



Workshop In Ho Chi Minh City (02/28/2020)

# QUARTERLY REPORT




## TRADE FACILITATION PROGRAM

January – March 2020

### DISCLAIMER

This document was produced for review by the United States Agency for International Development. It was prepared by Nathan Associates Inc. for the USAID Trade Facilitation Program, contract number 72044018C00001.

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## ACRONYMS

AEO	Authorized Economic Operator
AMELP	Activity Monitoring, Evaluation, and Learning Plan
APCI	Administrative Procedures Compliance Costs Index
ASEAN	Association of Southeast Asian Nations
ASW	ASEAN Single Window
C2B	Customs-to-business
CBP	U.S. Customs and Border Protection
C/O	Certificate of Origin
COR	Contracting Officer's Representative
DPM	Deputy Prime Minister
FDI	Foreign Direct Investment
FWG	Focused Working Groups
FY	Fiscal Year
GDVC	General Department of Vietnam Customs
GVN	Government of Vietnam
GVC	Global Value Chain
HCMC	Ho Chi Minh City
HS	Harmonized System
ICD	International Cooperation Department
ICT	Information and Communication Technology
LinkSME	USAID Linkages for Small and Medium Enterprises Project
MARD	Ministry of Agriculture and Rural Development
MEL	Monitoring Evaluation and Learning
MOF	Ministry of Finance
MOH	Ministry of Health
MOIT	Ministry of Industry and Trade
MOJ	Ministry of Justice
NSW	National Single Window
NTFC	National Trade Facilitation Committee
PTFC	Provincial Trade Facilitation Committees
SME	Small and medium enterprises
STFE	Senior Trade Facilitation Expert
TF	Trade Facilitation
TFA	WTO Trade Facilitation Agreement
U.S.	United States
USAID	United States Agency for International Development
VCCI	Vietnam Chamber of Commerce and Industry

VCS	Vietnam Customs School
VNACCS/VCIS	Vietnam Automated Cargo Clearance System/Vietnam Customs Information System
WCO	World Customs Organization
WTO	World Trade Organization

## I. EXECUTIVE SUMMARY

The USAID Trade Facilitation Program continued to successfully implement activities in the second quarter (Q2) in spite of a shift in counterpart priorities, a slowdown due to the Lunar New Year (Tet) Holiday, and challenges caused by the global COVID-19 pandemic.

In January 2020, the Program updated its Year 2 Work Plan following directions from Vice Minister of Finance Vu Thi Mai and General Department of Vietnam Customs (GDVC) Deputy Director General Mai Xuan Thanh at the first Project Steering Committee (PSC) and Project Management Unit (PMU) meetings in December 2019.

Following the updates, four activities emerged as milestone/flagship tasks for Fiscal Year 2020:



**Development of a scheme for Specialized Inspection (SI) reform**, whereby Customs becomes the focal point for SI at border gates



**Improvement of the efficacy/functionality of the National Single Window (NSW)**



**Improvement of the Customs Information and Communications Technology (ICT) system**



**A Diagnostic Study to provide inputs to the Customs Development Strategy for 2021-2030**, including a review and assessment of current Customs capabilities and effectiveness

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Notwithstanding the new priorities, the Program continued successful implementation of activities started in the previous reporting period, including the first-ever survey and assessment of customs administrative procedures compliance costs (Customs-APCI), the ongoing preparation of the final report after the completion of the Business Satisfaction Survey of Administrative Procedures on the NSW, and the integration of the pilot e-learning course user test results into the e-learning feasibility study report. The final report of the feasibility study confirmed that the Vietnam Customs School (VCS) would be able to develop and benefit from its own e-learning system.

The Program took advantage of the slowdown due to the Tet holiday in January to draft Scopes of Work (SOWs) for Q2 activities, which were then discussed and finalized in February with the Program's main counterpart. By finalizing the SOWs with GDVC prior to the lockdown of Vietnamese cities in March caused by the COVID-19 pandemic, the Program was able to complete the selection and recruitment of local and international experts with little delay. As the impacts of COVID-19 restrictions on international and domestic travel became clearer, the Program swiftly secured GDVC's agreement to shift to online planning and implementation of Q3 activities. This required additional revisions of the drafted SOWs and setting up a dedicated videoconference room at GDVC headquarters with information technology equipment to facilitate the interactions between GDVC officials, local and international experts.

Despite the particularly challenging situation, the Program managed to mobilize international experts to assist GDVC in several key activities before the imposition of international travel restrictions. These activities include the development of a comprehensive institutional regulatory and economic impact assessment and an in-country customs risk management assessment. The economic impact assessment will serve as a credible and sound foundation that will inform the new SI Reform scheme. The customs risk management assessment will further expound upon the preliminary findings detailed in an interim report produced in Q1, which promotes the re-design and restructuring of the Customs' risk management process, system and channel-selecting functionality in line with the requirements of a new Circular on Risk Management in Customs Operations. Moreover, the Program conducted a fact-finding mission to identify GDVC capacity building needs, and to design training on Leadership and Management Development (LMD) skills for officials holding leadership positions in Vietnam Customs (Activity 3.4).



The Program also made progress in the Provinces with the development of a concept note to promote the establishment of Provincial Trade Facilitation Committees (PTFC) and the execution of a successful workshop with HCMC Customs to identify strategic solutions for improving customs procedures at the port and to develop an anti-congestion plan that would facilitate logistics at Cat Lai Terminal. Finally, the Program team worked closely with the local Customs Departments in the six selected provinces to organize a planning workshop, to initiate discussions on the local customs' technical assistance requests that were sent to the PMU and to finalize specific work plans for each province. Unfortunately, due to the COVID-19 outbreak this activity has been suspended.

## **PRIORITIES FOR NEXT QUARTER**

Due to the current COVID-19 pandemic and related travel restrictions, the Program revised its implementation methodology of all planned activities to prioritize remote research and documents reviews, and to provide consultations, assistance and guidance via videoconferencing facilities set up within GDVC and Program offices.

In Q3, the Program will prioritize implementing the four milestone activities specifically the NSW, the Customs ICT system, the new SI scheme, and a review of all Customs activities as the first step in contributing to the preparation of the Customs Development Strategy 2021-2030. The Program will continue to provide technical assistance to GDVC to develop the new SI scheme, through the finalization of a comprehensive institutional, regulatory and economic impact assessment study and further revision of the latest version of the draft scheme. GDVC is required to submit the final version of the scheme to the Government in Q3. As the involvement of line ministries is critical to streamlining SI and promoting the new scheme, the Program will also assess the current situation with SI reforms in four key line Ministries to design technical assistance activities that will identify and tackle issues that negatively impact trade.

Apart from the four milestone activities, the Program will continue to implement work plan activities including those delayed in Q2 due to the outbreak of COVID-19. This includes an assessment of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) implementation status and the development of mechanisms to promote coordination between GDVC and line ministries that will improve the effectiveness of the legal and institutional trade facilitation environment in Vietnam. Similarly, the Program will assess the current legal basis and mandate of the National Trade Facilitation Committee (NTFC) through a comparison of the Vietnam NTFC with other international models. The assessment will also provide recommendations for improving NTFC performance while introducing a mechanism to monitor WTO TFA implementation.

On Customs-APCI and on the NSW Administrative Procedure Business Satisfaction Survey, the Program will deliver the final reports aimed respectively to identify the customs administrative procedures contributing to bottlenecks and increased costs to private sector businesses, and the NSW administrative procedures raising concerns among business operators.

Based on the recommendations from the e-learning feasibility study report, the Program will set up a Learning Management System (LMS) at VCS to support the implementation of the school's e-learning plan. By setting up an LMS, e-learning at VCS will be more sustainable, supporting Vietnam in its Journey to Self-Reliance.

The activities in the Provinces include the finalization and submission of a Master Provincial Work Plan to the PMU, which includes all the technical proposals submitted by Provincial Customs Departments, a pre-feasibility study to identify all the available avenues to improve customs and logistic activities at Cat Lai terminal, and the finalization of the plans to set up PTFCs in the six selected provinces.

Finally, the impact of COVID-19 will further delay training courses given the need for in-person exchanges with international trainers including the follow-up training on Trade Compliance Measurement, which was initially carried out in September 2019, and the management skills training for GDVC officials in leadership positions.

## 2. PROJECT OVERVIEW

<b>Program Name:</b>	USAID Trade Facilitation Program
<b>Activity Start Date and End Date:</b>	May 29, 2018 – May 28, 2023
<b>Name of Prime Implementing Partner:</b>	Nathan Associates Inc.
<b>Contract Number:</b>	72044018C00001
<b>Name of Subcontractors/Sub awardees:</b>	Baker & McKenzie (Vietnam) Ltd. Bixal Solutions Inc. Pioneer Communications & Marketing Co. Ltd. The Asia Foundation
<b>Major Counterpart Organization:</b>	General Department of Vietnam Customs
<b>Geographic Coverage (cities and/or countries):</b>	Vietnam
<b>Reporting Period:</b>	Q2 FY2020: January 1, 2020 – March 31, 2020

### 2.1 PROJECT DESCRIPTION

The United States Agency for International Development (USAID) Trade Facilitation Program (“Trade Facilitation Program” or “the Program”), is a five-year project (May 29, 2018 to May 28, 2023) that aims to support the adoption and implementation of a risk-based approach to customs and technical (“specialized”) inspection institutions in Vietnam. Attaining this objective will facilitate the implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA). The primary Government of Vietnam (GVN) counterpart for the Trade Facilitation Program is the General Department of Vietnam Customs (GDVC), which also acts as the focal point of the National Trade Facilitation Committee<sup>1</sup> (NTFC) for Vietnam. Within this context, the Program supports national and provincial stakeholders in promoting the benefits to be gained by the application of a risk management approach to specialized inspections mandated by line ministries to protect food safety, public health, technical standards, and the environment. Specialized inspections are considered a major impediment to trade causing major delays in border clearance. The Trade Facilitation Program aims, in particular, to strengthen the role and capacity of the NTFC to effectively implement and coordinate trade facilitation policies and procedures, and to promote more proactive public-private dialogue.

The USAID Trade Facilitation Program activities are organized into four components:

- Component 1: Harmonization and simplification of key risk management and specialized inspections-related policies at the central level and strengthening the role of the NTFC
- Component 2: Strengthening National-Provincial (Vertical) coordination of trade facilitation strategies and facilitating import and export of goods
- Component 3: Strengthening the provincial level implementation and inter-provincial coordination in at least five targeted provinces
- Component 4: Enhancing the partnership between customs and the private sector

In addition to providing targeted assistance at the central level, the Program will secure provincial buy-in by localizing technical assistance and operations in six provinces identified and selected in close cooperation with GDVC, i.e.: Hanoi, Hai Phong, Da Nang, Quang Tri, Ho Chi Minh City, and Dong Nai. Six dedicated trade facilitation coordinators will provide essential support to relevant stakeholders in each province.

<sup>1</sup> In Vietnam the role of the NTFC is played by the “National Steering Committee on ASEAN Single Window (ASW), National Single Window and Trade Facilitation”, set up by the Prime Minister Decision No. 1899/QĐ-TTg of October 4, 2016.

In implementing its activities, the Program will look specifically to engage the private sector, the ultimate beneficiaries of trade facilitation (TF), as advocates to help champion TF reforms. Achieving the Program's objectives will help improve the trade and investment environment for Vietnamese and United States (U.S.) companies, and help Vietnamese small and medium enterprises (SMEs) further integrate into global value chains (GVC).

The Minister of Finance approved the USAID Trade Facilitation Program as an Official Development Assistance (ODA) project on July 9, 2019<sup>2</sup>.

## 2.2 QUARTER 2 FISCAL YEAR 2020 PROGRAM HIGHLIGHTS

This section highlights key achievements of the Program during the quarter from January to March 2020.

### NEW SCHEME TO REDUCE CONGESTION AT THE CAT LAI TERMINAL (ACTIVITY 3.6)

The Program, in collaboration with the Customs Department of Ho Chi Minh City (HCMC), organized a workshop, attended by more than 140 participants from government, private sector, and media, focused on developing a new scheme to reduce congestion at the Cat Lai Terminal, which handles more than 40 percent of Vietnam's total container volume. Through the new scheme, HCMC Customs aims to streamline procedures for goods delivery at Cat Lai; apply information technology to further shorten the time necessary to complete all procedures at the port; reduce logistics costs for enterprises; improve enterprise satisfaction when carrying out customs procedures; and promote Customs-Business Partnerships. This is the first time this approach will be used in Vietnam and may be a replicable and sustainable solution to congestion in Vietnam's ports. If the scheme is effectively executed, traders and customs authorities can better monitor the status of shipments and related paperwork from the moment of importation through clearance. Enterprises will also have access to real-time accurate feedback from Customs, thereby eliminating false information, and reducing the risk of adverse practices at the port.



Director of HCMC Customs Mr. Dinh delivering remarks at the workshop on February 28, 2020.



Program experts meeting with VCCI in HCMC to solicit private sector input for the proposed LMD course (February 2020)

### LEADERSHIP AND MANAGEMENT DEVELOPMENT (LMD) TRAINING FOR GDVC LEADERS (ACTIVITY 3.4.2)

The Program organized a mission of international experts from Moonshot Global, a woman-owned U.S. small business, to conduct several interviews and focused group discussions to better understand the current situation, identify gaps in capacity building of GDVC and design leadership management development training to help Vietnam on its Journey to Self-Reliance through the long-term positive effects of good leadership. In this context, the experts conducted a co-creation workshop to collect GDVC's comments, feedback, and expectations.

### E-LEARNING FEASIBILITY STUDY (ACTIVITY 3.3)

The Program completed the study to assess the feasibility of setting up a platform to deliver e-learning courses to GDVC officials. In Q2, the Program finalized preparation of a prototype e-learning course, focused on Rules of Origin (ROO), which was later included in a pilot program tested by select GDVC

<sup>2</sup> In Vietnam, Decree 16/2016/ND-CP of March 16, 2016, and following modifications requires the Government approval of every ODA and concessional loans granted by foreign donors.



officials. The positive feedback confirmed the initial conclusions of the interim feasibility study report that VCS would be able to develop and benefit from its own e-learning system. A key finding of the report is that the launch of an e-learning training program “requires a concerted and ongoing stakeholder commitment over the long run. GDVC and VCS, in collaboration with the Trade Facilitation Program, need a resolute commitment now to collaborate in implementing the Roadmap and achieving larger project objectives. The collaboration between VCS, the Trade Facilitation Program, and the Program’s experts in the pilot course development task provides valuable insight into future collaborative efforts and next steps needed to modernize training delivery for Vietnam Customs”. Following the recommendations from the final report, the Program will set up an LMS in GDVC/VCS, provided that the latter will commit the necessary human and financial resources to develop the e-learning plan using the LMS platform.



Workshop in Hanoi on the Draft Scheme for SI Reform (February 2020)

### DEVELOPMENT OF A NEW SCHEME FOR SI REFORM (ACTIVITY 1.3)

After the GVN’s study visit to the U.S. in Q4 of FY2019, where key officials were exposed to the mechanisms and methodology employed by U.S. Customs and Border Protection (CBP) to undertake and assume responsibility for certain types of SI on imports and exports at U.S. Ports of Entry, the Ministry of Finance (MOF) issued Resolution No. 99/ND-CP (November 2019) to develop a Scheme for SI Reform inspired by the US system. Since Q1, the Program has been providing technical assistance to GDVC to develop the scheme whereby customs become the focal point for SI at border gates, and line ministries only conduct post-clearance inspections. In Q2, the

Program mobilized experts to assist GDVC in undertaking a comprehensive institutional, regulatory, and economic study assessing the impact of developing and implementing the proposed Scheme. In addition, the Program co-organized consultative workshops for public and private sector stakeholders; provided research and inputs to study practices in other comparable countries who have gone through a similar institutional reform, facilitated and contributed to focused working groups (FWGs) to design and develop the Scheme and assisted with preparation and drafting of the proposed scheme. GDVC circulated a final draft of the scheme among relevant Line Ministries and representatives from the private sector and intends to submit the final version to the GVN in Q3.

### RISK MANAGEMENT AND ICT (ACTIVITY 2.12)

After the GVN promulgated a new Circular on Risk Management in Customs Operations, drafted by GDVC with the technical assistance of the Program, there was a need to re-design and restructure the Customs risk management process, procedures and system and channel-selecting functionality. In late Q1, as requested by GDVC, the Program began its review and analysis of GDVC’s internal situational assessment of risk management in customs. An Interim Report was subsequently produced and shared with GDVC before the end of the year. In Q2, the Program mobilized experts to undertake an in-country assessment and evaluation to verify and further inform the preliminary findings detailed in the Interim Report. The Final Report identified three main priorities: 1) the need for setting up a national centralized joint inter-agency risk analysis/assessment and targeting center, where different border and law enforcement agencies are ‘collocated and function adjacent to each other, sharing information, identifying best possible targets and coordinating actions’; 2) the necessity of improving the effectiveness of declaration processing channel selectivity linked to implementation of key performance indicators (KPIs) throughout the administration, and 3) the urgency of encouraging and further developing voluntary compliance. The Risk-Management Department, in reviewing and commenting on the report, identified another technical assistance need for management and operations of Non-Intrusive Inspection (NII) equipment (scanners). The Program will collaborate with the Risk Management Department to develop concept notes and activity plans for the above and will look to include these as *ad-hoc* Program activities in Q3 or Q4 or in the Annual Work Plan for 2021.

### 3. WORK PLAN IMPLEMENTATION PROGRESS<sup>3</sup>

#### 3.1 COMPONENT I. HARMONIZATION AND SIMPLIFICATION OF KEY RISK MANAGEMENT AND SPECIALIZED INSPECTIONS-RELATED POLICIES AT THE CENTRAL LEVEL AND STRENGTHENING THE ROLE OF THE NTFC

##### INTRODUCTION

Program activities in Component I are geared to ensure the facilitation of legal and regulatory initiatives that are of the highest priority for the GVN, or hold the best potential for contributing to the effective implementation of the WTO Trade Facilitation Agreement, with particular attention to Vietnam's Category B and C commitments. This includes the Program supporting the implementation of the National Single Window and Association of Southeast Asian Nations (ASEAN) Single Window, assisting to reform Specialized Inspection of imports and exports, and support to implement the TFA through strengthening the role of the NTFC. The NTFC will be a critical mechanism for consultation, decision-making, and monitoring and evaluation for trade facilitation efforts and business environment improvements in Vietnam.

##### ACTIVITY I.1 – NATIONAL SINGLE WINDOW AND ASEAN SINGLE WINDOW

In Q2, the Program expected to begin work with the IT & Customs Statistics Department of GDVC to review, survey, analyze, and assess the implementation and operations of the NSW. Program activities were to include: surveying relevant stakeholders, including line ministries and private sector; developing performance measurement indicators; and undertaking a feasibility study for IT tools to automatically assess the effectiveness and measure transaction time for administrative procedures of the NSW.

Following consultations with the IT & Customs Statistic Department, the Program developed SOWs and sought an international NSW specialist and a national NSW expert to implement Y2WP sub-activities I.1.4 - I.1.6 [i.e. Support the development of an overall scheme to serve the implementation of the National Single Window and Decree on sharing of information]. Due to the continuing COVID-19 pandemic and related travel restrictions, the international NSW specialist will work remotely with consultations carried out through videoconferencing, and work is expected to start in May 2020.

##### ACTIVITY I.1.BIS – ASSIST TO DEVELOP AND IMPLEMENT SCHEME ON RE-DESIGN OF THE BLUEPRINT FOR AN OVERALL CUSTOMS IT SYSTEM

The Ministry of Finance identified a need to develop a more robust ICT system and Enterprise Architecture<sup>4</sup> to support delivery of the GDVC's mandate, aims and objectives. The present GDVC ICT enterprise architecture is fragmented, consisting of a number of different systems supporting specific functions, and is not fully integrated with the main declaration processing system, the Vietnam Automated Cargo Clearance System/Vietnam Customs Information System (VNACCS/VCIS), or the Vietnam NSW, and hence other government ministries. Fragmentation and lack of connectivity adversely impacts the efficiency and effectiveness of existing GDVC operations. A more holistic approach needs to be taken to develop the organization's ICT enterprise architecture in order to support delivery of future organizational ICT-enabled strategies and objectives. The first step towards creating a new ICT enterprise architecture for the GDVC is to clearly define the future requirements for the system.

In Q2, the Program continued to support GDVC with preparatory activities to recruit and mobilize international and local experts to help define the operational requirements and design the blueprint for functional and technical requirements and specifications for a new ICT system to be at the core of the enterprise architecture. This support will also include consultations with public and private sector stakeholders and exposure to the international experience of effective customs IT environments and systems

<sup>3</sup> The task numbers in this section refer to the activities included in the approved revised Year 2 Annual Work Plan

<sup>4</sup> Enterprise Architecture: A comprehensive framework to manage and align the IT assets, people, operations, and projects with the enterprise strategic objectives.

in other countries. Due to the COVID-19 crisis and related travel restrictions, the Program modified the approach and modalities for providing technical assistance to enable remote support and consultations by international experts via videoconferencing facilities. Work will now start in early Q3.

### **ACTIVITY 1.3 – SPECIALIZED INSPECTION (SI) OF IMPORTS AND EXPORTS**

Through Resolution No. 99/ND-CP (November 2019), the MOF is developing a Scheme for SI Reform, which was to be submitted to the Government in the first quarter of 2020. The scheme will designate GDVC as the focal point for SI at border crossings (except for goods related to national defense and security or quarantine). The scheme under development was influenced by the Program's support for the GVN's study visit to the U.S. in Q4 of FY2019, where key officials were exposed to the mechanisms and methodology employed by U.S. CBP to undertake and assume responsibility for certain types of SI on imports and exports at U.S. Ports of Entry. The MOF now envisions GDVC to assume a similar role. The integration of roles and responsibilities and the creation of a single focal point for most SI carried out at border crossings will simplify clearance processes and facilitate trade by reducing time and costs.

Streamlining specialized inspection procedures is one of the key objectives of the Program. In late 2019, GDVC requested for urgent and immediate technical assistance to complete the MOF scheme and so, in Q2 the Program provided further technical assistance and support to GDVC to develop a Scheme for Specialized Inspection (SI) Reform whereby customs become the focal point for SI at border gates and line ministries only conduct post-clearance inspections. The Program mobilized international and national experts to assist GDVC to undertake a comprehensive institutional, regulatory, and economic impact assessment as a solid and credible basis to develop and implement the proposed Scheme. In addition, the Program co-organized consultative workshops for public and private sector stakeholders; provided research and inputs to study practices in other comparable countries who have gone through a similar institutional reform and change process; facilitated and contributed to FWGs to design and develop the Scheme; and assisted with preparation and drafting of the proposed scheme for submission to the GVN in March 2020.

GDVC submitted the latest version of the draft scheme for SI Reform to the MOF along with a request to extend the deadline of the final draft to April 15, 2020. The government agreed to extend the deadline for submission of the draft SI Scheme to be achieved by the end of June 2020 (under Official Letter 2894/VPCP-KSTT of the Office of the Government dated April 13, 2020). GDVC wishes to supplement the contributions from key public and private sector stakeholders with comments from the Ministries of Health (MOH), Agriculture and Rural Development (MARD) and Justice (MOJ). The Program has continued to support GDVC with collation, analysis and feedback of the results and comments from line ministries and stakeholder consultations and has been carrying out research and study into the regulatory and operational processes for SI in Canada.

### **ACTIVITY 1.4 – ADMINISTRATION OF WTO TFA IMPLEMENTATION INCLUDING DETAILED ASSESSMENT OF THE IMPLEMENTATION LEVEL OF TFA COMMITMENTS**

The GDVC International Cooperation Department (ICD) initially requested the Program's assistance in beginning tasks under this activity in Q1 of FY2020. In response, the Program mapped out its FY2020 activities vis-à-vis Vietnam's TFA commitments to assist with implementation. However, other GVN priorities such as the draft Scheme on SI necessitated a shift of ICD and Program resources. Work under this activity was prioritized in Q2 of FY 2020.

GDVC proposed numerous sub-activities to support and facilitate the implementation of the WTO Trade Facilitation Agreement. These were all geared to meeting the aims and objectives of assessing and administering the level of implementation of the WTO TFA in Vietnam and developing mechanisms and methods for coordinated administration between GDVC and relevant line ministries for implementation of the WTO TFA. In Q2, the Program collaborated with GDVC to develop and agree SOWs for support and assistance from international and national experts but due to the COVID-19 crisis, these were modified to adopt the new approach of the Program for remote support and consultations via videoconferencing.

## ACTIVITY 1.5 – SUPPORT AND INCREASE THE ROLE AND EFFECTIVENESS OF THE NTFC INCLUDING STANDING OFFICE AND ANY WORKING GROUPS CREATED

The overall aim is for the Program to provide specialist advice, guidance, and technical assistance to: (a) support Vietnam in implementing measures in the WTO Trade Facilitation Agreement; (b) reform the trade facilitation mechanism; and (c) raising awareness. Proposed activities include (1) a review and assessment of the current legal basis and mandate of the NTFC, (2) comparison of the Vietnam NTFC with other models adopted regionally and internationally, (3) suggesting solutions for improved performance of the NTFC with potentially, revised Terms of Reference, and (4) proposals for a mechanism to monitor and supervise the implementation of GVN's commitments and action plan for implementation of the WTO TFA.

Announcement No.: I05/TB-VPCP issued by GVN in 2019 offered the Program a clear mandate and scope to support the NTFC to strengthen its role and responsibilities to facilitate domestic coordination and implement the provisions of the TFA. In Q2, the Program prioritized selected sub-activities related to the NTFC aimed at supporting Vietnam in implementing measures in the WTO TFA but also to reform the trade facilitation mechanism and raising awareness of the impact and benefits to be accrued from an effective implementation of the Agreement. During the Program's US study tour in September 2019, the participants observed and noted that the role of the NTFC in the US was significantly different from that in Vietnam and also there was considerably more involvement or engagement with the private sector. Therefore, there was a need to compare the model adopted in Vietnam with that of countries both regionally and internationally and to suggest solutions to improve performance and effectiveness of the NTFC in Vietnam.

In Q2 the Program developed a SOW for technical assistance and support to undertake the proposed activities and consulted with Program partner Baker McKenzie seeking their cooperation to implement. Work is expected to start in Q3.

## 3.2 COMPONENT 2. STRENGTHENING NATIONAL-PROVINCIAL (VERTICAL) COORDINATION OF TRADE FACILITATION STRATEGIES AND FACILITATING IMPORT AND EXPORT OF GOODS

### INTRODUCTION

The main objective of Component 2 is facilitating the import and export of goods by ensuring that GVN trade facilitation policies and procedures are implemented more effectively through strengthened coordination, communication, and cooperation. Policies formulated by the GVN, GDVC, and other line ministries are reportedly often not implemented uniformly at the provincial level. However, a degree of provincial independence on how to implement government policies can create opportunities for provinces that benefit Vietnam as a whole, while at the same time can influence future national policies and procedures. The overall objective is for customs formalities to be simplified and harmonized in accordance with international standards and regulations and for procedures to be made more transparent.

### ACTIVITY 2.2 – SELF-CERTIFICATION OF ORIGIN AND VERIFICATION OF GOODS

Due to the four milestone activities identified with the PSC and at the request of GDVC, the Program will push back the implementation of tasks under this activity further into FY2020. In line with the co-created work plan for FY2020, greater emphasis was placed on this activity and work is expected to start with a review of the current legal basis and comparison against FTAs and a study of international experiences and standards in Q3 of FY2020.

To prevent the risk of origin fraud, illegal transshipments, and trade circumvention, Prime Minister Nguyen Xuan Phuc signed Decision No. 824/QD-TTg on July 4, 2019, initiating actions to enhance state management of export, import, and foreign investment activities; raise awareness and efficiency of implementation of the provisions of the law on trade remedies, origin and customs; combat trade circumvention; review, develop, amend and supplement legal documents on circumvention of trade remedies and origin fraud; and prevent and penalize violations of trade remedy circumvention and origin frauds.

In Q2, the Program met with the Ministry of Industry and Trade (MOIT) to deliberate and collaborate on where and how the Program might provide technical assistance and support activities following Decision 824 and under Resolution 119/NQ-CP issued on December 31, 2019. It was subsequently agreed that the Program would support and assist MOIT to develop a roadmap for implementation of self-certification under Free Trade Agreements (FTAs) and develop an IT solution for the exchange of Certificate of Origin (C/O) data between MOIT and the Vietnam Chamber of Commerce and Industry (VCCI). Concept Notes and proposed activity plans are being developed for discussion with the Program Management Unit (PMU) at GDVC and the MOIT.

#### **ACTIVITY 2.4 – COMPLIANCE MEASUREMENT IN IMPORT AND EXPORT**

Risk Management (TFA Article 7.4) was classified by Vietnam as a Category C commitment, which is a measure that has not yet been fully implemented and requires technical assistance or donor support to do so. Trade Compliance Measurement is a proven and effective tool used as an integral part of risk management mechanisms. In FY2019, the Program cooperated with U.S. CBP to build GDVC capacity to develop an official trade compliance measurement program through three days of intensive training, attended by 31 GDVC officials (18 women), divided in two groups, focused respectively on policy and information technology. In the first group on policy, the CBP expert provided best practices such as the steps for implementing a trade risk management program and a more detailed overview of how to design statistical samples from a policy perspective for trade compliance measurement. In the second group on IT, another CBP expert delivered specialized training on how to use the ‘R’ programming tool with trade data for statistical sampling.

In March 2020, the Program and CBP were pursuing the long-term goal of working closely with GDVC to continue to deliver further intensive training to build on that delivered last year. Regrettably, due to the travel and social-distancing restrictions imposed because of the COVID-19 crisis the CBP experts were unable to travel to Vietnam and so the training and policy workshops have been delayed until Q3 (May 2020). Given the current situation, these may have to be further delayed until later in the year.

#### **ACTIVITY 2.9 – SUPPORT GVN IMPLEMENTATION OF THE ISTANBUL CONVENTION ON TEMPORARY ADMISSION OF GOODS**

In Q1, the Program proactively supported GDVC in carrying out an internal review of the draft Decree guiding implementation of the Istanbul Convention on Temporary Admission. The Program provided comments and feedback to GDVC as it sought Government approval on the draft Decree. The Program team also successfully developed a SOW and recruited a National Customs Expert who was on stand-by to support and assist GDVC to localize and finalize the draft Decree. Showing the GVN’s increased trust in the Program, the National Assembly Standing Committee requested for Program support in organizing a seminar to allow further discussion and consultation on the contents of the draft decree.

To support the National Assembly Steering Committee in incorporating international best practices into the decree, the Program communicated with and shared documents and analysis with Ms. Lee Ju Song, a renowned expert on the Istanbul Convention in the Asia Office of the International Chamber of Commerce in Singapore. The seminar originally scheduled for December 2019 was to take place in February 2020 but was subsequently canceled by the National Assembly Steering Committee due to risks presented by the COVID-19 pandemic. The views, opinions, and comments of the private sector and key stakeholders were sought and the Program provided further written feedback to GDVC.

#### **ACTIVITY 2.12 – PREVENTION OF ORIGIN FRAUD AND ILLEGAL TRANSSHIPMENT**

Concerns over origin fraud and illegal transshipment can lead to negative consequences for compliant traders as the U.S., European Union (EU), and others may impose increased tariffs or trade remedies on Vietnam. The Program organized several discussions with GDVC and MOIT on how the Program can assist in developing their capabilities to both identify and investigate suspected cases of origin fraud.



## ACTIVITY 2.13 – RISK MANAGEMENT AND ICT

Due to changes in the legal basis for risk management through the promulgation of a new Circular on Risk Management in Customs Operations, there was a need to re-design and restructure the Customs' risk management process, procedures and system and channel-selecting functionality. This is to improve the efficiency of the selectivity process; overcome shortcomings; and further develop compliance management of enterprises. This sub-activity aimed to identify a new model, business environment and functionality and facility for Risk Management to focus customs resources on interventions generating positive results to ensure revenue collection and application and enforcement of laws while at the same time, facilitating compliant businesses.

In late Q1, the Program began its review, assessment and analysis of the GDVC's internal situational assessment of risk management in customs. An Interim Report was subsequently produced and shared with GDVC before the Christmas holidays. In Q2 the Program undertook an in-country assessment and evaluation in order to verify and further inform the preliminary findings detailed in the Interim Report. In the draft Final Report, the Program identified three of the highest and immediate priorities for Risk Management:

1. The need for a national centralized joint inter-agency risk analysis/assessment and targeting center where different border and law enforcement agencies are “*collocated and function adjacent to each other, sharing information, identifying best possible targets and coordinating actions*”. This would assist in delivering a more effective, efficient, integrated, and coordinated border management approach, in line with World Customs Organization (WCO) standards.
2. Improving the effectiveness of declaration processing channel selectivity linked to implementation of key performance indicators (KPIs) throughout the administration. Levels of examination particularly for goods selected for Red Channel physical examination have been significantly reduced overtime, however, the results from those physical examinations have not yielded the expected levels of additional revenues, violations, and offenses, indicating that risk profiling and criteria setting are not sufficiently accurate or focused. KPIs are used by Customs administrations globally to assist in evaluating and measuring all aspects of the business and should be replicated and applied by the Risk Management Department. These should include a comparison of performance against internationally recognized trade and logistics indices as well as setting goals and objectives that are results-based and forming an integral component of personal performance agreements.
3. Encouraging and further developing voluntary compliance. Aside from consultative and cooperation initiatives, other customs administrations have developed a variety of more practical incentives to encourage and maintain voluntary compliance believing that benefits and simplifications should not just be available for Authorized Economic Operators (AEOs).

The draft Final Report was well received by GDVC and the Program sought comment and feedback from the Risk Management Department and thereafter finalized the Final Report. This identified an additional key area where the Risk Management Department looked for support and technical assistance from the Program i.e. management and operations of Non-Intrusive Inspection (NII) equipment (scanners) and integration of risk management principles and NII scanning. The Program is to collaborate with the Risk Management Department to develop concept notes and activity plans for the above and will look to include these as ad-hoc Program activities in Q3 or Q4 or in the Annual Work Plan for 2021.

### 3.3 COMPONENT 3. STRENGTHENING THE PROVINCIAL LEVEL IMPLEMENTATION AND INTER-PROVINCIAL COORDINATION IN AT LEAST FIVE TARGETED PROVINCES

#### INTRODUCTION

Under Component 3, the Program provides capacity building activities and training for customs officials in various positions at central and provincial levels starting with the targeted provinces to meet the requirements of modern customs and coordinated border management. This component aims to ensure that

professionalism and integrity at the provincial level is reinforced and a risk management approach is used by all agencies and line ministries responsible for SI.

### ACTIVITY 3.1 – CAPACITY ASSESSMENT AND TRAINING ON RISK MANAGEMENT

The Program intended to begin implementation of tasks under this activity in Q1, however, due to the GVN's prioritization of the previously mentioned milestone tasks, the Program will delay implementation of this activity until Q3 of FY2020. Further, in Q2, the outbreak of COVID-19 forced the Program to delay plans to cooperate with U.S. CBP to deliver risk management training to GDVC officials.

### ACTIVITY 3.3 – TRAINING CAPACITY OF VIETNAM CUSTOMS SCHOOL

In Q2, the Program in collaboration with U.S.-small business Bixal Solutions, completed the development of the prototype e-learning course on Rules of Origin (ROO), which includes a 15-minute video and storyboard content.

After finalizing the e-learning prototype course, five full-time VCS trainers and 21 other users, chosen among GDVC officials from 4 local customs departments (Da Nang, HCMC, Long An, and Vung Tau) and other stakeholders, completed the 15-minute course and provided their feedback on the content and the presentations through the course platform's automatic survey tool. The Program integrated the feedback received into the final version of the feasibility study, which found that setting up an e-learning platform for VCS is feasible. One major finding from the report notes, "developing e-learning courses without developing the infrastructure in tandem may result in delays in program launch and negatively impact the success of the program". Consequently, the Program and VCS prepared a roadmap for setting up a Learning Management System (LMS).

In addition to preparatory work for the LMS, the Program has been seeking local firms to deliver training to VCS on e-learning course design tools (authoring tools) and an LMS package. However, as requested by VCS, and due to Covid-19 situation, the delivery of in-person training will be delayed until the virus situation is resolved.

### ACTIVITY 3.4 – TRAINING AND CAPACITY BUILDING FOR CUSTOMS OFFICIALS

The Program team has been working with the GDVC Human Resource and Organization Department (HRD) and Moonshot Global, a US-based woman-owned small business on the development of a Leadership and Management Development (LMD) skill courses for officials holding leadership positions in Vietnam Customs. The Program and Moonshot met with the HRD and VCS in early February to assess the current situation of leadership skills and training among Vietnam Customs officials through a survey. In addition, the Program sought inputs from a wide range of stakeholders, including VCCI and the American Chamber of Commerce (AmCham), and organized a co-creation workshop in the last week of February 2020 at GDVC Headquarters. Officials from various GDVC departments and local customs from Hanoi, Hai Phong, Quang Ninh, Bac Ninh participated in the workshop and provided valuable insights on Customs' current skill levels and training needs. The Program is currently drafting the Training Needs Assessment Report, due by the end of April 2020.

### ACTIVITY 3.6 – PROGRAM ACTIVITIES IN SELECTED PROVINCES

In Q2, the Program focused on three different objectives for activities in the selected provinces: 1) the organization of a planning workshop to encourage the Provinces to provide details to the PMU about their technical assistance requests submitted at the end of Q1, 2) support to HCMC customs in identifying the best solutions to address the port congestion in Cat Lai terminal, and 3) the organization of workshops to satisfy specific technical assistance needs of HCMC and Da Nang Customs.

*Planning workshop to introduce technical assistance requests to PMU.* The Program worked closely with the local Customs Departments of the six selected provinces to prepare a workshop aimed to create a platform for

provinces to introduce their technical assistance requests to the PMU. The workshop aimed to facilitate the preparation of specific work plans detailing the Program's activities in each targeted province for Q3 and Q4 2020. Due to the outbreak of COVID-19, the Program delayed the workshop. Work with the Provinces focused on better defining the content and the timelines of the proposed technical assistance requests.

*Workshop on Cat Lai Terminal.* The Program organized a workshop in HCMC, following a request from HCMC customs, to assess the feasibility of supporting the implementation of a scheme against congestion and facilitation of logistics activities at Cat Lai Terminal, which features an IT/mobile application to track shipment status. If this scheme is effectively supported, customs declarants and the customs authority can more effectively monitor the progress of shipment procedures from the moment of importation until clearance, while knowing at which stage the shipment's dossier is being processed. Enterprises will also have access to accurate feedback from customs, eliminating false information, combating dishonest practices that may cause difficulties. During the workshop, HCMC Customs and port operator Tan Cang Sai Gon (Saigon Newport Corporation or "TCSG") have proposed to cooperate with the Program to explore possible areas of technical assistance. Later, following a workshop to discuss the scheme, the Vietnam Maritime Administration (VINAMARINE) expressed interest in being involved with the project or an expansion of the initiative from one terminal to a range of ports on a national level. From further discussions with HCMC Customs and TCSG, it is apparent that the two stakeholders have different ideas for the scheme, its function, and its scope. For these reasons, the Program is considering carrying out a study to analyze in detail the objectives and the feasibility of the different options available to implement the mentioned scheme.

*Organization of workshops on several topics in HCMC and Da Nang.* Following specific requests of local customs, the Program conducted consultation meetings with VCCI in Da Nang and HCMC to organize workshops to satisfy specific needs. Based on the discussions with VCCI and customs, the Program intends to hold workshops to raise awareness on the WTO TFA; training on tools and methodologies to prevent origin fraud and illegal transshipment; and events to enhance Custom-Business (C2B) partnerships. The outbreak of COVID-19 forced the Program to delay the implementation of the workshops in Q3 or Q4.

### **3.4 COMPONENT 4. ENHANCING THE PARTNERSHIP BETWEEN CUSTOMS AND THE PRIVATE SECTOR**

#### **INTRODUCTION**

This component aims to enhance the engagement between the private and public sectors and to increase private sector involvement in proposing policy and procedural reforms through more regular consultation and by using innovative opportunities to increase dialogue. This requires developing C2B partnerships with the specific objectives of: expanding the Authorized Economic Operator (AEO) program to more businesses; improving the compliance of businesses with customs procedures; encouraging the private sector to give constructive feedback on customs management activities and proposing policy and procedural reform, and contributing to trade facilitation and improving customs management efficiency.

#### **ACTIVITY 4.3 – CUSTOMS-BUSINESS CONSULTATION**

GDVC wishes to build upon previous successes with the private sector to develop a more robust and sustainable mechanism for cooperation and partnership. Although many sub-activities under this activity are delayed to Q3 FY2020, following discussions with the PMU, the Program's other ongoing activities regularly feature Customs-Business Consultations in line with the Program's Private Sector Engagement Strategy which focuses on creating shared value.

On January 15, 2020, GDVC issued Decision 85/QD-TCHQ introducing a plan for the development of partnerships between Customs and businesses and with other relevant stakeholders in 2020. The Program is collaborating with the Customs Reform and Modernization Board (CRMB) to ensure that Y2WP activities are aligned to Decision 85 and to seek other areas where the Program could support or assist GDVC to meet their aims and objectives for C2B cooperation. The Terms of Reference (TORs) for a proposed

private sector Consultative Group were finalized and subject to the restrictions imposed due to the COVID-19 crisis, will be presented to GDVC leaders in early Q3.

#### ACTIVITY 4.4 – BUSINESS SATISFACTION SURVEY ON ADMINISTRATIVE PROCEDURES OF CUSTOMS

*Customs Satisfaction Survey:* On instructions issued by Deputy Prime Minister (DPM) Vuong Dinh Hue in Announcement No. 105/TB-VPCP dated 23 March 2019, GDVC and VCCI are mandated to seek the views and opinions of the private sector to identify weaknesses and ineffective processes of customs clearance procedures that impact negatively on trade and enterprises while at the same time, highlighting aspects for improvement of local customs departments at localities. The Program began work in December 2019 with the CRMB, VCCI, and leaders and representatives from local customs departments of Hanoi, HCMC, Hai Phong, Bac Ninh, Binh Duong and Dong Nai to develop plans for undertaking the business satisfaction survey in 2020.

While the previous iterations of the customs satisfaction survey included all 35 local customs departments, this time GDVC proposed a narrowed list of six local customs departments to be included in the scope of the next survey (including four of the selected provinces). This is a positive development as it will allow the research to better focus on identifying specific issues pertaining to each of the six local departments, as well as in undertaking an in-depth analysis of problems to develop concrete and practical recommendations to improve the performance of local customs departments. The Program continued to work on this activity in Q2, with local customs providing comments and technical inputs into the research questionnaires and suggested selection criteria for sampling construction.



Mobile interface of the Customs-APCI survey, the first nationwide survey conducted through both bilingual online and mail out forms by a national GVN agency.

*Customs Administrative Procedures:* Work has continued with the first-ever survey and assessment of compliance costs of administrative procedures in customs (Customs-APCI). The survey, which was officially kicked-off in September 2019, entails both a bilingual online survey (available on desktop, tablet and mobile phones) and a mail-out campaign through paper questionnaires. The survey closed at the end of October 2019 with a response rate of 23.5 percent (1,331 responses from 615 businesses), exceeding the Program’s target of 15 percent. The responses assessed 33 out of 42 procedures surveyed covering all 35 local customs departments.

Due to the travel restrictions imposed because of the COVID-19 pandemic, the approach adopted for the qualitative and in-depth follow-up interviews in provinces was changed to telephone and virtual or videoconferencing consultations. The follow-up interviews started in Q2 and will continue into Q3.

Preliminary versions of the Final Report were delivered by the Program’s sub-contractor and shared with GDVC for comment and feedback. At the request of GDVC, supplementary data and survey forms collected and collated by GDVC have been cleaned and input for analysis and inclusion in the Final Report as an Appendix to the findings of the survey conducted by the Program. Analysis of the results will enable GDVC to identify the Administrative Procedures contributing to bottlenecks and increased costs to private sector businesses thereby offering an opportunity to GDVC to revise, simplify or even eliminate unnecessary processes or procedures that have an adverse impact on trade.

*National Single Window:* During Q2, the Program continued to work closely with CRMB and VCCI to undertake the Business Satisfaction Survey of Administrative Procedures on the National Single Window (NSW). The research methodology, sampling strategy (stratified sample by business sector, size of labor and capital, total export-import turnover in 2019), and research instruments were finalized and the questionnaire has also been transformed into an online bi-lingual version using the JotForm platform.

The survey began on November 25 and businesses had six weeks to take part in the survey. In Q2, the Program and VCCI concluded the telephoning campaign to solicit responses from businesses with 3,278 completed surveys received. The results exceed the set target of 3,000 from a sample of 10,000 businesses who submitted dossiers on the NSW between September 2018 and September 2019. More than 10 percent of the responses were submitted through the online survey, which enables respondents to complete the survey on their computers, tablets, and mobile phones. This is a positive signal to the Program's approach of combining online surveys/digital tools with traditional postal and email surveys to support stronger participation. Thereafter the Program collaborated with VCCI to filter, clean, and process the data collected and thereafter worked with GDVC and VCCI to consolidate and analyze the data and develop the survey report. The Program reviewed various iterations and drafts of the survey report and currently, the Program and VCCI are exploring possible options for launching the Final Report in Q3 should the restrictions imposed due to COVID-19 continue.

The result of the survey, analysis, and recommendations will assist GVN ministries and agencies to identify opportunities for reform, modernization, and simplification of their administrative procedures, thereby reducing time and cost for importers and exporters required to follow specialized management and inspection procedures. Results from the survey will also provide a contribution to the IT and business operational assessment of the NSW that is to be carried out under sub-activity I.1.4.

#### **ACTIVITY 4.6 – DEVELOP CUSTOMS DEVELOPMENT STRATEGY FOR 2021-2030**

In Q2, the Program expected to assist GDVC with the preparation of the Customs Development Strategy for 2021-2030. This required a review and evaluation of the Customs Development Strategy to 2020 (Strategy 448) to draw lessons learned, identify successes achieved, and establish evaluation criteria for field surveys and consultations. The Program also planned to provide guidance and advice for GDVC to develop an evaluation report for submission to the MOF. Despite delays due to COVID-19 restrictions, the Program began work on the comprehensive Diagnostic Study of GDVC and local customs in Vietnam. This study will include, among others, a review of the organizational structure, mandate, human resources and capacity, IT, communications, and capacity building needs in the technical areas of valuation, classification, risk management, inspection, enforcement, post-clearance audit (PCA) and compliance measurement and management. This is a significant and important activity for the Program. Following acceptance by GDVC of a Concept Note for the activity, the Program prepared detailed Scopes of Work for the inputs required and started the recruitment and mobilization process. Qualified and suitable experts have been identified and work on the remote or home-based phase of the Diagnostic Study and technical work/evaluation through videoconferencing consultations, will begin in early Q3.

#### **ACTIVITY 4.8 – TRADE FACILITATION RELATED COMMUNICATION, COORDINATION AND PRIVATE SECTOR OUTREACH AT LOCAL LEVEL**

One of the objectives of this activity is the establishment of a Provincial Trade Facilitation Committee (PTFC) in the six provinces but first targeting, as a pilot action, HCMC and Da Nang, and, at a later stage, the four other selected Provinces. In Q2, the Program conducted consultations with the relevant authorities in HCMC and Da Nang to collect data and information for the preparation of a concept note identifying the functions, objectives, and responsibilities of the PTFCs and a plan identifying the necessary steps to set them up.



### 3.5 CROSS-CUTTING ISSUES

#### 3.5.1 COMMUNICATIONS

This quarter, the Program focused heavily on internal communications systems and tools to improve stakeholder awareness, engagement, and promotion of the Program and the 25<sup>th</sup> anniversary of bilateral relations between the U.S. and Vietnam. In January, the Program conducted a comprehensive review of its communications strategy, key messages, staff capabilities, and plans to better engage different stakeholders. The Program also created a fresh look for its marketing materials including a new tote bag, notebook, and pen for distribution at events. By February, the Program completed and circulated the Communications Strategy and Year 2 Plan and Communications Guide & FAQs to the Program team in anticipation of a Communications Training (now postponed due to COVID-19). In March, the Program completed its first quarterly newsletter for release in early April 2020.

Apart from routine review of materials to ensure internal compliance to templates, branding and marking guidelines, the Program developed more efficient systems and processes to produce communications products such as presentations, and talking points. Further, the Program instituted a more thorough review process of deliverables such as weekly reports and key consultant outputs to ensure quality and conformity to Program guidelines.

As noted above, the Program began work on several activities to support Vietnam in implementing the WTO TFA, raising awareness on the TFA, and supporting the GVN in developing self-certification under FTAs. Due to COVID-19 and related restrictions, these activities are delayed until Q3.

#### 3.5.3 GENDER

The Program did not carry out any standalone gender activities in Q2 following the gender training in Q1. However, the Program continues to integrate gender considerations into activity plans and events.

#### 3.5.4 FINANCING SELF-RELIANCE

In Q2, the Program supported two activities oriented towards supporting Vietnam in its Journey to Self-Reliance, specifically the completion of the e-learning feasibility study for the VCS, and supporting HCMC Customs on their project to develop a system/application to track and manage shipments in Cat Lai terminal. With the completion of the pilot course, VCS and the Program are working on setting up the LMS to ensure that e-learning is an effective tool for training Customs officials. Once Program support ends, VCS will be able to design and manage e-learning courses on its own. Moreover, assisting HCMC Customs at Cat Lai Terminal will improve efficiency at the busiest port in the country, securing revenues, and a landmark example of Customs-Business partnership.

#### 3.5.5 PRIVATE SECTOR ENGAGEMENT

(see Section 3.4 – Component 4 for details)

#### 3.5.6 DEMOCRACY (ANTI-CORRUPTION REFORMS)

In the previous quarter, the workshop on combatting transshipment and origin fraud featured discussions on ethics, good governance, and transparency. This quarter, the Program began preparatory work to include anti-corruption in the LMD skills training for GDVC leaders under Component 3.

# 214

participants at Program workshops and events



# 22

Number of press clippings that mention the Program

# 15



Number of press agencies directly engaged for events

## 4. COLLABORATION AND COORDINATION

### 4.1 OTHER USAID PROJECTS

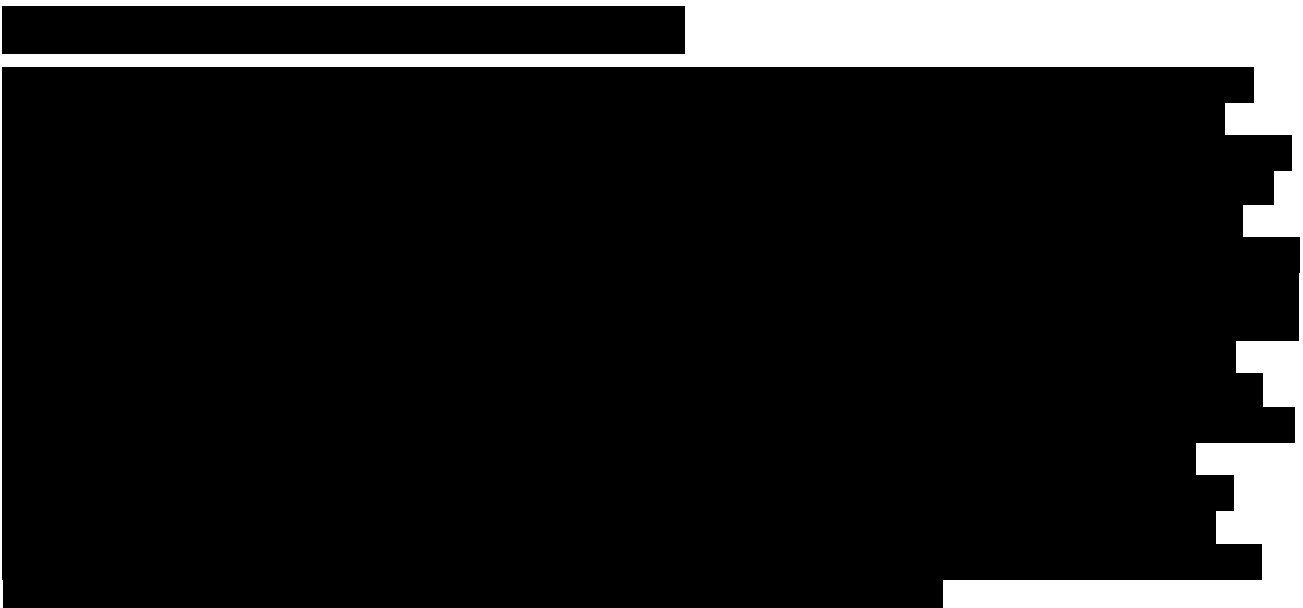
The Program continued to coordinate and meet with other USAID projects and participate in technical events to create avenues for cooperation and avoid unnecessary overlap.

- The COP continues to meet with the Project Director of the USAID LinkSME project every month to exchange information on the progress of the two programs.
- The COP regularly corresponds with the COP of the ASEAN-USAID Inclusive Growth in ASEAN through Innovation, Trade, and E-Commerce (ASEAN-USAID IGNITE) to explore possible areas of collaboration on the ASEAN Single Window and E-Commerce.
- The Program's Senior Trade Facilitation Expert (STFE) coordinated with the COP and DCOP of the US-SEGA (US Support for Economic Growth in Asia) program in order to collect relevant information for the acquisition and export to the US of Private Protection Equipment (PPE) devices.
- The Programs (MEL) and Communications Manager, and MEL Specialist worked with the USAID Learns activity on requirements and training for USAID's Data Information System (DIS) and planning of a Pause & Reflect workshops for Q3.
- The Program had preliminary discussions with the USAID INVEST activity to explore opportunities to collaborate on ports development.

### 4.2 OTHER DONOR AND GOVERNMENT OF VIETNAM ACTIVITIES

Members of the Program team participated in the following meetings and events:

- In March, the Program team met with representatives of the MOIT Foreign Trade Agency and Trade Remedies Agency to agree on further support the Program may provide in implementing the action plan approved by Decision n. 2094A/QD-BCT, prepared by the MOIT as requested by Prime Minister's Decision No. 824/QD-TTg on "strengthening state management over the circumvention of trade remedies and origin fraud".



## 6. PRIORITIES FOR PROGRAMMING NEXT QUARTER

### 6.1 COMPONENT I. HARMONIZATION AND SIMPLIFICATION OF KEY RISK MANAGEMENT AND SPECIALIZED INSPECTIONS-RELATED POLICIES AT THE CENTRAL LEVEL AND STRENGTHENING THE ROLE OF THE NTFC

#### ACTIVITY I.1 – NATIONAL SINGLE WINDOW AND ASEAN SINGLE WINDOW

This activity was to include supporting GDVC to survey and assess the current situation with other ministries using the NSW with a specific focus on the legal basis, ICT model, management, and operations of NSW and financial resources in comparison with shared experiences of other countries who have implemented an NSW. Due to the current COVID-19 pandemic and the travel restrictions imposed, this activity has been revised and limited to remote study, research and document reviews, and providing consultations, assistance, and guidance via videoconferencing facilities to be established within GDVC and Program offices.

The Vietnam NSW was launched in 2014 and as of 31 January 2020 processes 188 administrative procedures for 13 (thirteen) GVN ministries and agencies. It is reported that over 2.8 million dossiers from more than 35,000 businesses have been processed through the NSW. This is an important achievement that has brought benefits to the private sector as well as to the GVN helping to reduce transaction costs, facilitating international trade, and improving the business environment of the country. However, it is recognized that despite the above achievements there are still some shortcomings in the progress of NSW implementation. In August 2019 ministries were instructed by DPM Vuong Dinh Hue to “focus resources and speed up the review of processes and procedures ... with an aim to ensure achievement of the objective of having 61 new administrative procedures officially implemented on the NSW in 2019”. To realize this objective has been challenging for GDVC given that it takes time for new procedures to be ready for implementation on the NSW, which can be at least 3-4 months. Maintaining and ensuring the current operation of the system also requires resources. There is a need to review and analyze the effectiveness of the NSW in meeting the GVN’s goal to create a better environment for the trading community.

Starting in Q3, the Program will:

- Undertake remote desk-based research and study;
- Organize consultations and interviews with officials of GDVC and local customs departments (to be achieved through active participation via videoconferencing facilities);
- Review and assess the legal basis and operational arrangements and procedures for the Vietnam NSW (including access to and sharing of information);
- Obtain information from relevant line ministries and agencies using the NSW and undertake an assessment (and/or survey) of the current situation of: (1) their IT systems that are interfaced or interconnected with the NSW; and (2) system interconnectivity and sharing of information/data.
- Share international experiences of other countries who successfully implemented an NSW; and
- Prepare Reports containing preliminary findings, analysis, conclusions, and recommendations.

#### ACTIVITY I.1BIS – ASSIST TO DEVELOP AND IMPLEMENT SCHEME ON RE-DESIGN OF THE BLUEPRINT FOR AN OVERALL CUSTOMS IT SYSTEM

The aim of the overall Activity ref. I.1bis is to provide advice, guidance and technical assistance that will support GDVC to design and establish a blueprint of their future functional [operational] and technical requirements for a modern, comprehensive, and integrated ICT system or environment for customs. It will also identify the opportunities and benefits for government and businesses through the integration of the NSW and the new Customs ICT system. Due to the current COVID-19 crisis and travel restrictions, this activity has been limited to remote study, research, and document reviews and to providing consultations, assistance, and guidance via videoconferencing facilities to be established within GDVC and Program offices.

It has long been widely recognized that automation of customs procedures and the increased use of ICT is critical to any modern customs administration and importantly, it is essential for trade facilitation. GDVC has been developing and implementing ICT systems for several years and the GVN aims to have all Administrative Procedures for imports and exports fully automated and processed electronically. Early in Q2, GDVC requested the USAID Trade Facilitation Program to support and assist with a review and assessment of their functional and operational needs for e-Customs to meet their legal mandate under national and international legislation and future business needs. Discussions were held with GDVC and it was established that the main concerns at that time were: lack of a fully integrated and comprehensive Customs IT system, platform or environment; difficulties encountered to access and use data; and apparent security concerns.

In Q3 the Program will mobilize a team of Customs and ICT experts, along with support from a trade specialist from the Nathan home office, to undertake this activity. Work will start in Q3 to:

- Review and assess the operational [functional] and automation requirements of customs, in collaboration and consultation with GDVC, local customs and other members of the Program's technical team;
- Review and assess any draft IT technical requirements prepared by the IT & Customs Statistics department, in collaboration with GDVC, local customs and other members of the Program's technical team
- Organize videoconference meetings to consult with GDVC departments to collect the necessary information, offer guidance and share experiences;
- Collaborate with GDVC and deliver advice on details of what should be included in the overall design, guidance on developing technical specifications, what needs to be done to prepare the detailed blueprint or design, and levels of specificity, etc.;
- Develop and design the operational and functional requirements for an all-encompassing Customs ICT system incorporating the NSW and among others; declaration processing; pre-arrival processing; manifest control; valuation; inspection (including specialized [quality] inspection); risk management; enforcement and anti-smuggling; compliance measurement and management, violations; electronic payment; advance rulings; passenger and vehicle control; post-clearance audit; database management; system security; and capable of data exchange and fully utilizing future technological developments;
- Consult and collaborate with GDVC to complete and finalize drafting [writing] and produce the document describing the overall operational requirements;
- Consult and collaborate with GDVC to complete and finalize drafting [writing] of the document designing an integrated e-Customs ICT system with technical specifications at general and detailed levels; and
- Provide advice and guidance and prepare [drafting] of a proposal on hardware sizing for the integrated e-Customs system.

### ACTIVITY 1.3 – SPECIALIZED INSPECTION OF IMPORTS AND EXPORTS

Streamlining specialized inspection procedures is one of the key objectives of the Program. In Q3, the Program will continue to provide technical assistance and support to GDVC to develop a scheme for Specialized Inspection Reform whereby customs become the focal point for SI at border gates and line ministries only conduct post-clearance inspections. The Program will finalize a comprehensive institutional, regulatory, and economic impact assessment as a solid and credible basis to support and develop and implement the proposed scheme.

The involvement and participation of line ministries is critical to achieving the reform and streamlining of specialized inspected. In Q3, the Program will work closely with key line ministries and their departments to undertake research and a fact-finding review to assess the current situation with specialized inspection reforms, identify significant issues and propose support or technical assistance activities to help tackle those

impacting negatively on trade. The scope of the review will include the legal basis; analysis of processes; use of risk management; connection with NSW; coordination and cooperation with other line ministries, GDVC and local customs; engagement with the private sector; and their human resource capacity and future plans for specialized inspection.

#### **ACTIVITY 1.4 – ADMINISTRATION OF WTO TFA IMPLEMENTATION INCLUDING DETAILED ASSESSMENT OF THE IMPLEMENTATION OF TFA COMMITMENTS**

GDVC has proposed numerous sub-activities to support and facilitate the implementation of the WTO TFA. These are all geared to meeting the aims and objectives of assessing and administering the level of implementation of the WTO TFA in Vietnam and developing mechanisms and methods for coordinated administration between GDVC and line ministries for implementation of the WTO TFA. In Q3, the Program will mobilize international and local experts to review and assess the status of implementation through consultations with GDVC, local customs, and related line ministries and agencies and to propose solutions for a more effective implementation of Vietnam's commitments. Due to the current COVID-19 pandemic and travel restrictions imposed, this activity has been divided into two phases with the first phase starting in Q3 limited to remote study, research and document reviews, and to providing consultations, assistance and guidance via videoconferencing facilities to be established within GDVC and Program offices.

The first phase activities starting in Q3 will include:

- Remote desk-based research and study;
- Consultations and interviews with officials of GDVC and local customs;
- Situational assessments and analysis;
- Production of interim reports containing preliminary findings, analysis, conclusions, and recommendations.

#### **ACTIVITY 1.5 – SUPPORT AND INCREASE THE ROLE AND EFFECTIVENESS OF THE NTFC INCLUDING STANDING OFFICE AND ANY WORKING GROUPS CREATED**

The overall aim is for the Program to provide specialist advice, guidance, and technical assistance to: (a) support Vietnam in implementing measures in the WTO Trade Facilitation Agreement; (b) reform the trade facilitation mechanism; and (c) raising awareness. Activities will include (1) a review and assessment of the current legal basis and mandate of the NTFC, (2) comparison of the Vietnam NTFC with other models adopted regionally and internationally, (3) suggesting solutions for improved performance of the NTFC with potentially, revised Terms of Reference, and (4) proposals for a mechanism to monitor and supervise the implementation of GVN's commitments and action plan for implementation of the WTO TFA.

In Q3, the Program will assign this activity to its sub-contractor Baker & McKenzie (Vietnam) Ltd. Work will start to:

- Collaborate with the IT & Customs Statistics Department of GDVC to review and assess the current situation vis-à-vis the legal basis and mandate for the NTFC in Vietnam;
- Study and research to compare the model adopted by Vietnam for the NTFC with that of other countries both regionally and internationally;
- Share international experiences of other countries;
- Propose solutions for improved effectiveness of Vietnam's NTFC and revised Terms of Reference or mandate for the committee; and
- Contribute to and offer proposals for a mechanism to monitor and supervise the execution of the government's commitments and action plan for implementation of the WTO TFA.

Key deliverables for this activity will include:

- Provision of verbal and written advice and guidance (where applicable, required or requested) on review and assessment of current legal basis and mandate for the NTFC in Vietnam and production of an interim and final situational assessment report;



- Comparison of the model adopted for the NTFC in Vietnam with that of other countries and production of a detailed interim and final analytical report and offering solutions for improved effectiveness of the NTFC in Vietnam;
- Report containing a proposal for a new or revised mechanism to monitor and supervise the commitments of government to the implementation of the WTO TFA;
- Debrief presentations of tasks, findings and recommendations to GDVC and USAID (if requested);
- Draft Final Report containing full details of all work carried out and summarizing the assignment, findings, recommendations, and proposals for the NTFC in Vietnam.

## **6.2 COMPONENT 2. STRENGTHENING NATIONAL-PROVINCIAL (VERTICAL) COORDINATION OF TRADE FACILITATION STRATEGIES AND FACILITATING IMPORT AND EXPORT OF GOODS**

### **ACTIVITY 2.2 – SELF-CERTIFICATION OF ORIGIN AND VERIFICATION OF ORIGIN**

At the request of the PMU, this activity was delayed but depending on the evolving situation caused by COVID-19 and related travel restrictions, work could start on this activity in Q3 or Q4 FY2020.

### **ACTIVITY 2.4 – COMPLIANCE MEASUREMENT IN IMPORT AND EXPORT**

In March 2020, the Program and CBP were pursuing the long-term goal of working closely with GDVC to continue the delivery of further intensive training to build on that delivered last year. Regrettably, due to restrictions imposed because of the COVID-19 pandemic, the CBP experts were unable to travel to Vietnam. The training and policy workshops have been provisionally delayed until Q3 (May 2020). However, given the evolving situation, these may have to be further delayed until later in the year. If this is to be the case, the Program will collaborate with CBP and look for alternative methods to deliver the training and hosting of the policy workshop and discussions.

### **ACTIVITY 2.11 – E-PAYMENT TO CUSTOM DUTIES AND OTHER FEES**

At the request of the PMU, this activity was delayed but depending on the evolving situation caused by COVID-19 and related travel restrictions, work could start on this activity in Q3 or Q4 FY2020.

### **ACTIVITY 2.12 – PREVENTION OF ORIGIN FRAUD AND ILLEGAL TRANSSHIPMENT**

In Q3, the Program will continue to collaborate with the MOIT to plan technical assistance and support activities following Decision 824 and under Resolution 119/NQ-CP issued on December 31, 2019. Concept Notes and activity plans will be further developed to support and assist MOIT to develop a roadmap for implementation of self-certification under FTAs and to develop an IT solution for the exchange of Certificate of Origin (C/O) data between MOIT and the VCCI. Although yet to be confirmed but following PMU approval, the Program anticipates starting implementation of these activities in late Q3 or Q4.

## **6.3 COMPONENT 3. STRENGTHENING THE PROVINCIAL LEVEL IMPLEMENTATION AND INTER-PROVINCIAL COORDINATION IN AT LEAST FIVE TARGETED PROVINCES**

### **ACTIVITY 3.1 – CAPACITY ASSESSMENT AND TRAINING ON RISK MANAGEMENT**

At the request of the PMU, this activity was delayed but depending on the evolving situation caused by COVID-19 and related travel restrictions, work could start on this activity in Q3 or Q4 FY2020.

### **ACTIVITY 3.3 – TRAINING capacity OF VIETNAM CUSTOMS SCHOOL**

Following the recommendations of the feasibility study, the Program will complete the procedures to provide an LMS to VCS. To secure the sustainability of this activity and support Vietnam in its Journey to Self-Reliance,

the Program is exploring the possibility of entering into a Memorandum of Understanding with the counterpart, where GDVC/VCS will commit the necessary human and financial resources to develop the e-learning plan using the LMS platform.

#### **ACTIVITY 3.4 – TRAINING AND CAPACITY BUILDING FOR CUSTOMS OFFICIALS**

The Program team will continue working with Moonshot on preparing the LMD training for senior GDVC leaders. The first session, a 3-day training workshop, will take place in June if the GVN removes the COVID-19 related restrictions to international travel.

#### **ACTIVITY 3.6 – PROGRAM ACTIVITIES IN SELECTED PROVINCES**

In Q3, the Program team will continue to focus on the three objectives carried over from Q2: the organization of the planning workshop to finalize the technical assistance requests of the targeted Provinces, delayed from Q2 due to the COVID-19 pandemic, support to HCMC customs in identifying the best solutions to address the port congestion in Cat Lai terminal and the organization of workshops to satisfy specific technical assistance needs of HCMC and Da Nang.

*Planning workshop to introduce technical assistance requests to PMU.* The Program technical team will organize the planning workshop, to be originally held in Q2, to create a platform for provinces to introduce their technical assistance requests to the PMU. After the workshop, the Program will collaborate with local customs and the PMU to develop a work plan including details of activities to satisfy the technical assistance needs of the provinces.

*Pre-feasibility study to identify the best solutions to address the port congestion at Cat Lai Terminal.* The Program will carry out a study to analyze in detail the objectives and the feasibility of the different options available to address the port congestion concerns at Cat Lai Terminal.

*Organization of workshops on several topics in HCMC and Danang.* In Q3, pending the ease of COVID-19 restrictions on public gatherings, the Program will organize the workshops, originally planned to be held in Q2, in Da Nang and HCMC focused on several topics previously identified with the relevant stakeholders and agreed with the PMU, i.e. raising the awareness on the WTO/TFA; tools and methodologies to prevent origin fraud and illegal transshipment; C2B partnerships.

### **6.4 COMPONENT 4. ENHANCING THE PARTNERSHIP BETWEEN CUSTOMS AND THE PRIVATE SECTOR**

#### **ACTIVITY 4.2 – IMPLEMENT THE COMPLIANCE MANAGEMENT PROGRAM**

The Program and GDVC held numerous discussions on the content, aims, and objectives of this activity during Q1 as part of the planning process for the Y2WP. Although the Program began preparatory work to implement the activity in late Q1 or early Q2, the Program agreed to push back implementation of the activity to Q3 FY2020 at the request of CRMB, the lead body tasked with this activity. However, full implementation of this activity will now depend upon the developing situation with the COVID-19 pandemic and the availability of resources of the Program and GDVC allocated to other priority activities in Q3.

#### **ACTIVITY 4.3 – CUSTOMS-BUSINESS CONSULTATION**

Following discussions with the PMU, sub-activities under this activity were delayed until Q3 FY2020 but the Program's other ongoing activities regularly feature Customs-Business consultations and dialogue with private sector stakeholders. The Program will endeavor to conduct on-going and continuous consultations in line with the Program's Private Sector Engagement Plan and USAID's PSE Strategy.

In Q3, the Program will present the Private Sector Engagement Strategy and the concept and TORs for the Consultative Group to the leadership of GDVC. The Program will also look for opportunities to support or

assist GDVC to meet their aims and objectives for C2B cooperation as contained in their Decision 85/QD-TCHQ issued on January 15, 2020.

#### ACTIVITY 4.4 – BUSINESS SATISFACTION SURVEY ON ADMINISTRATIVE PROCEDURES OF CUSTOMS

*Customs Satisfaction Survey:* In Q3, the Program will continue collaboration with GDVC and VCCI to finalize the content of the survey and the proposal to narrow down the list of six local customs departments to be included in the scope of the next survey (including four of the Program’s selected provinces).

*Customs Administrative Procedures:* Work will continue with the first-ever survey and assessment of compliance costs of administrative procedures in customs (Customs-APCI). In Q3, the Program will finalize the Survey Report and look at options to launch and publicize the report findings and recommendations. Following a very recent request from the CRMB, the Program will investigate the possibility of having the final version of the Survey Report reviewed and commented upon by an international Customs Procedures Specialist. Analysis of the results will enable GDVC to identify the Administrative Procedures contributing to bottlenecks and increased costs to private sector businesses thereby offering an opportunity to GDVC to revise, simplify or even eliminate unnecessary processes or procedures that have an adverse impact on trade. However, the CRMB believes that GDVC may benefit from having an international expert give an independent and critical assessment and comment on the findings of the Customs-APCI survey.

*National Single Window:* In Q3, the Program will continue to collaborate with VCCI to finalize the cleaning and processing of the data collected and work with GDVC and VCCI to consolidate and analyze the data and finalize the survey report. The Program and VCCI will continue to explore possible options for launching the Final Report in Q3 should the restrictions imposed due to COVID-19 continue.

#### ACTIVITY 4.6 – DEVELOP CUSTOMS DEVELOPMENT STRATEGY FOR 2021-2030

The aim is to review and assess the current capabilities and effectiveness of customs in Vietnam to contribute and provide inputs to formulate the Customs Development Strategy for 2021-2030. In Q3, the focus will be on conducting a Diagnostic Study to draw lessons and identify successes achieved so far, as well as the requirements and necessary conditions for maintaining such successes in the future. Due to the current COVID-19 crisis and travel restrictions, this activity has been divided into two phases with the first phase in Q3 limited to remote study, research and document reviews and providing consultations, assistance, and guidance via videoconferencing facilities to be established within GDVC and Program offices.

Following the first meeting of the Program Steering Committee in December 2019, GDVC DDG Thanh requested that the Program also undertake a comprehensive and holistic Diagnostic Study of customs in Vietnam as the first step towards developing the next strategic plan. The diagnostic study was, among others, to include;

- Organization
- Mandate
- HR and capacity
- IT
- Communications
- C2B cooperation
- Technical areas of valuation, classification, risk management, inspection, enforcement, PCA and compliance measurement and management.

GDVC sought support and technical assistance from the USAID Program to:

- Undertake the diagnostic study;
- Organize focused working groups (where necessary);
- Organize consultative workshops;

- Produce interim and Final Reports; and
- Organize dissemination workshops/events.

After consultation with GDVC, it was agreed that the Diagnostic Study would encompass the following chapters of the WCO Customs Capacity Building Diagnostic Framework:

- Chapter 1 Strategic Management;
- Chapter 3 Legal Framework;
- Chapter 4 Customs Systems and Procedures; and
- Chapter 7 Good Governance

The Program has mobilized one international Customs Management specialist and one national Customs expert to begin to undertake this activity in Q3. The experts will be supported by a trade specialist from the Nathan home office and the Customs and Trade facilitation Expert in the Program's technical team.

The methodology to be employed will include:

- Remote desk-based research and study;
- Consultations and interviews with officials of GDVC and local customs departments (to be achieved through active participation via videoconferencing facilities and to ensure the effectiveness of videoconference, the specialists will provide the suggested agenda and background information, materials, and list of questions in advance in order for GDVC to be well prepared);
- Situational assessments and analysis. If, for analysis purpose, the specialist needs the data to be extracted from GDVC databases, for example the data on offences, the specialist will clarify well in advance the data structure and metadata required, and provide justification so as to facilitate the request for data from GDVC; and
- Production of interim Reports containing preliminary findings, analysis, conclusions and recommendations. Controversial findings and high-stakes recommendations must be supported by robust evidence, for example, supported by convincing statistics or world-aggregated statistics to demonstrate how other countries are undertaking the recommendations.

Key deliverables in Q3 will include:

- Provision of verbal and written advice and guidance (where applicable, required or requested) on customs operational and organizational requirements;
- Sharing of international experiences and best practices in modernization of customs operations and organization (to be achieved by active participation via videoconferencing facilities); and
- Draft Interim Report containing full details of all work carried out and summarizing the assignment, preliminary findings, recommendations and descriptions and details of the strategic and technical requirements for the overall customs operations.

#### **ACTIVITY 4.8 – TRADE FACILITATION RELATED COMMUNICATION, COORDINATION AND PRIVATE SECTOR OUTREACH AT LOCAL LEVEL**

In Q3, the Program team will devote resources to promote the implementation of a Pilot Plan to set up PTFs in the six selected provinces, prioritizing HCMC and Danang.

## 6.5 CROSS-CUTTING ISSUES

### 6.5.1 STRATEGIC COMMUNICATIONS

Next quarter, Program Communications will focus on the promotion of Program activities and achievements to date in the context of the 25<sup>th</sup> anniversary of relations. Despite the uncertainties due to COVID-19, the Program will continue to implement its Communications Strategy but will focus less on face-to-face engagement. The Program will produce more videos to highlight the Program's key objectives and achievements, which will be shown publicly, produce one-pager factsheets on key themes/activities, and conduct internal communications training (through webinar if needed). In support of the 25<sup>th</sup>-anniversary theme, The Program will endeavor to highlight the strong and healthy partnership of the U.S. and Vietnam with an emphasis on bilateral trade by organizing relevant events and integrating this theme into communications campaigns/activities.

#### KEY THEMES FOR COMMUNICATIONS IN FY2020



Vietnam's Journey to Self-Reliance



25 Years of Cooperation



Private Sector Engagement

### 6.5.2 TRADE CAPACITY BUILDING

In the following quarter, the Program will continue to provide trade capacity building to assist Vietnam in implementing its trade agreements (specifically the WTO TFA) and current reform efforts. Priority activities for trade capacity building in Q3 will build upon the initial support the Program provided on initiatives such as the draft scheme on SI reform, and the draft decree on temporary admission (Istanbul Convention).

### 6.5.3 GENDER

The Program is exploring possible opportunities for collaboration on gender and trade issues with VCCI but no specific activity has been identified. The Program will continue to integrate gender into activity implementation and is actively seeking opportunities to better incorporate gender across the work plan.

### 6.5.4 FINANCING SELF-RELIANCE

In Q3, the Program expects to complete setting up the LMS at VCS, thereby ensuring the long term sustainability of e-learning for Vietnam Customs. The Program also expects to begin the pre-feasibility study/assessment of opportunities for port development or an IT intervention at Cat Lai Terminal in HCMC.

### 6.5.5 PRIVATE SECTOR ENGAGEMENT

The Program expects to complete the Customs-APCI and NSW Satisfaction Surveys in the following quarter. Completion of both activities will be milestones as this is the first time GDVC and the private sector have conducted these surveys. The Program will also initiate activities in the provinces geared towards the private sector, specifically meeting with local business associations and chapters of the VCCI to explore opportunities for collaboration.

### 6.5.6 DEMOCRACY (ANTI-CORRUPTION REFORMS)

The Program will incorporate anti-corruption training in the curriculum for the LMD course for GDVC leaders expected to be rolled out in Q3 or Q4. The extent/scope of the training is still under development.

## 7. PROGRESS REPORT ON INDICATORS

This quarter, the Program continued to review the AMEL plan, indicators, targets, data collection and sources with support of the USAID and the USAID/ Vietnam Learns activity<sup>5</sup>. Following the Data Quality Assessment in the previous quarter, the Program refined the AMEL plan and indicators, and added a new compulsory standard indicator, CBLD-9, to track the capacity improvement of supported organizations. The

<sup>5</sup> USAID/Vietnam Learns supports USAID staff and implementing partners to implement more efficient, effective, and transparent programs through deepened use of monitoring, evaluation, learning, collaboration and adaptive management, to achieve expected results



Program currently has 17 indicators in total, including 5 contextual indicators and 12 performance indicators. The AMEL plan was approved by the Contracting Officer’s Representative (COR) on March 5, 2020.

Supported by the COR, USAID organized a meeting between the Program and Learns on March 4, 2020 to discuss the Program’s specific challenge in data collection from other sources for the indicators of C-1, C-6, IR2.1-1, and IR4.1 and Learns’ support of the Program in general. The discussion centered around the solution of how to effectively engage with partners and counterparts to obtain the data. Specifically, these indicators include:

- a. Indicators C-1, the average time for cross-border trade in Vietnam and C-2, average cost for cross-border trade in Vietnam, are drawn from the World Bank Doing Business Report;
- b. Indicators C-6, the trade value of goods imported and exported from Vietnam and C-8, the median, mode, and mean number of days to clear customs are collected from the GDVC.
- c. IR2.1-1, the extent to which province implements in compliance with central trade policy and IR4.1, percentage of businesses reporting satisfaction with customs services to be obtained through an enterprise satisfaction survey implemented by VCCI/GDVC but that is transitioning from annually to biennially.
- d. The program also desires to collect provincial-level data to track improvement over time within 6 provinces it supports.

Internal discussions were also held in the Program to identify the most effective way to collect data for these indicators. The Program continued to work with GDVC and VCCI to learn about the availability of the data and to request for their data sharing and received their positive replies. Given the current availability of data, the Program will exploit GDVC’s database for indicators C-6 and C-8. In the meanwhile, it also finds the strong need to support VCCI/GDVC to undertake the annual customs satisfaction survey to build a nationally consistent database to track customs improvement over time.

As approved by USAID on March 16, 2020, USAID Learns will support the Program to organize two learning events and one data-sharing session with the Program’s partners and counterparts in quarters 3 & 4, FY2020. The Program will work with Learns on the detailed plans and dates for these activities and send them to the USAID for concurrence (see table below).

Subject	Tentative Date	Notes
Collaborating, Learning, and Adapting (CLA) EVENT - Pause & Reflect (Internal)	May 31, 2020	To be handled ideally by Learns for this first iteration. All Trade Facilitation Program staff should attend. Learns to start developing the agenda in early May.
CLA EVENT - Pause & Reflect (External with partners & beneficiaries)	June 30, 2020	Pause & Reflect w/ counterparts – possibly June. This workshop may need several consultation meetings with the counterparts, conducted by Learns, in coordination with the Program MEL specialist.
Data Sharing w/ government counterparts	July 30, 2020	Workshop to discuss data-sharing with counterparts – July - Aug. Learns will help with agenda development, facilitation and recommendations. <i>Note: should ideally be done before FY2020 Q3 Report is submitted to USAID.</i>

Due to the COVID-19 crisis, many activities were delayed or cancelled that affected the Program’s achievement of targeted results. In this quarter, the Program was able to conduct a pilot e-learning course on Rules of Origins, Cat Lai congestion workshop in Ho Chi Minh City, development of leadership and management training, a scheme for specialized inspection reform and risk management and ICT activity with the following results.



**APPENDIX A.1 FY2020 KEY CONTEXT INDICATORS**

Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international											
Indicator	Data Source	Baseline data		FY2020		Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2	Q3	Q4		
<b>USAID Trade Facilitation Program Purpose: Cross-border trade expedited and Vietnam’s ability to implement WTO TFA commitments enabled</b>											
Average time for cross-border trade in Vietnam Unit: Hour	WB Doing Business	2018	Export time: 105 Import time: 132	N/A	0	0				0	This annual indicator result will be reported in the annual report.
Average cost for cross-border trade in Vietnam Unit: USD	WB Doing Business	2018	Export cost: 429 Import cost: 556	N/A	0	0				0	This annual indicator result will be reported in the annual report.
Trade value of goods imported and exported from Vietnam Unit: Billion USD	GDVC website	2018	Export: 258.68 Import: 251.69	N/A	Export: 132.88 Import: 125.34	Export: 69.58 Import: 66.01	Export: 63.30 Import: 59.33	0	0	0	
Number of WTO Trade Facilitation Agreement provisions in progress or	WTO website	2018	B: 14 C: 10	N/A	0	0				0	This annual indicator result will be reported

**Trade and Growth Project Purpose:**

**Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2	Q3	Q4		
implemented by the GVN  Unit: Number of WTO TFA provisions											in the annual report.
Median, mode and mean number of days to clear customs  Unit: Day	GDVC	2019	Median Import: 0.94 (22.34h) Median Export: 0 (0h) Mode Import: 0 (0h) Mode Export: 0 (0h) Mean Import: 1.61 (38.4h) Mean Export: 0.19 (4.33h)	N/A	0		0			0	GDVC monitors and reports this indicator by calendar year, that will be made available by January-March 2020

## APPENDIX B.2 FY2020 KEY PERFORMANCE INDICATORS

Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international											
Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
<b>USAID Trade Facilitation Program Purpose: Cross-border trade expedited and Vietnam’s ability to implement WTO TFA commitments enabled</b>											
Percent of USG-assisted organizations with improved performance <sup>6</sup>  Unit: %	Program record	2018	0	30%	0%	0%				0%	This annual indicator result will be reported in the annual report.
Number of WTO Trade Facilitation Agreement provisions supported by USG assistance (bi-annual) *  Unit: Number of WTO TFA provisions	Program record	2018	0	15	11	11*	0		73%	<b>Q1:</b> 4 Total WTO TFA provisions <b>Q2:</b> 7 Total WTO TFA provisions supported: 7 were new provisions, 2 were continuing.	

\* Denotes bi-annual result

<sup>6</sup> New indicator - added in Feb 2020.



**Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
<b>Intermediate Result (IR) I: Policies and procedures across GVN units harmonized and simplified.</b>											
Number of trade facilitation-related legal instruments developed or revised or in process of being developed or revised as a result of USG assistance <sup>7</sup> (bi-annual)  Unit: Number of legal instruments	Program record	2018	0	8	15	15*	0			187.5%	1. Program support of specialized inspection (SI) reform including SI legal reviews and a scheme for SI reform brought about a huge impact on improving SI legal framework with 10 new legal instruments on SI approved (7) and proposed (3). 2. Decision 431/QD-TTg was also issued to approve Scheme on e-commerce management for imported and exported goods
<b>Sub-IR 1.2: Import and Export procedures simplified</b>											
Number of interventions for simplification, harmonization,	Enterprise (Customs) satisfaction	2018	0	18	5	5*	0			28%	A number of interventions have been delayed to quarter

<sup>7</sup> Minor change to indicator title Oct 2019

\* Bi-annual results

**Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
and standardization of import-export procedures (bi-annual) Unit: Number of interventions/ supports	surveys (CSS)										3 due to the COVID-19 outbreak.
<b>IR 2: National-Provincial coordination strengthened</b>											
<b>Sub-IR 2.1: National- provincial cooperation structure’s ability to implement trade policy enhanced</b>											
Extent to which province implements in compliance with central trade policy <sup>8</sup>  Unit: %	Enterprise satisfaction surveys (CSS)	2017 (CSS 2018)	<b>Document</b> Hanoi: 60% Hai Phong: 64%, Danang: 65%, Quang Tri: 75%, HCMC: 55%, Dong Nai: 66%; <b>Cost</b> Hanoi: 83%, Hai Phong: 79%, Danang: 92%, Quang Tri: 88%, HCMC: 85%, Dong Nai: 85% <sup>9</sup>	N/A	0		0			0	This annual indicator result will be reported in the annual report.

<sup>8</sup> Minor change to indicator title October 2019

<sup>9</sup> Data on compliance by time is not available.

**Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
<b>IR 3: Provincial level implementation and inter-provincial coordination strengthened</b>											
<b>Sub-IR 3.1: Capacity of customs and specialized inspections officers to implement trade facilitation policies and risk-based procedures improved</b>											
Person hours of USG-supported training completed in trade and investment  Unit: Number of hours	Training Sign-in Sheet	June 2018	0	6,000 <sup>10</sup>	816	816	6.5	0	0	3.1%	COVID-19 outbreak has delayed a number of training activities on leadership and management, risk management, HS codes to quarter 3
Number of persons trained with USG assistance to advance outcomes consistent with gender equality or female empowerment through their roles in public or private sector institutions or organizations  Unit: Number of people	Training Sign-in Sheet	2018	0	100	0	0	0	0	0	0%	The gender program is being developed and implemented in Quarter 3 & 4.
Number of government officials receiving USG-	Training Sign-in Sheet	2018	0	60	0	0	0	0	0	0	Anti-corruption training program is developed as part of leadership and management

<sup>10</sup> The target is reduced from 26,500 due to the cancellation of the CLiCK! training program this year.

**Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
supported anti-corruption training <sup>11</sup>  Unit: Number of government officials											training program and be implemented in quarter 3.
Number of government agencies supported by USG assistance to integrate risk-management approaches  Unit: Number of government agencies	Program record	2019	0	4	0	0				0	This annual indicator result will be reported in the annual report.
<b>IR 4: Partnership between customs and the private sector enhanced</b>											
Percentage of businesses reporting satisfaction with customs services <sup>12</sup>  Unit: %	Enterprise satisfaction survey (CSS)	2017 (CSS 2018)	GDVC info: 76% Local customs info: 62% Feedback from GDVC: 50% Feedback from local customs: 59%	TBD	0	0				0	This annual indicator result will be reported in the annual report.

<sup>11</sup> Indicator title revised Oct 2019

<sup>12</sup> Indicator title revised Oct 2019.

**Trade and Growth Project Purpose: Replicable approaches to facilitate a more attractive and predictable trade and investment climate for domestic and international**

Indicator	Data Source	Baseline data		FY2020		Quarterly Status – FY2020				Annual Performance Achieved to Date (in %)	Comment(s)
		Year	Value	Annual Cumulative Planned target	Annual Cumulative Actual	Q1	Q2*	Q3	Q4		
<b>Sub-IR 4.1: Private sector knowledge and resources leveraged for trade facilitation</b>											
Value of private sector resources leveraged with USG assistance (bi-annual) Unit: USD	Program Record	2018	0	15,000 <sup>13</sup>	10,819.68	10,819.68*		0		72%	The Program effectively fostered the collaboration between Vietnam’s public and private sector, including their inputs and resources to further the Program’s objectives.
Number of interventions supporting private sector engagement on trade <sup>14</sup> facilitation policies, procedures and processes Unit: Number of interventions	Program Record	2019	0	6	2	0	2	0	0	33%	

<sup>13</sup> The Program increased the target from \$10,000 to \$15,000 because the Program intend to increase efforts to work with private sector this year.

<sup>14</sup> New indicator – added Oct 2019



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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