

10. Donor Engagement

how to establish effective donor coordination

10.1. Introduction

Customs administrations in developing countries perform a range of important functions on behalf of their governments including revenue collection, trade facilitation, community protection, and national security. Moreover, as one of the first government agencies potential foreign investors typically deal with, their performance does much to establish perceptions of government efficiency, effectiveness and governance. Investing in the reform and modernization of Customs has therefore become a key development priority in recent years and has resulted in significant amounts of development assistance being provided by donors (bilateral and multilateral) to Customs administrations throughout the world.

Donor support to Customs administrations is not a new trend. During the 2005 G7 and WTO Ministerial meetings, international development organizations, including the World Bank and the IMF were called upon to assist developing countries to better adapt to trade liberalization trends, resulting in the launch of the Aid-for-Trade initiative under the stewardship of the WTO as part of the Doha Development Agenda. The effectiveness of early aid-for-trade schemes has been the subject of some critique, often linked to a lack of focus and results achievement as a consequence of the lack of a global trade agreement that would provide a framework for assistance.

The coming into force of the WTO Agreement on Trade Facilitation (TFA), including its mandatory provisions related to the employment of modernized Customs procedures, has reinforced the need to support Customs administrations in developing and least developed countries to modernize and reform Customs in line with international standards. On the enforcement side, continued challenges associated with smuggling, international terrorism and illicit financial flows reinforce the need for Customs capacities to be supported with international resources.

By understanding drivers behind donor activities, Customs administrations can ensure they are strategically aligned and thus better able to attract support from donors where necessary. The purpose of this chapter is to provide a framework for engagement with donors, where Customs can best position itself in an increasingly complex environment.

10.2. Understanding Drivers for Donors

There are many different reasons why countries and institutions become donors but broadly speaking, a common aim is to facilitate the narrowing or closure of gaps between countries in the current globalized climate. Customs administrations can access technical assistance and capacity building support from donors, either through the WCO and its funding partners, or directly. Avenues of international support for Customs reform and modernization projects include:

- > **Bilateral donors**, such as Japan, the United States, Sweden, Canada, Sweden, Finland, Norway and Germany all maintain economic growth programmes within their development assistance portfolios, which include trade facilitation and Customs matters;
- > **IFIs**, including the World Bank, the Asian Development Bank and the African Development Bank are major players in the implementation of the TFA, both in terms of infrastructure and technical assistance. These organizations generally have offices in most developing countries as well as an extensive range of contacts throughout the public and private sectors.
- > **The World Trade Organization** maintains the Trade Facilitation Agreement Facility (TFAF), which provides for small grants to assess needs and identify potential long-term donors. In a post-TFA context, the WTO will play an increasingly central role as a clearinghouse for donor coordination.

- > **The United Nations system**, including the United Nations Conference on Trade and Development (UNCTAD) maintains significant convening power and can deliver technical assistance on high-level topics, such as the development of a National Trade Facilitation Roadmap, while the United Nations Office on Drugs and Crime (UNODC) supports the Customs enforcement agenda.
- > **Non-government organizations**, such as TradeMark East Africa, play a key role in delivering technical and infrastructure assistance to support TFA implementation.

Each donor will have their own set of drivers, strategic objectives, and plans of action. Understanding them is key to establish the strategic alignment necessary to justify requests for assistance. While each donor's specific interests are important to understand, there are key trends across the whole donor community which can be helpful to understand, as detailed in the following sub-sections.

10.2.1. Sustainable Development Goals

For the most part, international donor programmes are presently aligned with the United Nations Sustainable Development Goals (SDGs). Adopted in 2015, these goals represent a globally sustainable development agenda to end poverty, protect the planet and ensure prosperity for all.

Figure 1: the 17 UN Sustainable Development Goals



The WCO has undertaken an extensive analysis of the linkages between Customs and the SDG agenda. While not an exhaustive analysis, the work of Customs supports the following SDGs:

- > **SDG 1: No poverty** – Customs' contribution to national revenue through revenue collections, and the subsequent investment of revenues into national development programmes;
- > **SDG 8: Decent work and economic growth** – Customs makes a key contribution to facilitating trade, enabling access to global value chains, innovation and employment opportunities;
- > **SDGs 6, 7, 13: Clean water and sanitation, life below water, life on land** – Customs contributes to protecting society from unwanted pests and preventing the flow of illicit wildlife products.

- > **SDG 17: Global Partnerships for the Goals** – Customs contributes, by applying international standards, trade-related agreements and through collaborating with other national authorities, countries and international agencies such as the WCO, to increased efficiency and coordination, strengthened resource mobilization and trade facilitation which in turn contributes to ensuring sustainable development.

Donor organizations generally align their programmes of support both to national development strategies and to international compacts, such as the SDGs described above. For this reason, it is critical that Customs administrations understand their positioning against both national and international strategic frameworks. Customs reform and modernization, by definition, is part of a broader national and international agenda to promote sustainable economic growth through improved access to global value chains and resultant employment and income generation opportunities, while also protecting societies and economies from illicit, counterfeit and dangerous goods.

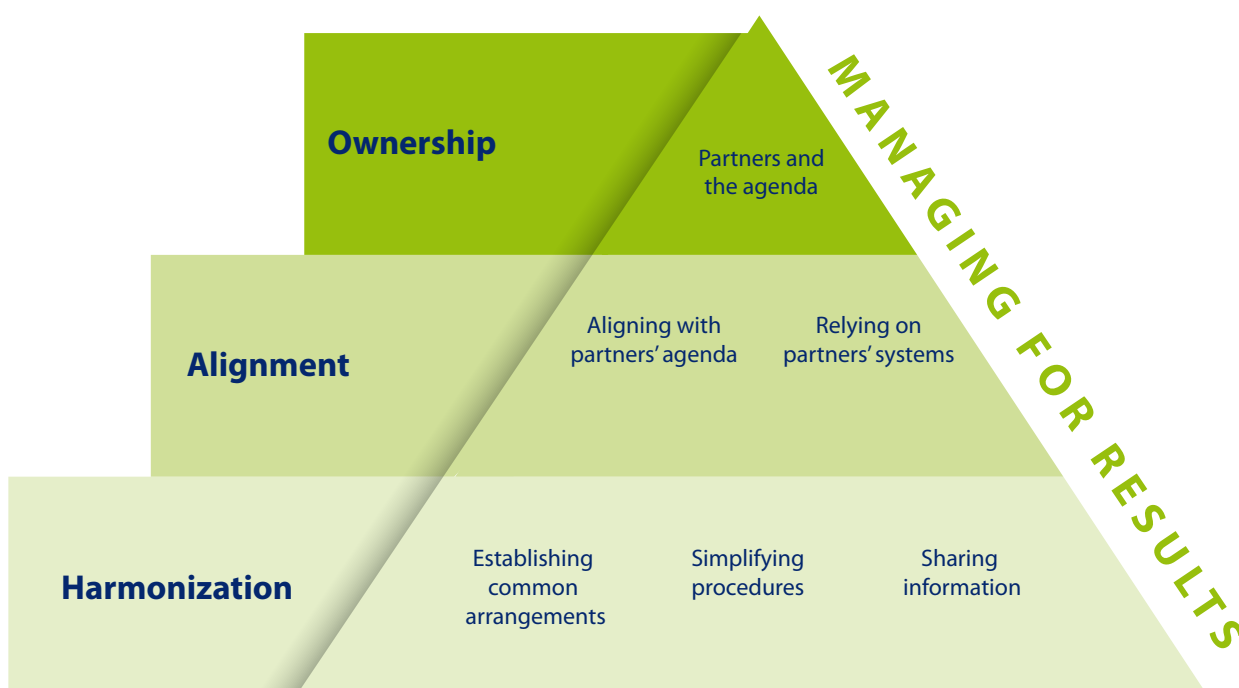
More information on the SDGs and specific targets can be found on the UN website:

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

10.2.2 Aid effectiveness

International donors also work within the context of the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action. Taken together, these international agendas represent a commitment on behalf of the international development community for aid to produce better impacts. The agendas are formulated around five pillars of ownership, alignment, harmonization, managing for results and mutual accountability.

Figure 2: five pillars of aid effectiveness



Within a Customs context, these five pillars can be viewed as followed:

- > **Ownership** – emphasizes the importance of countries leading their own development agenda, hence the importance of having a Customs strategic plan, with clear alignment to national development plan, to which donors generally align their support. Administrations that can confidently plan their modernization and reform strategies and identify specific areas requiring international support will perform better in this regard;
- > **Alignment** – emphasizes the importance of donors aligning their support to national development agendas. Again, the alignment of Customs strategies to national development plans enables donors to better perform this alignment, while also giving Customs administrations a framework for discussing their priorities with donors;

- > **Harmonization** – commits donors to harmonizing reporting procedures and sharing information so as to minimize duplication. In a Customs context, administrations can support this principle by openly sharing information on donor programmes so as to minimize reporting burdens on national governments. Modernization and international relations offices play a key role in promoting harmonization and information sharing;
- > **Results** – commits both donors and national governments to achieving, measuring and reporting on results. In a Customs context, many of the desired results, such as reduced clearance times and improved lane performance, have been clearly articulated in WCO documentation and capacity building activities. WCO instruments and tools provide a strong framework for defining results. Through the application of effective project management methodologies, Customs administrations can better account for the results of both domestically and internationally-supported projects;
- > **Mutual Accountability** – commits both donors and national governments to accountability for development results. Collaborative interactions between donors, Customs administrations, and other key stakeholders can help to build mutual accountability.

More information on the Paris and Accra agendas can be found on the website of the Organization for Economic Cooperation and Development:

<http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

10.2.3 WTO Agreement on Trade Facilitation (TFA)

The WTO TFA brings substantial opportunities Customs administrations to access funding for reform and modernization initiatives. This is due largely to the centrality of Customs to the implementation of the TFA.

The Special and Differential Treatment provisions of the TFA enable developing and least developed countries to implement the TFA according to their individual capacities and resources. This is based on needs assessments that further deepen the development community's commitment to supporting investments in trade facilitation, while Article 21.3 (d) commits donors to coordinate between and among themselves and other relevant institutions, including regional economic communities, to ensure maximum effectiveness of and results from TFA-related technical assistance and capacity building.

The TFA mandates a more structured approach towards donor liaison with respect to trade facilitation projects. In this regard, article 22 of the TFA mandates the submission of information of donor programmes and contact points to a centralized repository at the WTO. Article 22 also mandates that developing and least developed countries appoint a contact point within their governments to coordinate and prioritize external support. Customs administrations are encouraged to review the profiles of various donor organizations on the WTO website: <http://www.tfafacility.org/implementation-support>

The WTO's so-called "Annex D" organizations, including the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the World Bank Group and the United Nations Conference on Trade and Development (UNCTAD) maintain various programmes to support the implementation of the TFA. The Asian Development Bank (ADB) and the United States Agency for International Development (USAID) are also key players in TFA implementation, while the Global Alliance for Trade Facilitation – a public-private alliance led by the World Economic Forum (WEF), in partnership with the International Chamber of Commerce (ICC) is also emerging as a key player in supporting TFA-related reforms.

10.2.4 Format of Donor Support

Donor support is generally for "projects" – that is efforts of a defined scope, timeframe and resource bases, which is designed to produce a product, service or result. The temporary nature of projects stands in contrast with ongoing clearance, enforcement and revenue collection operations of Customs. In a Customs context, the successful production of "products, services and results" generally implies the cluster of reform and modernization initiatives, which are integrated into ongoing clearance, enforcement and / or revenue collection operations upon their successful completion.

Since 2017, the WCO has supported Members in effective project management methodologies. The WCO encourages Members to review Chapter 5 of the Capacity Building Development Compendium for more perspectives on project management and the development of sound business cases for Customs-related projects. The WCO also encourages Customs administrations to familiarize personnel in modernization and international relations offices with these guidelines.

<http://wcoomdpublishings.org/downloadable/capacity-building.html>

10.3 Customs' Engagement with Donor Organizations

Generally speaking, donors look favorably upon those Customs administrations that understand their requirements and limitations. At the same time, Customs administrations need to be assertive as to their needs and priorities. Accepting donor assistance that is not relevant or timely is not only a waste of donor and Customs administrations' time and money, but it also undermines the principles of local ownership, ultimately undermining Customs' credibility and the effectiveness of international capacity building efforts.

In reviewing the programmes of other agencies, the WCO encourages its Members to:

- > Understand each agency's priorities and programmes;
- > Maintain an ongoing awareness of all relevant donor programmes within the administrations' project or modernization office;
- > Determine whether a donors' funds would flow directly to the Customs administration or via a third party implementing agency;
- > Determine the type of expertise that funds would support, both in terms of technical content and time (short-term versus long-term);
- > Determine the type of expenditures that funds can or cannot support, taking into account questions of infrastructure, experts, travel, conference fees,
- > Identify the reporting and accountability requirements;
- > Determine the types of governance arrangements that are required by the donor, such as co-chairing of a project steering committee;
- > Determining whether the donor prioritizes national-level engagements versus regional-level engagements;
- > Gain a sense of the specific value-added of each donor, in terms of the resources and expertise that it can bring to bear.

The establishment of an international relations office, a project office and / or a modernization and reform office is viewed as a best practice in the identification, planning, implementation, coordination and evaluation of Customs projects, including those supported by donor organizations. Such offices also provide donors and other border agencies with a "one-stop shop" in terms of dialogues with Customs, and provide a setting for project management, change management and donor coordination activities.

- A. Building new business relationships with potential Donors and enhancing Customs credibility;
- B. Improving mutual understanding on respective needs, priorities, requirements and concerns, taking into account the perspectives of all border agencies and private sector stakeholders;
- C. Fostering existing domestic, regional and national networks, especially among members of multi-stakeholder bodies, such as an NCTF;
- D. Generating resources (human, material and financial) for Customs reform; and

In addition, engagement will be necessary in order to avoid duplication of donor efforts. Each of these objectives will be examined in turn in the pages that follow.

A. Building New Relationships and Demonstrating Customs' Credibility

Key Objectives



- > Demonstrate the competence and integrity of the Customs administration and its leadership role in trade facilitation, protecting society and revenue collection;
- > Improved use of credible diagnostic works in the planning of reform and modernization programmes; and
- > Improved understanding of donors' programmes, including specific modalities for the delivery of assistance.

In many countries, Customs is among the most technologically advanced government agencies. Those administrations that have actively pursued reforms along the lines of the Revised Kyoto Convention (RKC), such as risk-based decision making, Customs-business partnership, automation and border agency collaboration are well-positioned to demonstrate leadership among other border agencies, and to make a case to donor organizations for further support. The TFA provides an opportunity for Customs to demonstrate its centrality in the sustainable economic growth agendas of their countries. Customs administrations that actively promote adherence to international Customs standards, such as the TFA and the RKC are more likely to attract positive attention from donors.

For Customs administrations with a low level of donor liaison, it would be essential to first establish contacts with regional or national donor representatives and to raise their interest in on-going dialogue. Most governments maintain a high-level international assistance office, generally within the Ministries of Economy, Finance or Foreign Affairs. Customs administrations should also liaise with their respective Ministries of Trade and National Committees on Trade Facilitation, given the important roles played by these structures in TFA implementation, notification and reporting. A starting point for this analysis is the Development Assistance Committee (DAC) of the OECD, which maintains reporting statistics for all donors and beneficiary countries.

<http://www.oecd.org/dac/>

The political reality in some countries does not always give full visibility to Customs administrations' role in the broader context of trade facilitation, border security and protection of social society. Nevertheless, with the adoption of the UN SDGs and coming into force of the TFA, Customs administrations have an opportunity to demonstrate the positive role that they can play in promoting economic growth and poverty reduction. For this they can draw from the WCO's work in highlighting these linkages.

Based on the WCO's experiences, some of the specific challenges that donors cite as challenges for Customs' credibility include:

- > **Rigid staff rotation policies that undermine longer-term capacity building investments** – for example, when a donor supports the development of a risk management team and sees the beneficiaries of training being rotated haphazardly without regard for donors' investments;
- > **Opaque organizational structures** – Donors need to understand reporting lines and accountabilities, and know that they are engaging with the right officials. Opaque reporting lines make it difficult for donors to determine organizational commitments.
- > **Lack of commitment and response to donor initiatives** – While Customs administrations need to assert their ownership over the reform and modernization agenda, a lack of responsiveness to donor initiatives undermines the donors' ability to procure and mobilize relevant resources;
- > **Lack of prioritization** – Administrations that accept all incoming support without prioritizing against their own resources risk overwhelming themselves and creating duplicative efforts that frustrate donors.

At the same time, integrity issues can inhibit Customs' ability to interface with donor organizations, as good governance is one of the major considerations for donor investment. Customs administrations are commonly seen as being vulnerable to corruption because Customs officers have a wide range of discretionary powers. From the outset of a project planning Customs administrations should allocate time, activities and resources to implementation of integrity activities. Ideally actions for enhanced integrity are an integral part of a comprehensive reform strategy. In dialogues with international donors, Customs administrations are advised to consider the following internal questions and be prepared to address them in donor dialogues:

- > Extent to which modernization and automation has reduced the potential for inappropriate individual discretion;
- > Extent to which transparency is supported through the publication of Customs procedures, rules and fees;
- > Extent to which integrity matters are considered in the appointment of personnel, such as financial disclosure;
- > Extent to which administrative and penalty procedures are applied in the cases of violations;
- > Extent to which training integrates integrity matters.

WCO programmes, such as the Leadership and Management Development Programme, strategic planning support, the Project Management programme and the Mercator Programme are designed to increase the organizational capacity and credibility of Customs. Customs administrations that can represent themselves as modern organizations committed to international standards on Customs procedures, integrity and strategic management have a much greater likelihood of attracting higher levels of credibility among donors and domestic partners.

B. Improving Understanding on Respective Needs, Priorities and Requirements

Key Objectives

- > Increased donor understanding of Customs' contribution to trade facilitation, economic growth and poverty reduction;
- > Improved use and dissemination of credible diagnostic works in the planning of reform and modernization programmes; and
- > Increased use of multi-stakeholder forums (such as NCTFs), with strong Customs contributions, as a vehicle for the deliberation and coordination of donor inputs.



The growth in aid-for-trade agenda since 2005 has resulted in a greater level of Customs experience within donor organizations. Major international financial institutions, such as the World Bank and the International Monetary Fund (IMF), have access to an extensive range of in-house and contracted expertise on Customs matters and engage regularly with the WCO. Increasingly, donors are conversant in the language of Customs modernization, which offers potential for richer and more constructive policy dialogue. Nevertheless, Customs administrations should be prepared to explain the business of Customs and their modernization and reform agendas in a concise manner that meets the needs of a donor audience.

WCO instruments and tools provide a framework for explaining the business of Customs to donors, while also providing a framework for demonstrating Customs' commitment to international norms and standards in the cross-border movement of goods. The WCO's extensive compendia of best practices and Member experiences can provide a useful framework for benchmarking needs and for demonstrating positive and replicable results.

Notwithstanding the above, in order to determine needs, donors will continue to depend heavily on credible diagnostic and analytical material. Such analyses are generally carried out by international experts, working in close collaboration with donors and beneficiary governments. Customs administrations should be fully informed of all recent studies, including:

- > WCO Columbus Phase I assessments;
- > WCO Mercator assessments and implementation plans;
- > Diagnostic Trade Integration Studies (DTIS);
- > TFA needs assessments, including those carried out by the World Bank, UNCTAD and others;
- > Time-release studies, based on the WCO approach.

Most of the WCO Members in emerging economies have successfully completed the diagnostic phase of the WCO Columbus Programme and they have developed their own strategic action plans for Customs reform. In order for this to be taken into account in a donor context, it needs to be linked to a national development strategy (such as a Poverty Reduction Strategy Paper) and to an integrated trade agenda, such as a national trade policy or a national trade facilitation roadmap.

The content of diagnostic studies listed above provides all stakeholders with relevant technical background data. While WCO diagnostics are clearly the confidential property of the WCO Member in question, the WCO encourages its Members to share these studies with other interested stakeholders, including donors. Diagnostic studies represent one of the greatest risks for duplication of efforts, given their importance in all donor-supported activity.

With the coming into force of the TFA, it is expected that further donor support and coordination efforts will be focused on implementation support with respect to the trade facilitation agenda. As such, the WCO recommends that Customs continues to work closely with all stakeholders to achieve sustainable reform and modernization. The National Committees on Trade Facilitation (NCTF) provides an important forum for stakeholder engagement. The WCO encourages Customs administration to maintain an active role in agenda-setting and discussions of the NCTF. The WCO's Guidance for NCTFs provides some specific advice in promoting Customs role in trade facilitation, including:

- > Highlighting Customs' role in implementing the TFA, noting that 98% of the contents are Customs-related;
- > Highlighting the administration's membership in the WCO and related instruments, such as the RKC, SAFE Framework of Standards, Harmonized System Convention, etc., and that these instruments form the basis for the TFA;

"Working closely with stakeholders from the private and public sector is essential to achieve any sustainable reform and modernization. It is therefore also key to successful cooperation in the NCTF and ultimately to successful TFA implementation overall. The same is true of cooperation with development partners if and where countries cannot identify financial resources in their own national budget."

Source: National Committees on Trade Facilitation: A WCO Guidance

<http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/wto-atf/national-committees-on-trade-facilitation/guidance/nctf.PDF?db=web>

While working to establish needs, Customs administrations should also be prepared to communicate those interventions that are not needed. Interventions that may not be in the best interests of a Customs administration could include initiatives that are ill-timed (i.e. workshops that present basic risk management principles to an administration with advanced selectivity systems) or that undermine the effective conduct of the administration's day-to-day business.

C. Fostering Existing Domestic, Regional and National Networks

Key Objectives

- > Strengthened Customs role in multi-stakeholder forums at national and regional level;
- > Improved understanding of regional and international best practices, especially those from other developing countries;
- > Increased use of multi-stakeholder forums, such as NCTFs, with strong Customs contributions, as a vehicle for the deliberation and coordination of donor inputs.



Customs administrations, by the nature of their business, remain heavily engaged in national and regional networks, which include, but are not limited to other border agencies, cross-border counterparts in neighboring countries, regional economic communities, local and regional trader and transporter associations, and WCO regional structures such as ROCBs, RILOs and RTCs. The addition of national and regional donor networks needs to build on these structures, while also demonstrating Customs' key position in complex regional trading networks, especially as they relate to economic and social development.

The WCO's experience points to these networks being largely organic without pre-defined structures and that Customs' networks in this regard tend to adapt to national and regional contexts and capacities. From its own account, the WCO invests considerably in the organization of regional meetings, where senior Customs officials can gather to discuss the latest trends in Customs reform and modernization, and donor efforts thereof.

In addition, Customs close connections with neighboring Customs administrations and participation in regional and international networks also presents opportunities for the sharing of regional and international best practices. With the broad-based movement of Customs administrations towards a common modernization and reform agenda, there is strong potential for administrations to leverage this knowledge in defining their own reform programmes and interaction with donors therein.

In order to enhance donor engagement and increase opportunities to secure support by Customs administrations, the involvement of the WCO could add significant value as a trusted international interlocutor. The WCO's extensive exposure to other donors, both as a collaborator and as a recipient of donor funds provides a framework for national-level interfaces between Customs and donors.

Most developing countries have a high-level donor relations office, generally situated in the Ministry of Economy or the Ministry of Foreign Affairs. For the most part, these offices are responsible for tracking all incoming foreign assistance, issuing appropriate permits for deployed experts, Customs administrations should be aware of these bodies and be prepared to engage with them in the development of networks to support Customs reform and modernization.

D. Generating Commitment and Resources (Human, Material and Financial) for Customs Reform

Key Objectives

- > Increased donor understanding of Customs' contribution to trade facilitation, economic growth and poverty reduction;
- > Improved use and dissemination of credible diagnostic works in the planning of reform and modernization programmes;
- > Increased use of multi-stakeholder forums such as NCTFs, with strong Customs contributions, as a vehicle for the deliberation and coordination of donor inputs.



The mobilization of human, material and financial resources is at the core of any donor engagement. Customs administrations should appreciate the navigating the complexities of the international donor environment requires a level of patience and perseverance, but at the same time offers a forum for a broader discussion of Customs' contribution to national economic and social development.

If the aim of a donor engagement is to obtain external funding for concrete Customs reform, a strategic Customs reform and modernization plan should be developed beforehand, with clear alignments to national policy and development strategies. The addition of linkages to international frameworks, such as the SDGs is critical when interacting with an international donor audience. Donors need to see where Customs reform fits within a broader national development agenda.

Donors also need to see value-for-money for their investments. With limited funds, it is important to demonstrate that pivotal role played by Customs in facilitating trade, protecting society and collecting revenue.

Donors use a wide range of modalities to support trade facilitation, including:

- > **Direct budgetary support** – la transfer of funds directly to the beneficiary government's treasury to undertake specific projects using local procurement and management systems. This modality is preferred under the Paris Declaration for Aid Effectiveness, although some donors see substantial risks (both political and material);
- > **Project-based support** -- a transfer of donor funds to an implementing agency (such as an international consulting firm) to implement a multi-year trade facilitation project under terms defined in a contract between the donor and the implementing agency. Generally focused on the provision of longer-term technical assistance and capacity building, although some projects include support for infrastructure;
- > **Concessional loans** – generally provided by large international financial institutions, such as the World Bank, and allow for substantial investments in Customs infrastructure, such as the upgrade of border crossings, ports and information technology systems.

These types of engagements may be combined in a **sector-wide approach**, where the inputs of several donors may be combined under the objectives of a nationally-defined sector strategy. This approach is designed to give national governments greater ownership over the development agenda in keeping with the principles of the Paris Declaration on Aid Effectiveness. In a Customs context, the sector-wide approach would most likely be employed in the context of a broad trade development programme, which could encompass matters of trade policy, trade facilitation, infrastructure development, capacity building, etc. For this reason, it is critical that Customs situate itself within a broader national strategic framework, taking into account national development strategies, trade facilitation roadmaps, etc.

It is important to understand the limitations of donor support programmes, in terms of expenditures that can be supported. Common expenditures in Customs-related donor projects include:

- > **International technical assistance** – the fees and subsistence costs for short- and long-term international experts working on an advisory / expert capacity to the Customs administration;
- > **Local dedicated project staff** – salaries for dedicated locally-sourced project staff working in an advisory capacity to the Customs administration;
- > **Conference / workshop / training expenses** – costs associated with venue rental, conference equipment, refreshments;
- > **Information technology systems** – costs for upgrading information technology infrastructure and systems;
- > **Office and border infrastructure** – costs for hard infrastructure, including buildings, scanners, etc.

Many donors, especially bilateral donors tend to restrict their support to the technical assistance, project staff and conference expenses categories. Larger expenses tend to be the purview of the larger international financial institutions and are subject to substantial high-level negotiations in keeping with the project cycle approach, described below. On the other hand, it is highly unlikely that a donor would support the payment of staff salaries, honorariums or other types of ongoing “day-to-day” business expenditures, such as fuel and vehicle maintenance.

Donor support, with very few exceptions, is based on a defined scope (mandate), timeframe and level of resources. This lends itself to project-based support, with the active employment of project management methodologies. This methodology places considerable emphasis on structured problem definition and planning, which can last for several years in the case of highly complex projects. Project management methodologies help to identify and define the roles and interests of stakeholders.

The WCO strongly recommends that Members review this chapter alongside Chapter 5 of this WCO Capacity Building Development Compendium, which addresses project management aspects in greater detail, especially the project cycle. With this in mind, it is worthwhile for Customs administrations to familiarise themselves with the project management terminology of the donor organizations that are most likely to engage in matters of Customs and trade.

For example, the World Bank defines the “project cycle” to include phases of identification, preparation, appraisal, negotiation / approval, implementation / support and completion / evaluation. The Bank cautions that this cycle is of much longer duration – sometimes up to four years – versus those commonly observed in the private sector. The European Union defines the cycle as the mechanism by which EU external assistance projects are programmed, designed, implemented and evaluated. The cycle highlights points where priorities are identified, where options for intervention are considered, where actions are defined and funding approved, where actions are carried out, and where achievements are assessed and lessons learned documented.

Keeping the above points in mind, donor engagements or consultations provide an excellent opportunity to bring greater donor attention to questions of Customs reform, while better familiarizing the administrations with the international donor context. A national-level donor conference / meeting, would be an occasion to mobilize a coalition of supporters, to create a positive political climate towards Customs reform and to disperse resistance. It enables the Customs administrations to promote a more holistic role of Customs in the political strategic framework, taking into account emerging international poverty reduction and national development. Involvement of key stakeholders is important to this process, for example, in the context of trade facilitation, this meeting would ideally be supported by the NCTF.

While some donors may not seek to engage in detailed discussions on Customs technicalities, they do look to establish a narrative for change and a rationale for the investment of donor funds in keeping with aid effectiveness principles, demonstrated national strategic priorities and donor priorities. In this regard, Customs administrations are well-advised to provide clarity on the following questions:

- > How is the proposed donor investment aligned with relevant strategic planning documents (i.e. Customs strategic plan, national development strategy)?
- > Who will act as the donor's champion within the Customs administration? Does this person have adequate influence to promote change?
- > What are the expected results / changes that will emerge from the donors' investment and how will these results / changes be measured?
- > What is the baseline situation? What is the problem that needs to be resolved?
- > What are the views of other border stakeholders? Have they been consulted? What are their views?
- > What related work has been carried out previously? What were the results, best practices and lessons learned? Is the effort sustainable?
- > What contribution is the Customs administration prepared to make, in terms of in-kind (i.e. Staff, facilities) resources and / or financial resources?
- > What are the key risks that the donor should be aware of? How will they be mitigated?
- > How will project results be sustained?

Customs administrations are also reminded to manage expectations. A contract for funding of a specific Customs reform project will not be reached by "just" one donor conference or meeting. Donors have their own priorities based on their strategy and policy. Sometimes they are not used to Customs seemingly complex and almost contradictory priorities (trade facilitation, community protection, revenue collection, etc.). Therefore Customs might be requested to adjust or slightly amend their reform plan to meet donor requirements and to develop greater understanding for Customs economic role and responsibilities. Customs should also explain the realities of their plan and try to agree on mutually acceptable collaborative actions, while avoiding duplicative efforts. More on avoiding duplication is provided in the following section.

10.4 Donor Coordination

The significant resources attached to Customs support, particularly under the trade facilitation agenda, the complexity of the development partner modalities and the interplay between national and regional actors calls for the need to ensure efforts are coordinated to maximize efficiency and minimize duplication.

10.4.1 National Administrations' Role in Donor Coordination

In addition to the points detailed in the previous section regarding the aims of Customs engagement with donors, Customs administrations can also play a key role themselves in fostering donor coordination and reducing duplicative efforts. Some actions that Customs administrations can take in this respect include:

- > Establishment of a coordinating office;
- > Tracking needs and aligning them with donors working in each respective space;
- > Maintaining records of current and past donor engagements;
- > Active monitoring and evaluation of current and past donor-supported interventions;
- > Participating in and promoting donor coordination meetings, nationally and regionally; and
- > Advocating that donors share necessary information.

Close collaboration between modernization / reform or project management offices and an administration's international affairs office is crucial, as is active engagement with multi-stakeholder forums such as the NCTF.

Donor coordination requires an appreciation of the different strengths and modalities of the donor community. While efforts may be uneven, donors are investing considerable effort into the sharing of information and coordination with other actors. Coordination also requires transparency on the part of the Customs administration. By transparently sharing information on existing and planned projects with prospective donors, the chances of duplication can be reduced.

Donors interact with one another on a regular basis, both at the national level, and at the international level. An important aspect of these dialogues is the sharing of information and discussions on forward plans, including potential collaborations. While it may seem expeditious to send the same proposal to multiple donors without regard for each donor's strengths, modalities and priorities, this type of engagement is actually inefficient, as it demonstrates a lack of understanding or regard for donor programmes, or a lack of strategic orientation.

10.4.2 Role of the WCO in Donor Coordination

The WCO has a strong history of coordinating effectively with other donors and development partners in supporting sustainable economic growth through Customs reform and modernization. The WCO's capacity building programmes benefit from the bilateral support of donor governments (such as Japan, China, Republic of Korea, Norway, Sweden, Finland, the United Kingdom, United States, and Germany, among others), as well as multilateral entities. In relation to the WTO and TFA, the WCO is part of a group collectively known "Annex D organizations" (i.e., IMF, OECD, UNCTAD, WCO, World Bank), among whom an extensive history of collaboration already exists.

While many of the aforementioned agencies have far greater resources at their disposal, the WCO's value proposition in an increasingly busy donor space remains highly relevant. As the custodian of the global standards for Customs reform and modernization, the WCO plays a unique technical role in promoting harmonized, predictable and transparent standards for Members through a broad array of instruments and tools. The WCO's Customs-to-Customs approach allows a unique level of frank dialogue between like-minded organizations, which may not be possible under other implementation arrangements. This unique position can be leveraged to raise the profile of Customs in coordination discussions with and among donors.

The WCO and / or Regional Offices for Capacity Building (ROCBs) can provide advice to both donors and Customs administrations to design projects and assist, as necessary, in implementing the project through, for instance, coordinating the use of regionally available expertise. The WCO and ROCBs have accumulated extensive experience and expertise on donor engagement, and agenda planning, and it is worthwhile considering involving them in the planning of more complex regional or national donor meetings at an early stage.

10.4.3 Donor Coordination Mechanisms under the TFA

Recognizing the need to ensure donor inputs are coordinated, Article 22.1 of the TFA calls for WTO Members to provide information on international capacity building efforts, including information on funding, timelines, scope and beneficiaries. More specifically, this requires donor Members to provide:

- > Description of the technical and financial assistance and capacity building resources
- > Status and amount committed/disbursed
- > Beneficiary country/Region (where necessary)
- > The implementing agency in the Member providing assistance
- > Procedures for disbursement of the assistance

Since the launch of the Mercator Programme in 2014, the WCO has placed greater emphasis on donor coordination. In developing Mercator Implementation Plans under the Programme's tailor-made track, particular regard is given to the work of other development partners. Plans are tailored to the in-country realities, including operational and pipeline projects, resident experts, as well as existing and upcoming concessional loans. Opportunities to co-deliver technical assistance are identified wherever possible, and the WCO encourages Members to press for more co-delivery of technical workshops. Major WCO meetings, such as Council, the TFA Working Group and the Capacity Building Committee are normally attended by observers from donor agencies. These meetings present further opportunities for coordination and the WCO is well-positioned to facilitate these discussions as needed.

10.5 Conclusion – Diagnostic of Common Donor Engagement Challenges and Potential Solutions

The table below highlights some common challenges in meeting above five donor engagement objectives, along with some potential solutions. The WCO and ROCBs are in a position to support Members encountering these situations.

Lack of donor understanding of Customs	Despite an increased donor understanding of trade and development issues, some donors have a weaker appreciation of Customs' full role in facilitating trade, protecting society and collecting revenue.	Wide dissemination of Customs strategic plan, demonstration of Customs' alignment to international standards, such as the RKC, the Arusha Declaration, the SAFE Framework of Standards; exposure of donors to operational realities.
Lack of donor confidence in Customs capacity	Donors may have pre-conceived notions about Customs, particularly with respect to professionalism and integrity.	Demonstration of Customs' credibility through alignment with WCO standards, such as the RKC, the Arusha Declaration, the SAFE Framework of Standards.
Limited Customs perspectives in NCTF and other regional trade facilitation engagements	Donors seek out "one-stop" contacts within administrations and expect them to provide a fulsome understanding of the administration's reform agenda.	The establishment of modernization and reform offices, as well as close working with international relations offices can ensure that communications with donors reflect the full breadth of reform engagements being undertaken, as well as interactions with other donors
Duplication of diagnostic missions and inconsistent situational analysis	Despite the provisions of the Paris Agreement on Aid Effectiveness, many donors insist on conducting independent diagnostic studies, consuming significant organizational resources.	Proactively share existing diagnostic studies and encourage donors to build on existing analysis.
Inconsistent or inappropriate advice and expertise provided by different donors	Different experts may offer different technical advice on the same topic, or technical advice may be too advanced or too basic.	Proactively disclose all donor engagements; be prepared to decline assistance that is not relevant or appropriate, insist on alignment to international standards, including WCO instruments and tools; provide critical feedback.