectives:

1) improve the relationship between U.S. standards developing organizations and ICONTEC (Colombia’s national standards body); and 2) increase the use of international standards in Colombia, by adoption, adaptation, or normative referencing.

While the Standards Alliance will lead the design and implementation of its work plan, utilizing its own resources, USAID *Facilitando Comercio* anticipates supporting the program with value-added technical expertise and coordination efforts in the following activities.

## **ACTIVITY 3.1 CONDUCT WTO CODE OF GOOD PRACTICE WORKSHOP**

The Code of Good Practice calls for countries to publish proposed standards for comments before adoption. USAID *Facilitando Comercio* will help coordinate with ANSI, MinCIT and ICONTEC to conduct the workshop and will contribute with a potential industry standards developer to speak at the conference. The project may also contribute with written material to the workshop, such as a reference guide for improving private-sector engagement in standards development.

## **ACTIVITY 3.2 ASSIST WITH U.S. FOOD AND DRUG ADMINISTRATION’S (FDA) FOOD SAFETY MODERNIZATION ACT COMPLIANCE**

The new FDA law requires agribusiness distributors and manufacturers to control inventory recalls and know which products were shipped to which clients. As the FDA rolls out a plan for implementing the Act, the project will work with ANSI to find ways to assist Colombia’s

agribusiness sector in developing its own plan (e.g., technical assistance directly from the FDA or through a consultant).

### **ACTIVITY 3.3 COORDINATE BETWEEN ICONTEC AND U.S.-BASED STANDARDS DEVELOPERS**

USAID *Facilitando Comercio* will work to strengthen working relationships with US standard developers in sectors deemed priority by Colombia. This includes assisting with possible staff exchanges and collaboration on written material. This activity will be further developed once the new heads of both ICONTEC and MinCIT's Technical Regulations Office take up their posts.

# Demand-Driven Technical Assistance

As referenced above, USAID *Facilitando Comercio* has close working knowledge of the pending customs code and the process reengineering needed to improve DIAN's cargo and express deliveries clearance operation. These areas of intervention were intended to be a central part of the project's work under Component 1; however, they are not ripe for intervention at this time. Accordingly, they have been categorized as demand-driven or potential activities. Should DIAN reprioritize or should the customs code be approved, USAID *Facilitando Comercio* will stand ready to respond with the focus of adhering to CTPA commitments. Should any additional activities emerge that are not listed here, they will first be vetted with USAID/Colombia prior to amending the work plan.

## **4.1 GUIDE DIAN THROUGH DRAFTING REGULATIONS**

During PATCB, a series of recommendations were made to improve DIAN's clearance operation for cargo and express deliveries, and a number of them are now reflected in the current draft version of the customs code. Following approval of the code, regulations will have to be drafted within six months to support the new decree. To undertake this, USAID *Facilitando Comercio* will coordinate with DIAN to first, reengineer the process, and then evaluate the operational viability considering DIAN's IT systems. The project will then validate the process change with the private sector/trade associations and then begin drafting regulation text. This proposed methodology will ensure that the new customs code translates into operational improvements.

## **4.2 IMPROVE EXPRESS DELIVERY OPERATION**

Article 5.7 of the CTPA stipulates that express deliveries undergo expedited clearance—six hours from the time of arrival—without regard to weight or value. The mandatory implementation date for this was May 15, 2014. In preparation for this deadline, PATCB began working with DIAN in 2012 and developed an action plan to implement an improved operational model that could support the clearance process.

USAID *Facilitando Comercio* anticipated working with DIAN on the implementation of that new operational model. However, at the time of writing, DIAN's foreign trade division was leading the implementation effort on its own using PATCB's final activity report. USAID *Facilitando Comercio* has not been able to verify to what extent DIAN has been able to undertake the implementation using its own resources or whether reforms are being pushed at both the process and IT level. The project anticipates being able to evaluate the new operational model in the

course of implementing other activities with the foreign trade division so as to report progress (e.g., success stories) on the reduction of clearance times. And should DIAN decide further assistance is needed to move forward with planned reforms, USAID *Facilitando Comercio* will be ready to reengage with the original team that developed the operational model.

# Appendix A. Activity Implementation Budget

The following table illustrates the Year 1 budget desegregated by activity. The budget is intended to be flexible to allow for demand-driven technical assistance. The suggested level of effort reflects short-term technical assistance only and does not include time allocated by long-term project staff.

**Table A-1**  
*FTIA Work Plan Budget—Year 1*

Component	Activities	Counterparts	Timeframes	Estimated STTA LOE	Estimated ODCs (\$)	Estimated Cost (LOE + ODCs) (\$)
<b>COMPONENT 1: STRENGTHEN CUSTOMS POLICIES AND ENFORCEMENT PRACTICES</b>						
1.1	Develop Inspector Training Program	DIAN	Yr 1, Q2–Q4	180	14,702	118,436
1.2	Implement Advance Ruling System					
1.2.1	Technical Training for Issuance of Rulings	DIAN	Yr 1, Q2–Yr2	80	9,440	51,140
1.2.2	Implement Advance Ruling Appeals Process	DIAN	Yr 1, Q4–Yr 2	50	4,340	26,940
1.3	Improve Risk Management System	DIAN	Yr 1, Q2–Q4	70	8,680	102,060
1.4	Improve Single Window for Foreign Trade					
1.4.1	Help .DIAN Integrate to VUCE	DIAN, MinCIT	Yr 1, Q3–Q4	40	7,595	25,995
1.4.2	Assist MinCIT with PCS Planning	MinCIT	Yr 1, Q2–Q4	30	3,906	43,926
1.4.3	Assist MinCIT in Strengthening NCTF	MinCIT	Yr 1, Q3–Yr 2	25		11,086
<b>COMPONENT 2: RULES OF ORIGIN</b>						
2.1	Improve Enforcement of Rules of Origin by DIAN	DIAN	Yr 1, Q2–Yr 2	50	8,138	53,038

<b>Component</b>	<b>Activities</b>	<b>Counterparts</b>	<b>Timeframes</b>	<b>Estimated STTA LOE</b>	<b>Estimated ODCs (\$)</b>	<b>Estimated Cost (LOE + ODCs) (\$)</b>
2.2	Improve Private Sector Compliance	Proexport	Yr 1, Q4	20	4,340	13,540
<b>COMPONENT 3: TECHNICAL STANDARDS</b>						
3.1	Conduct WTO Code of Good Practice Workshop	MinCIT	Yr 1, Q4	10	5,425	13,340
3.2	Assist with U.S. FDA Food Safety Modernization Act Compliance	MinCIT	Yr 1, Q3–Yr 2	65	10,850	96,850
3.3	Coordinate between ICONTEC and U.S.-based standards developers	ICONTEC	Yr 1, Q2–Yr 2	-	54,250	54,250
<b>DEMAND-DRIVEN TECHNICAL ASSISTANCE</b>						
4.1	Guide DIAN through Regulation Drafting	DIAN	-	20	5,000	14,200
4.2	Improve Express Delivery Operation	DIAN	-	20	5,000	14,200
			<b>TOTAL</b>	<b>660</b>	<b>141,665</b>	<b>639,000</b>

# Appendix B. Activity Indicators

The following are suggested activity indicators, which will be finalized in the project's Performance Management Plan, along with the monitoring and evaluation methodology.

**Table B-1**

*Output and Outcome Indicators for Program Activities*

Activity	Output Indicators	Outcome Indicators	Expected Result
<b>COMPONENT 1: STRENGTHEN CUSTOMS POLICIES AND ENFORCEMENT PRACTICES</b>			
1.1 Develop Inspector Training Program	Numbers of inspectors participating in pilot, number of materials produced and integrated into DIAN's training platform	DIAN includes mandatory training in its institutional directive; Training Academy budget includes training program for inspectors.	1) Mandatory training for inspectors; 2) Established training methodology for inspector formation. Long-term results: Improved consistency and transparency of inspections; and reduction of unwarranted clearance delays related to examinations
1.2 Implement Advance Ruling System			
1.2.1 Technical Training for Issuing Rulings	Number of DIAN officials trained; materials developed	Administrative acts emitted by DIAN establishing advance rulings process; publication of AR forms in DIAN's website; number of rulings issued by DIAN adhering to recognized standards	1) Implementation of an advance ruling process; 2) Improved transparency; 3) Improved adherence to the GATT Agreement on Customs Valuation; 4) Enhanced laboratory practices. Long-term result: reduced clearance times
1.2.2 Implement Appeal Process for Advance Rulings	Number of DIAN officials trained; materials developed; number of process recommendations		1) Implementation of appeals process; 2) Improved transparency
1.3 Improve Risk Management System	Number of risk management workshops	Pending further activity development with DIAN—Indicators will be confirmed in PMP.	Improve customs strategic approach to risk management with a focus on trade facilitation

Activity	Output Indicators	Outcome Indicators	Expected Result
1.4 Improve Single Window for Foreign Trade			
1.4.1 Help Dian Integrate into VUCE	Number of system and process integration recommendations	Number of system integration measures implemented by DIAN	Integration of customs clearance operations initiated. Long-term result: reduced processing times
1.4.2 Assist MinCIT with Port Community System (PCS) Planning	Number of Action Plans and procurement guidelines	MinCIT emits request for proposals.	Action plan that allows MinCIT to move forward with the procurement specifications needed to design PCS
1.4.3 Assist MinCIT in Developing National Committee on Trade Facilitation	Number of NCTF meetings, number of institutions and associations participating	MinCIT notifies WTO TFA committee of adherence to NCTF commitment C7	Coordinated trade facilitation efforts leading to streamlined processes that reduce trading costs; 2) Adherence to WTO TFA.
<b>COMPONENT 2: STRENGTHEN ABILITY TO MEET CTPA RULES OF ORIGIN REQUIREMENTS</b>			
2.1 Improve Enforcement of Rules of Origin by DIAN	Number of officials trained, number of training materials developed	Number of verifications conducted by DIAN with new guidelines	Improved pre-entry and post-release verifications
2.2 Improve Private Sector Compliance	Number of businesses trained; materials developed	Percentage increase in number of businesses that have incorporated standard accounting practices based on project guidelines	Improved exporter compliance
<b>COMPONENT 3: IMPROVE TECHNICAL STANDARDS AND COMPLIANCE</b>			
3.1 Conduct WTO Code of Good Practice Workshop	Number of workshop participants	Commitments and administrative acts issued by Colombian entities resulting in improvements to local practices	Improved adherence to WTO and CTPA TBT Agreement
3.2 Assist with U.S. Food and Drug Administration's (FDA) Food Safety Modernization Act Compliance	Number of sectorial action plans developed	Sectorial action plans being implemented by sector-specific associations	Adherence with FDA's FSMA and exporter compliance
3.3 Coordinate Between ICONTEC and U.S. -Based Standards Developers	Number of coordinated efforts and institutional measures carried out by ICONTEC to strengthen working relationship with US standard developers	Pending further development of activity. Indicators will be confirmed in PMP.	Improved trader compliance and coordination
<b>DEMAND-DRIVEN TECHNICAL ASSISTANCE</b>			
4.1 Guide DIAN through Regulation Drafting	Number of regulations drafted	Number of regulations implemented by DIAN that adhere to CTPA commitments	Institutionalized regulations that support CTPA commitments; long-term: reduced clearance times

<b>Activity</b>	<b>Output Indicators</b>	<b>Outcome Indicators</b>	<b>Expected Result</b>
4.2 Improve Express Delivery Operation	Number of recommendations made to process and IT system	Number of recommendations implemented; customs release times	Reduced clearance times for express deliveries and compliance with CTPA



# Appendix C. Activity Implementation Timeline

**Table C-1.**

*Project Implementation Timeline*

Project Activity	Year 1				Year 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
COMPONENT 1: STRENGTHEN CUSTOMS POLICIES AND ENFORCEMENT PRACTICES								
1.1 Develop Inspector Training Program		■	■	■				
1.2 Implement Advance Ruling System		■	■	■	■	■	■	■
1.2.1 Technical Training for Issuing of Rulings		■	■	■	■	■	■	■
1.2.2 Implement Appeal Process for Advance Rulings				■	■	■	■	■
1.3 Improve Risk Management System		■	■	■				
1.4 Improve Single Window for Foreign Trade		■	■	■	■	■	■	■
1.4.1 Assist Dian Integrate to the VUCE			■	■				
1.4.2 Assist MinCIT with Port Community System (PCS) Planning		■	■	■				
1.4.3 Assist MinCIT in Developing National Committee on Trade Facilitation			■	■	■	■	■	■
COMPONENT 2: STRENGTHEN ABILITY TO MEET CTPA RULES OF ORIGIN REQUIREMENTS								
2.1 Improve Enforcement of Rules of Origin by DIAN		■	■	■	■	■	■	■
2.2 Improve Private Sector Compliance				■				
COMPONENT 3: IMPROVE TECHNICAL STANDARDS AND COMPLIANCE								
3.1 Conduct WTO Code of Good Practice Workshop				■				
3.2 Assist with U.S. Food and Drug Administration's (FDA) Food Safety Modernization Act Compliance			■	■	■	■	■	■
3.3 Coordinate Between ICONTEC and U.S. -Based Standards Developers		■	■	■	■	■	■	■

