

# 5. Project Management

## 5.1. Introduction

### 5.1.1 Project Management

Project Management is the process and activity of planning, organizing, managing, and controlling resources (human, financial, material), procedures and protocols to achieve specific goals within a certain period of time. A project has a beginning and an end and is designed to produce a product, service or result they are therefore important mechanisms to deliver change within an institution or environment.

The temporary nature of projects stands in contrast with business as usual (or operations), which are repetitive, permanent, or semi-permanent functional activities to produce products or services. In practice, the management of these two systems is often quite different and as such, requires the development of distinct technical skills and management strategies. 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.

With the coming-into-force of the WTO TFA, combined with a global trend towards Customs reform and modernization, Customs administrations around the world are initiating, planning, implementing and evaluating projects that are designed to modernize, standardize and harmonize Customs and border procedures in a manner that facilitates trade, while protecting society.

The primary challenge of project management is to achieve an outcome which meets the respective goals and objectives (scope), to a defined quality, within set constraints of cost / resource availability, and time.

Figure 1: Key Project Constraints



## 5.1.2 Project Management Methodologies

There are many project management methodologies with varied principles that can be used. Which option a Customs administration selects will largely depend on the type and scale of the project and the available resources. The WCO does not recommend a single specific methodology but rather emphasizes common aspects of project management approaches and methodologies that can be used across a wide range of customs projects.

Listed below is a selection of commonly used project management methodologies and approaches that may be relevant in a Customs context as well as a description of how or when these methodologies might best be applied.

- **PRINCE2**® (PRojects IN Controlled Environments) is a widely used project management methodology that can be applied to projects of any scale. It is a process-orientated approach with each process having inputs and outputs, tasks and activities to complete. It is useful for organizations looking for a structured, template-driven approach to project management.
- **PMI-PMBOK** (Project Management Institute – Project Management Body of Knowledge) is a collection of processes and generally accepted techniques of project management rather than a specific methodology. It offers a wider range of options and more flexibility than the PRINCE2 methodology but requires a good base understanding of project management principles in order to know when and where the various processes and techniques are best applied.

Other methods supplement these broad methodologies and have been developed to address more specific types of projects such as:

**Information Technology** – *The System Development Life Cycle (SDLC)* is a generic approach to project management in the development of information technology systems that includes needs analysis; concept; design; training; delivery and support. Control Objectives for Information and Related Technology (CORBIT) is a relatively new methodology. The process moves from planning and organization; acquisition and implementation; delivery and support; to monitoring and evaluation.

**Process Improvement** – *Plan-Do-Check-Act (PDCA)* is a basic approach to project management, also referred to as the Deming Cycle or the Deming Wheel. The PDCA cycle has four phases: identifying and analyzing the problem; developing and testing solutions; measuring the effectiveness of the preferred solution and finding ways to improving it; and implementing the solution. Six Sigma uses statistics to improve processes and minimize defects in a product or service. Lean Six Sigma is primarily concerned with speed and quality by reducing waste and cutting out unnecessary steps.

Institutions may develop their own methodologies, for example as commonly seen among donors to international development projects. The European Union has developed an extensive Project Cycle Management Guidelines which provides a detailed methodology for managing projects funded by the European Union. More on donor approaches to Project Management can be found in the WCO Capacity Building Compendium, Chapter 10 on Donor Engagement.

## 5.1.3 The Purpose of the WCO Project Management Guidelines

Each project management methodology has its own detailed guidance, and it is not the purpose of this WCO guidance to replicate this guidance. The WCO does not recommend any particular project management methodology as the approach selected will depend on the type and scale of any individual project and the needs of the administration and other stakeholders. What these guidelines set out to do is suggest a generic a step-by-step approach that will help manage projects effectively within a Customs context. It should be emphasized that an understanding of the high-level principles of the project management approach, such as strategic alignment and governance, is of greater importance than a rigid application of terminologies, templates or methodologies. The latter simply informs the former. The guidelines are also intended to place project management within a Customs context, focusing on Customs project examples and drawing from Member best practices.

### 5.1.4 Why is project management important in a Customs context?

In undertaking modernization and reform programmes, there is a diverse array of change required. Initiatives designed to deliver this change ordinarily meet the criteria of being a “project”. Whether the implementation of an AEO programme, the establishment of a national Single Window, or the set-up of an internal audit unit, there is a diverse range of Customs projects associated with Customs modernization. The TFA brings new impetus for such projects, as national TFA implementation commitments are setting the stage for a series of modernization projects within clearly time-bound constraints. The WCO is of the view that Customs administrations need to equip themselves with the skills to undertake often complex projects as part of the modernization and reform agenda.

Within the WCO, project management has emerged as a growing capacity building need for Members. The topic was most recently discussed at the 2017 WCO Capacity Building Committee, where it was recognized that TFA implementation involves numerous reform and modernization projects, and where the WCO committed to further developing its Customs-specific project management guidance, drawing on experiences and examples from Members as much as possible.

With the launch of the Mercator Programme, the WCO is increasingly taking a project management approach in its support to Members. The WCO recognizes that complex reforms, such as those mandated within the TFA are multi-year endeavors, requiring the deployment of a project management approach. As a result, multi-year Mercator Implementation plans for TFA reforms in more than 30 Member administrations are defined on the basis of project management principles.

### 5.1.5 What is a successful Customs modernization project?

Customs modernization projects share a number of key characteristics:

Customs projects are by definition **public in nature**, meaning that they are subject to domestic and international scrutiny. At the same time, they are based on a common set of standards, including those defined by the WCO, providing an extensive range of best practices and implementation experiences. Customs projects **do not take place in isolation**. They are linked to broader national development strategies and international commitments, with strong interdependencies, given the integrated nature of the Customs business. Considering the interdisciplinary nature of the Customs business, Customs projects reflect this interdisciplinary reality, **requiring a diverse range of competencies**, such as information technology, valuation, risk management, compliance management, enforcement and intelligence. Finally, with the coming-into-force of the TFA and its special and differential provisions, Customs projects are attracting a **high level of international donor support**, where effective project management methodologies are core to the mobilization and effective use of international donor resources.

To be successful a Customs modernization project must:

- > Deliver the outcomes and benefits required by the Customs administration and other stakeholder organizations, including the private sector, other border agencies and the international community (donors, neighbouring countries);
- > Create and implement deliverables that meet agreed requirements, including the requirements of domestic and international commitments such as the TFA and RKC;
- > Meet time targets, such as implementation timeframes set out in national TFA notifications and other relevant national strategies;
- > Stay within financial budgets;
- > Involve all the right people, recognizing the range of stakeholders in cross-border trade both within and outside of Customs;
- > Make best use of resources in the organization and elsewhere, keeping in mind the competencies of specialized units within the Customs administration, WCO accredited experts, national and international consultants and the private sector;
- > Take account of changes in the way the organization operates;
- > Manage any risks that could jeopardize success; and
- > Communicate with, and take into account the needs of staff and other public and private sector stakeholders who will be impacted by the changes brought about by the project, with a keen awareness of specific adjustments.

### 5.1.6 Are projects different from other work?

Projects are different from the normal clearance, enforcement and revenue collection operations of Customs in that they:

- > Have specific objectives to deliver new benefits to the Customs community, such as quicker goods clearance, less paperwork and improved risk targeting;
- > Are for a specific duration (they have a start and finish) – in a TFA implementation context, the duration may be defined by the government's category "A", "B" and "C" notifications to the WTO;
- > May introduce significant changes to the way the organization operates, such as new regulations, procedures, systems, technologies or infrastructure necessitating investments in training and capacity building;
- > Create new outputs/deliverables that will enable benefits, such as reduced clearance times, to be realized;
- > Have a specific, temporary management organization and governance arrangements set up for the duration of the project;
- > Are susceptible to a different set of risks not usually encountered in the day to day operational work of the administration, requiring different perspectives on the concept of "risk management";
- > Involve a range of stakeholders from different parts of the Customs administration and beyond; and
- > May use methods and approaches that are new or unfamiliar.

For sake of clarity, Customs projects are not about ongoing clearance, enforcement and revenue collection activities. Customs projects seek to deliver changes that improve these operations in keeping with national development priorities and international standards.

### 5.1.7 Projects versus Programmes

Despite their interchangeability in general parlance, the terms "project" and "programme" do have different meanings in a project management context. Generally speaking, a "programme" includes a subset of "projects". For example, a Customs modernization "programme" could include "projects" related to AEO, Single Window, risk management, integrity and one-stop border posts. When planning a project, it is important to consider and demonstrate linkages with higher-level programmes.

There is no hard rule to determine if something is a project or a programme but the dividing line is usually drawn in a way that makes the set of activities more manageable. When different stakeholders are involved, projects and programmes may even overlap.

Figure 2: projects & programmes

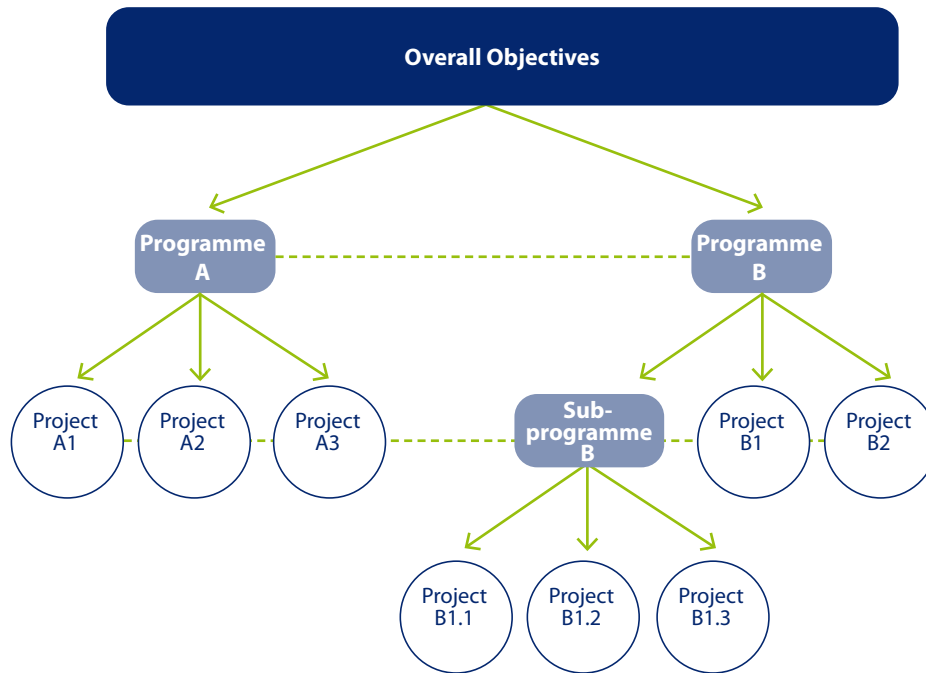
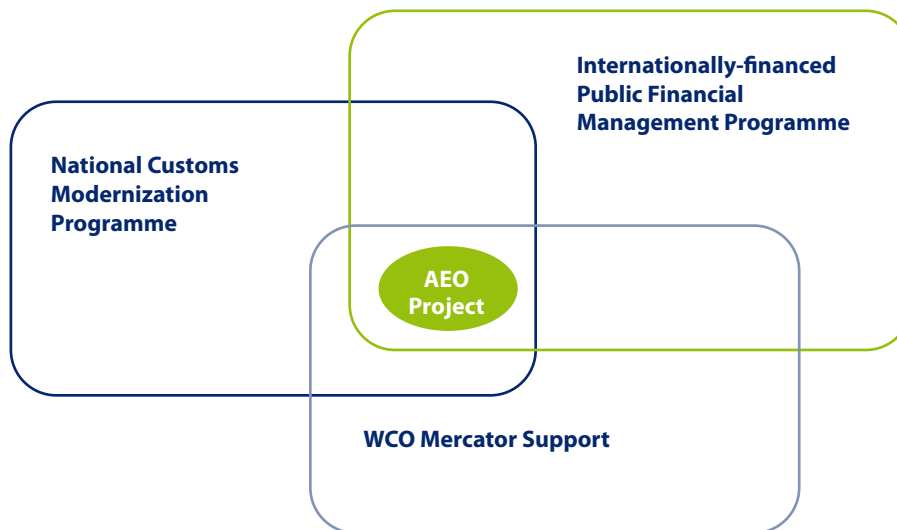


Figure 3: overlapping programmes



### 5.1.8 The Project Lifecycle

A Project Lifecycle is a term used to describe the activities and decision-making procedures used during the lifetime of a project (including key tasks, roles and responsibilities, key documents and decision options). The Project Lifecycle helps to ensure that:

- > Projects are supportive of overarching policy objectives of the organization and of development partners (where relevant);
- > Projects are relevant to an agreed strategy and to the real problems of the target groups/beneficiaries;
- > Projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and capabilities of the implementing agencies; and
- > Benefits generated by projects are likely to be sustainable.

In order to manage effectively it is important to understand the typical lifecycle of a project. A decision is needed on how the management activities of the lifecycle steps will be achieved, and precisely who will be involved. Much of the project management effort across the lifecycle will be driven by the owner/sponsor of the project (identified in these guidelines as the “Project Director”, and the Project Manager. In a Customs context, the Project Director position would likely be held by the Director General of the administration, the head of modernization and reform, or another senior official delegated by the Director General. To achieve success, they will need to draw upon the skills and experience of many others from within the administration, along with the expertise of other trade stakeholders in the public and private sectors. Customs projects, in particular require competence in a variety of technical and policy fields, and require input from an extensive range of public, private and civil society stakeholders.

Projects are considered in a cyclical way rather than a linear way in order to draw attention to the fact that the project management approach emphasizes a continual learning and improvement process. One project’s end is very often another project’s beginning.

There are a variety of Project Lifecycle models available to use, which are all based on the following key principles:

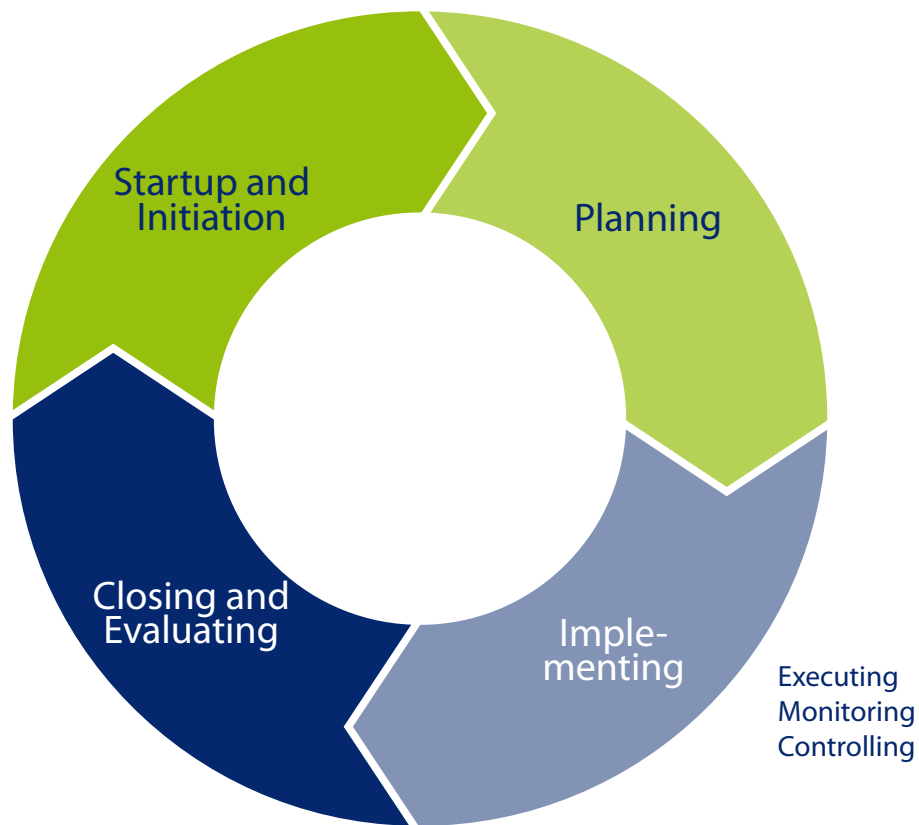
- > Decision making criteria and procedures are defined at each phase (including key information requirements and quality assessment criteria) – a common set of templates defined by the Customs administrations’ modernization or project office is helpful in this regard;
- > The phases in the cycle are progressive – each phase should be completed before the next to be tackled with success; and
- > New programming and project identification draws on the results of monitoring and evaluation as part of a structured process of feedback and institutional learning, supported by the experiences and best practices of other WCO members.

To support the above principles, the Project Lifecycle requires:

- > Active participation of key Customs stakeholders and aims to promote Customs partnerships with the private sector and other border agencies in keeping with WCO standards;
- > A structured set of analyses, addressing questions of problem definition, logic, performance measurement, risk management, stakeholders engagement and communication;
- > The incorporation of key quality assessment and performance measurement criteria into each stage of the cycle;
- > A keen awareness of related projects and programmes in the Customs reform and modernization space, including their objectives, their timelines and their dependencies, and
- > High-quality key document(s) in each phase (with commonly understood concepts and definitions – agreed by all stakeholders), to support well-informed decision-making, communication and coordination.

For the purposes of this guidance a four-phase process is shown. Sometimes lifecycles can be shown as 5 or more phases when the processes within certain steps are split even further. Nevertheless, the key elements in each phase are as follows:

Figure 4: four-phase project lifecycle



<b>Start-up and Initiation</b> ▼	<ul style="list-style-type: none"> <li>&gt; Define and justify the need for the project within the context of wider objectives (i.e. National Development Plan, National Trade Policy, National Trade Facilitation Roadmap, Customs strategic plan, etc...)</li> <li>&gt; Generally documented in a "Project Brief" or "Project Initiation Document"</li> </ul>
<b>Planning</b> ▼	<ul style="list-style-type: none"> <li>&gt; Define and develop a detailed implementation plan, defining activities that will support the delivery of required outcomes and benefits, including alignment to international Customs standards</li> <li>&gt; Generally documented in "Project Planning Documents"</li> </ul>
<b>Implementing</b> ▼	<ul style="list-style-type: none"> <li>&gt; Execute the requisite activities, monitor and control, assess results achievement and make amendments as required</li> <li>&gt; Generally documented in "Project Progress Reports"</li> </ul>
<b>Closing and Evaluating</b>	<ul style="list-style-type: none"> <li>&gt; Evaluate the project against the original and amended implementation plans, focusing on questions of effectiveness, efficiency and value-for-money; ensure that lessons learned are documented and shared</li> <li>&gt; Generally documented in "Project Closure Reports"</li> </ul>

Further information on each phase of the project cycle is detailed under relevant sections of this chapter.

### 5.1.9 Programme and Project Governance

All projects involve decision-making and stakeholder relationship management at different points in the project lifecycle and at a variety of different levels. In a Customs context, project governance arrangements should ensure an alignment between international and domestic stakeholders, taking into account the perspectives of the private sector. The decision-making element should ensure that a new project does not start or continue unless it is:

- > Worthwhile to Customs, other border agencies and the trading community;
- > Viable, with respect to available funds, expertise and infrastructure;
- > Affordable in terms of domestic and available international donor resources;
- > Good value for money, taking into account the experiences of other WCO members;
- > Planned and controlled from a public accountability standpoint; and
- > Within tolerances for acceptable risk.

Governance provides the framework for such decision-making. The project governance arrangements are generally designed during project start-up and are a tailored blend of the basic requirements mandated by the Customs administration and any specific arrangements to meet the needs of a particular project. The tailoring will depend on a variety of factors, including predicted benefits, cost, urgency, complexity, risk and type / quantity of stakeholders. More specifically, in a Customs context, different governance arrangements would apply to infrastructure, information technology, procedural, organizational development, legal and partnership projects, based on the scope, stakeholders, resources, timelines and desired benefits.

By way of example, the governance of a Single Window project could include high-level representation from the head of government's office as the overall coordinator, along with senior representation from all relevant Ministries and private sector stakeholders. An AEO project could be governed by senior Customs leadership with participation from trading community representatives, and other government Ministries, depending on their level of participation and engagement in the scheme. An internal audit project could be governed by senior Customs leadership with representation from human resources, employee associations and government anti-corruption committees.

### 5.1.10 What Project Governance involves

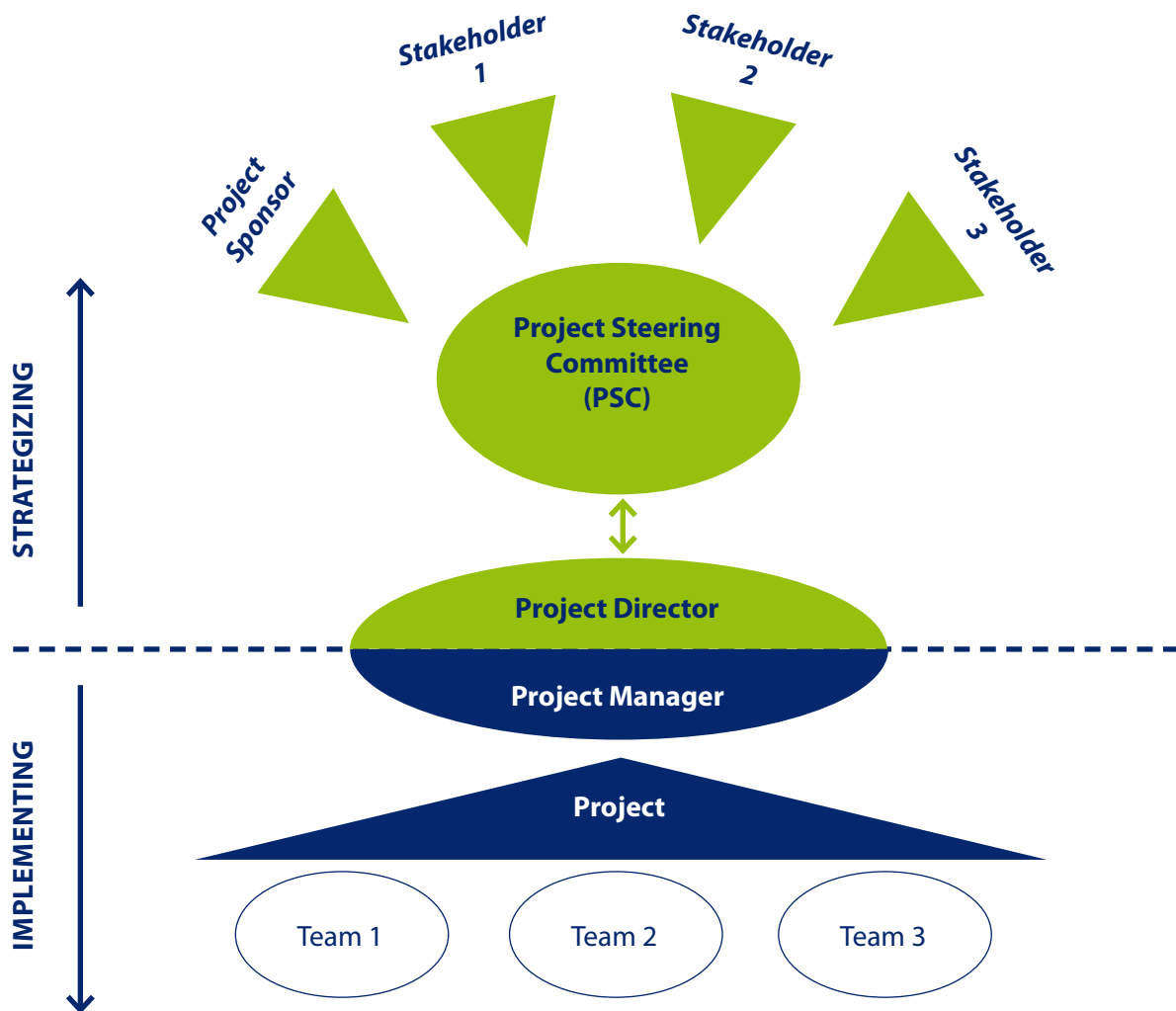
Project Governance provides a framework within which to manage the project and should cover:

- > Initial and continuing justification of the project – strategic plan, WTO / TFA commitments;
- > Setting up an appropriate management organization – senior management within the Customs administration, public and private sector stakeholders, depending on the scale (time, costs) and scope of the project;
- > Establishing a framework for decision-making (roles, responsibilities, authorities), especially with respect to the approval of procedures, guidelines, forms and / or specifications that are often inherent to Customs projects;
- > Ensuring sufficiently thorough plans are prepared and updated as necessary;
- > Implementing a stakeholder management strategy, bearing in mind the range of stakeholders at the border, and the scale and scope of the project;
- > Putting in place a quality management strategy;
- > Setting up and operating a project monitoring and control regime;
- > Managing uncertainties (threats and opportunities); and
- > Managing problems and changes.

While the exact make up of a Project Governance Framework might vary, there are always effectively two directions of management. It is important to understand where each actor sits within the framework so that the direction of management can be clearer. A Project Director and the reporting lines above will be focused on 'managing upwards': ensuring strategic alignment and facilitating decision making process necessary for the project to continue unnecessarily hindered. The Project Manager will be focused on 'managing downwards': with a singular focus on successful implementation and ensuring the necessary activities are carried out to achieve the expected Project results. Depending on the size and complexity of the project, the Project Director and Project Manager may be the same individual.



Figure 5: project governance structure



The basic governance framework is generally established at project start-up, and is part of the Project Initiation Document (PID). Normally, a proposal for a “Project Steering Committee” (PSC) or “Project Board” is included in the Project Initiation Document. The PSC offers a forum through which key stakeholders in the Project could be engaged and empowered.

With the coming-into-force of the TFA and the mandatory establishment of National Committees on Trade Facilitation (NCTFs), the opportunity exists for Customs projects to be effectively governed through these Committees. By their nature, NCTFs engage a wide range of public and private sector stakeholders and when properly established offer a forum to maintain momentum and oversight, and to manage problems. The WCO recommends that Customs play a prominent role in these committees and also considers incorporating NCTFs into Customs Project Steering Committees wherever possible.

### 5.1.11 Scaling project management to suit the project

As noted earlier, each project must be considered on its own merits when it comes to deciding how best to apply these guidelines. Customs projects are diverse, given the complex nature of Customs business. For example, the development of a comprehensive National Single Window would require a much more complex management arrangement versus a small project that will implement a new e-learning training platform in a national Customs training center. The factors that will contribute towards the decision on how extensively these guidelines will apply include:

- > Centrality to the administration's mandate and international commitments;
- > Value of benefits expected from the project;
- > Degree of risk;
- > Likely duration;
- > Amount of effort required to deliver;
- > Complexity;
- > Potential cost;
- > Multi-disciplinary requirements;
- > Source of funding;
- > Degree of impact on different parts of the administration and beyond; and
- > Requirement to involve external suppliers and partner organization the project.

### 5.1.12 Project Management / Coordination Office / Unit

Many Customs administrations have established a centralized project management / coordination / support office or unit (PMO), often as part of a larger Customs modernization unit. Others have introduced standardized project management and reporting tools and part of an organizational project management approach. Such an organizational approach helps to systemize strategic alignment and ensure that cross-project dependencies are effectively managed.

*Example – the Receita Federal of Brazil established a strategic projects management office in 2009, which sits apart from the administration's operational arms. Staff within this office has been trained in project management methodologies, which have been adapted to the Customs context. As the office developed, standardized project management tools and methodologies were introduced, and a framework for coordination with operational branches of the organization was put in place.*

*A similar project office is maintained within the Kenya Revenue Authority, which deals with all projects until their handover and integration into normal operations. In the General Authority for Customs, State of Qatar, the administration maintains a set of standardized project planning, monitoring and decision-making documents. This has enabled the Customs administration to effectively manage more than 40 projects, covering a range of training, infrastructure, procedural and facilitation initiatives.*

A PMO can provide the following key benefits;

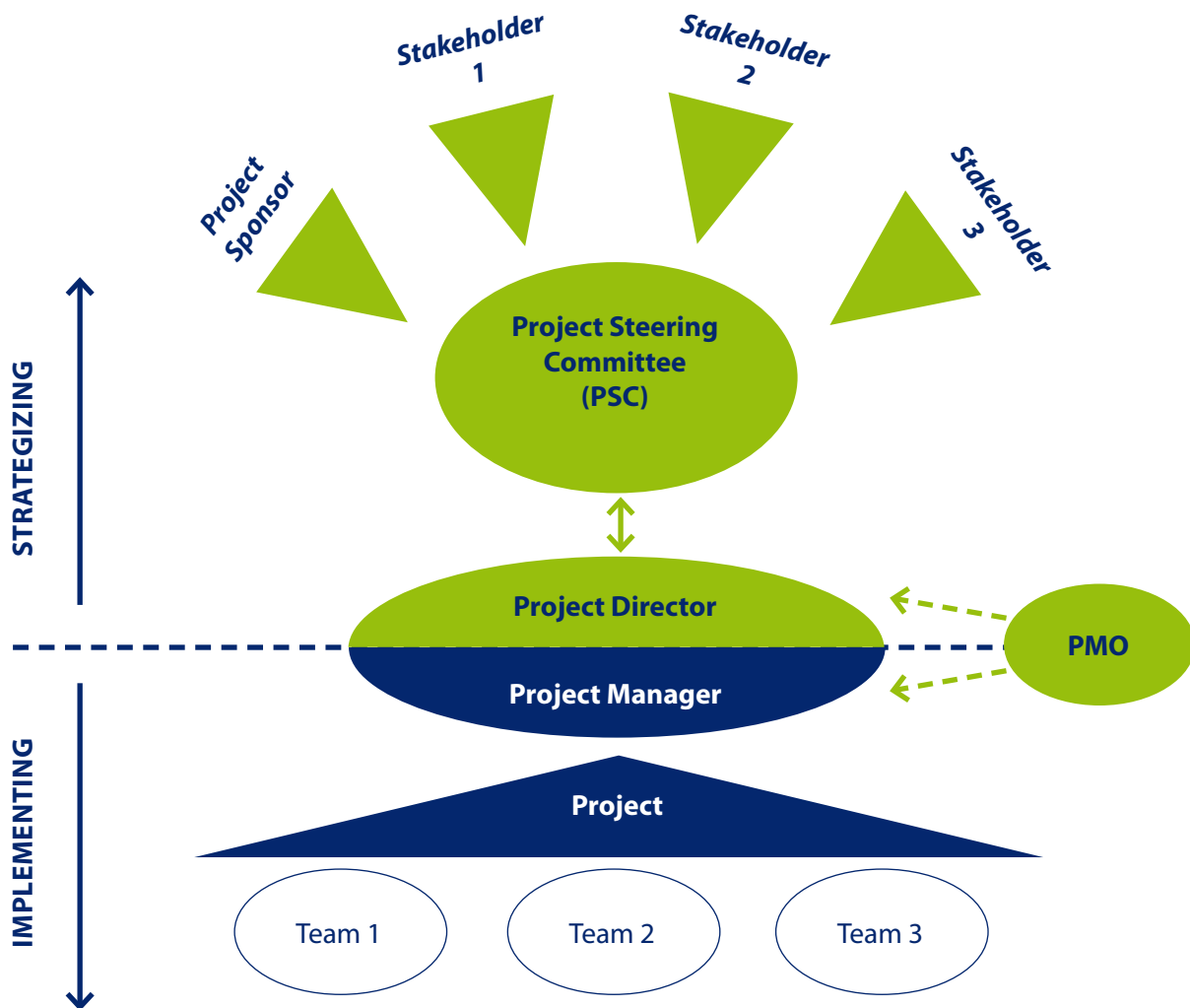
- > Provide a comprehensive picture of all the organization's planned and ongoing projects and how they fit into an overall change or modernization Programme;
- > Ensure consistency of approach and the application of standard methodologies across all projects;
- > Act as a coordination point for the management of the organization's project portfolio; and
- > Offer a central repository of knowledge, experience and data about the running of projects within the organization.

Typically the tasks carried out by a PMO would include the following;

- > Co-ordination between projects covered by the organization's project portfolio and, where capable, projects decided upon and executed within internal departments;

- > Quality assurance and assessment of new project ideas and proposals;
- > Identify and record all examples of best practice – this involves monitoring the progress of projects and evaluating all the final project reports;
- > Provision of tuition and guidance in the use of planning and estimation tools, financial data, availability of training and detailed knowledge of the various project management methodologies and the standards to be used; and
- > Offering advice and technical support to project teams.

Figure 6: PMO support to project governance



PMO formats can differ depending on their main focus which is driven by the individual needs of each organization. For example, some PMOs will be tasked primarily with supporting and maintaining the use of organizational project management methodologies. Others may have a far more strategic role and have a seat at the executive table so that they can work as part of the senior management team to drive forward the organization. Successful PMOs typically have the following responsibilities;

- > Create a clearly defined strategic vision – they work with the senior management team to help ensure that the right initiatives are delivered at the right time;
- > Ensure business success through the delivery of consistent working practices that focus on controlling risks; and
- > Enable the organizational change needed for growth – they help the organization understand the nature of change, why it is occurring and how it will benefit the organization in the long-term.

## 5.2 Phase 1: Start-up and Initiation

### 5.2.1 Start-up and Initiation: Purpose

The “start-up and initiation” phase is triggered when the Customs administration or “Management Committee” (existing management structure) decides to take responsibility for a new initiative that might best be run as a project. The trigger may come from business planning, an external driver (e.g. new Customs legislation, international agreements such as the TFA, availability of donor funds, compliance requirement) or identification of a significant challenge that cannot be dealt with as a matter of routine.

The start-up decision is made in the light of the information gathered during start up and recorded in a Project Initiation Document (PID) or similar document. In essence, the PID says why the project is needed, what it must achieve and who should be involved. There is no set method for conducting start up, in practice it will depend on the size and complexity of the work and whether, for example, some form of feasibility study has been completed. In a Customs context, the PID would most likely be an implementation proposal for a specific project under the auspices of the administration’s strategic plan, or similar document. The standardization of the PID within a project management or modernization office is considered to be an important best practice in Customs project management.

By the end of project start-up all stakeholders within and outside of Customs should be satisfied that the following terms of reference of the project are clearly defined and understood:

- > The reasons for the project, such as the need to implement a provision of the TFA or to support alignment to WCO standards;
- > Desired benefits (i.e. reduced clearance time, improved compliance, better training, etc.) and who will realize them (i.e. traders, other border agencies, Customs staff, etc.);
- > Scope - what is in and what is out, and linkages to related projects (both domestically-funded and internationally-funded);
- > Objectives - achievable and measurable;
- > Background, including relevant legislation, environmental scan, situational analysis, international commitments;
- > Constraints that must be taken into consideration during the project;
- > Assumptions;
- > Any known risks;
- > Dependencies on other projects/activities/decisions – taking into account the interconnected nature of Customs projects;
- > Stakeholders (internal and external), taking into account traders, brokers, other border agencies, financial institutions;
- > Deliverables/outcomes;
- > Estimated timescale, taking into account relevant TFA notifications and other international commitments;
- > Estimates for resources required; and
- > Lessons learned from similar projects and/or from people who have completed similar projects. The WCO’s network of global Customs experts can offer a wealth of lessons learned from the implementation of similar projects.

Within a Customs and TFA context, a considerable range of analytical material to support the development of a PID is contained in trade policy or TFA needs analysis (often conducted by the World Bank, UNCTAD, Enhanced Integrated Framework), WCO diagnostics (such as a Columbus diagnostic, a WCO Mercator Implementation Plan, a risk management diagnostic, people development diagnostic) and Time Release Studies. The use of such material brings international credibility to the analysis.

### 5.2.2 Start-up and Initiation: The Project Identification Document

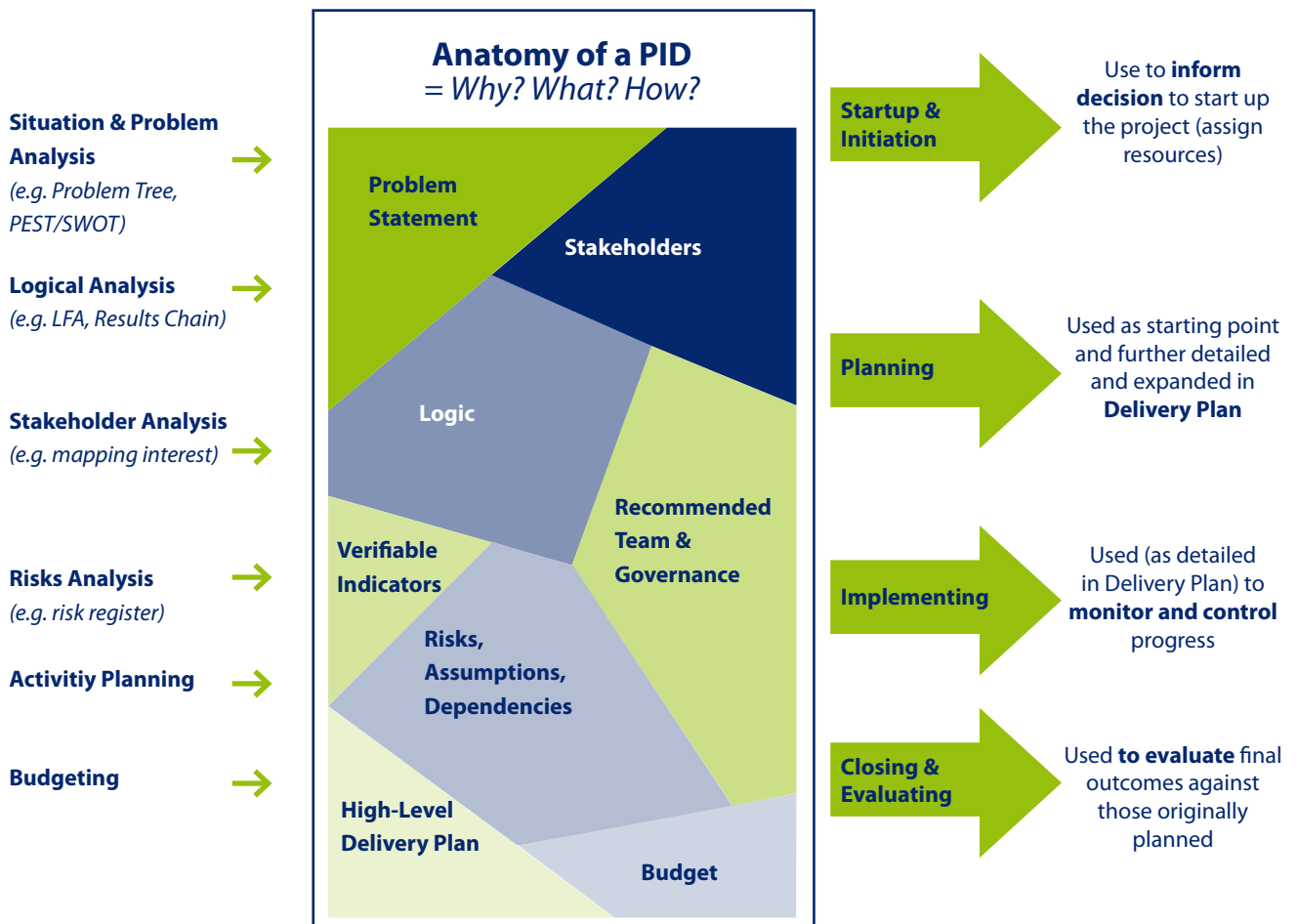
The Project Initiation Document (PID) is an initial write-up of what the project is to achieve and will identify key elements of the project and steps that will be followed to reach the objectives. In a Customs context, the PID should link the project objectives to the desired international standards in Customs procedures, identifying specific WCO instruments and tools as needed.

The purpose of the PID is to provide the information required by senior management and stakeholders to enable them to commit to the resources and timelines proposed. Essentially, it forms the basis of agreement between the Customs administration’s senior management, as represented by the Management Committee (or equivalent) and the Project Director/Manager and generally sanctions moving the project forward so more detailed planning can be undertaken.

It should be developed early on in the project's life and is produced under the direction of the administration's senior management or Management Committee. Ideally, it is produced by the designated Project Manager, who will ultimately assume day-to-day responsibility for the project.

For small projects this may be a very short document, while larger projects may require more detail to ensure the full scope and complexity of the project can be understood and recorded. Many Customs administrations develop a standardized form that enables more efficient approval, monitoring and analysis.

Figure 7: contents of a Project Initiation Document



### 5.2.3 How the Project Identification Document is used

At the outset of a project there will be a mandate from the Management Committee, initiating a new project. This mandate would likely emerge from the administration's modernization and reform plan, as well as its international obligations, including the RKC and the WTO TFA. Following further discussion and a review of how to achieve the objectives as part of a broader modernization and reform strategy, it is useful to record this information in a Project Identification Document to ensure buy-in from the Management Committee and stakeholders before significant resources or costs are committed.

Completing the sections of the PID will ensure all key areas of the project have been fully considered. Project Identification Documents, in various formulations, are used to secure approval to commit international and / or domestic resources to the project. International donors all maintain their own Project Initiation Document formats for internal project approvals. Nevertheless, the WCO recommends that administrations maintain a standardized internal format for all PIDs, which helps the administration to effectively plan, monitor, coordinate and communicate change initiatives to all relevant internal and external stakeholders. The establishment of a project office or a modernization office helps in maintaining this level of standardization.

Generally speaking, an administration's approval of the Project Identification Document is the official start of the project where the Management Committee and/or members of the Project Steering Committee (PSC), if already established within an organization's project governance structure, must confirm that they:

- > Understand and agree the terms of reference of the project;
- > Are willing and able to commit their time to the direction of the project;
- > Are willing to take joint ownership of the project; and
- > Are willing to provide the Project Manager with the time and resources needed to plan the project in detail.

The degree of formality of this control will vary. The members of the (PSC) or Management Committee could use email to give the Project Manager authority to proceed to the Project Planning Phase or on a large project they might use it as an opportunity to meet (perhaps for the first time all together in the same room) and ensure common understanding and commitment to the project.

The Project Initiation Document can be used to inform domestic and international stakeholders of the project and to facilitate discussions with related projects, both domestic and international.

The Project Initiation Document generally addresses all the key areas of the project as listed in 5.2.1

## 5.2.4 What is meant by the “Scope” of a project?

To define a project’s scope:

- > Ensure that the boundary between this project and other projects is clearly understood – for example would a new AEO project also include a PCA capacity building component, or would PCA be covered under a separate project?
- > Ensure that the activities are clearly defined and agreed, taking into account the interdependences with other Customs and trade projects; and
- > Create a baseline for subsequent change control, such as an analysis of current clearance times through the WCO time-release study, reviews of current TFA diagnostics / needs assessments, organizational development assessments, etc.

In a Customs context, there is significant potential for overlap between projects. For example, distinct AEO and PCA projects have significant potential for overlap, hence the need for clear boundaries as noted earlier.

In addition, it is critical that a full map of projects and programmes be constructed as a means to see all of the potential linkages between projects, and to capture them under high-level programmes, such as a multi-year Customs modernization programme. A project management office, as described above, is an effective means to undertake this mapping.

Spend time discussing and agreeing the scope with stakeholders during Project Start-up. This is a useful way of managing the expectations of those who find it difficult to distinguish between the “Must have” elements of a project and the “Nice to have’s”. A Project Start-up Workshop is an effective way to achieve this.

## 5.2.5 Setting and Cascading project objectives

The setting of objectives is a prerequisite for effective project management at all levels in an organization. It enables the Management Committee to agree at the start of a piece of work, with an appreciation of its contribution to broader Customs, trade policy and national development objectives. Objectives should be able to demonstrate:

- > Why it is being done;
- > What must be done for the work to be complete;
- > How to that the work has been successful; and
- > Timeframe within which the work must be completed.

Objectives will be set at different levels with increasing levels of detail and measurability as progress occurs from high-level mission statements down to a task level objective for an individual working as part of a Project Team. Example levels are shown in the Figure 2 below;

The project objectives demonstrate the linkage between the reasons for implementing the project (i.e. national development strategy, national trade policy, Customs strategic plan) and the expected outcomes of the project itself.

The figure below defines a possible hierarchy of objectives, using the example of an AEO project. As Customs projects are public by nature, their objectives are defined by, and must show demonstrable linkages to, national policies.



### 5.2.6 Defining the Benefits or Results

The benefits anticipated as a result of the project should be identified and defined in as measurable terms as possible and agreed with those who will have responsibility for realizing them after the project. Chapter 13 of the WCO Capacity Building Development Compendium includes a detailed discussion on performance measurement strategies is useful in helping to define the desired benefits, which should be endorsed by the administration's senior management / Management Committee and other project stakeholders during project start-up. Then, when producing the PID during Project Initiation, the benefits should be specified in terms of quantified targets and timing of realization in conjunction with production of the project plan.



## 5.2.7 Types of Benefits

Some benefits will be tangible, quantifiable and achievable as a direct result of the project. Within a Customs context, an abbreviated list of potential benefits could include:

### Revenue

- > Increased revenue collections;
- > More predictable valuation decisions.

### Economic Competiveness

- > Improved trader satisfaction with Customs services;
- > Increased number of authorized operators;
- > Reduced costs of cross-border trade;
- > Number of border agencies linked to a Single Window;
- > Improved clearance times.

### Compliance and Enforcement

- > Improved compliance level;
- > More effective enforcement action;
- > Improved "hit rate" on red channel consignments;
- > Improved information exchange with neighbouring Customs administrations;
- > Number of systems-based audits carried out.

### Organizational Development

- > Increased number of professional development activities;
- > Increased staff morale;
- > Reduced turnover.

For each required benefit there may be a number of measures that will give the opportunity to set targets for the project, defining the expected results. The WCO maintains an extensive repertoire of advice on effective performance measurement to inform this work, including organizational maturity models. The WCO's four main packages – Revenue, Economic Competiveness, Compliance and Enforcement, and Organizational Development provide further supports in the design of Customs projects and resultant benefits.

## 5.2.8 Designing the Project Organization

Every project must have its own management structure defined at the start, which is generally absorbed into day-to-day operations or disbanded at the end of the project. The definition of the management roles, responsibilities, relationships and accountabilities and authorities provides the basis of the governance arrangements for the project. **Note that** it is unlikely that an existing line management structure will be sufficient or appropriate to use as a project management organization, except perhaps where a small task is being run within a single business unit with no external impact.

A well-designed project will involve the right people with the right skills and the right levels of authority so that, once approved, the project may proceed with minimal requirements to refer outside the project organization other than to deal with exception situations outside authority of the project's Management Committee. There is no "one-size fits all" model for the project organization. In a Customs context, where day-to-day operations predominate, the design of a project-specific structure ensures that day-to-day accountability for the project rests with a Project Manager, while being supported by requisite technical expertise from the operations side, with the support of senior management.

Designing the structure and getting people to agree to take on roles takes time and may require many discussions/negotiations with management at appropriately senior level.

### 5.2.9 Key roles (See Annex A for further details)

The **Project Director** (also referred to as “Project Sponsor”, “Project Owner” or “Senior Responsible Officer”) is the project’s owner and champion and is ultimately accountable for delivery of the project. Ideally, the Project Director is not just a figurehead but plays an active role as a key member of the project management team, and ensures ongoing alignment of the project to Customs, sector and national objectives. In a Customs context, the Project Director position would likely be held by the Director General of the administration, the head of modernization and reform or another senior official delegated by the Director General. It is sometimes possible for the role to be split between two individuals depending on the complexity of the project and/or its strategic value.

Customs projects inevitably involve a number of departments and/or organizations working together, and/or have crosscutting impact. It is common, therefore that more than one person is required to be the decision-making authority. If this is the case, setting up a Project Steering Committee (PSC) with the Project Director as Chair is one solution. As noted earlier, the structure of an NCTF (or a sub-committee thereof) as envisioned by the TFA meets the criteria for an inclusive PSC, and has the potential to be highly effective in ensuring that the full range of Customs stakeholders from other border agencies and the private sector are represented.

As such, the **PSC** could include:

- > The Project Director representing Customs’ interests as a whole;
- > Senior representative(s) from areas that will be impacted by the outcome and must adopt changes, such as representatives of other border agencies, traders’ associations and brokers’ associations;
- > Where appropriate, senior representative(s) from external organization(s) that will design, build, implement and / or fund the infrastructure, technical or training products that support results achievement;
- > Other NCTF members.

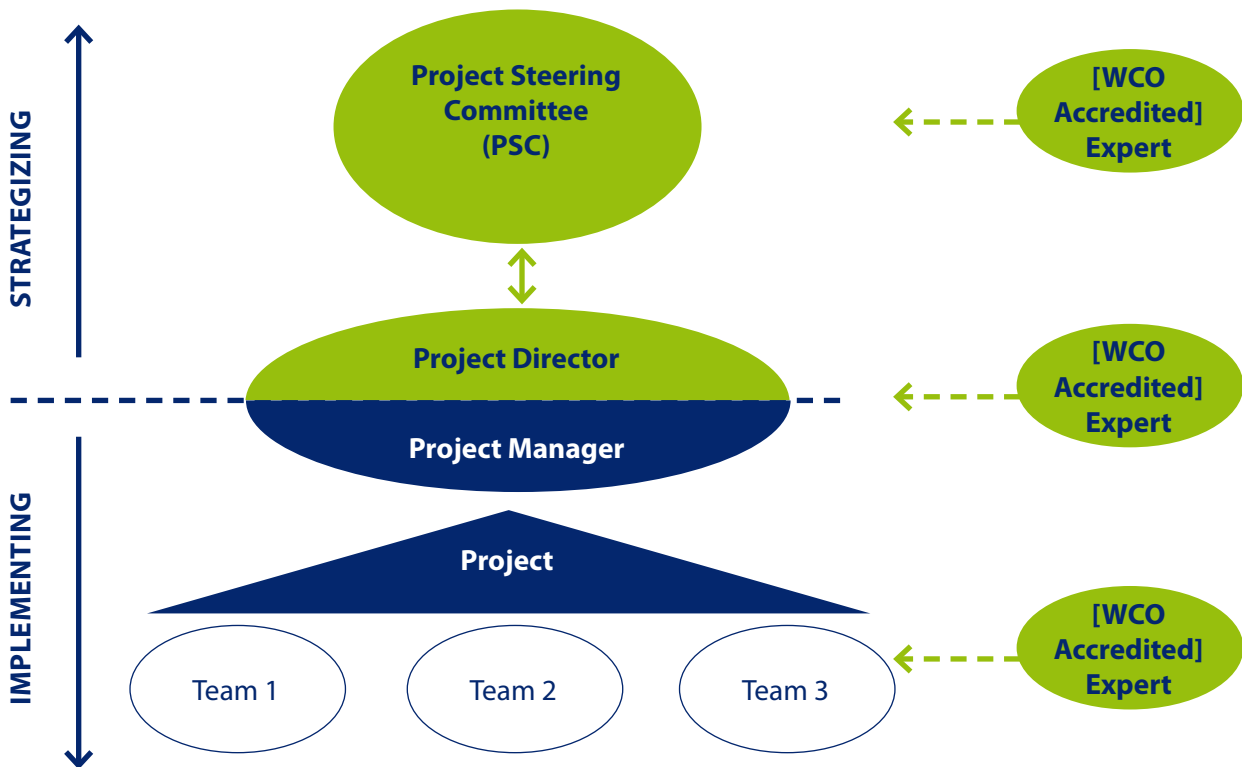
Members of the PSC should decide how they will assure themselves that the integrity of those aspects of the project for which they are accountable is being maintained. This may involve appointing suitable skilled individual(s) to project assurance or technical roles. It allows a qualified or skilled person / team review the fine detail within the project plans, progress reports and quality controls. Coordination of these inputs through a project office is recommended within a Customs context. This assures that the Project Director and other PSC members that the project for which they are accountable is properly planned, organized and controlled.

The **Project Manager** will be responsible on behalf of the Project Director for day-to-day execution of the project plan and for dealing with issues that might affect achievement of the plan.

Within a Customs context, it is critical to ensure both project management and technical perspectives are represented in the organizational structure. Most successful Customs projects maintain consistent senior-level support (Project Director), an effective Project Manager and ongoing technical engagement from internal experts, with inputs from external experts positioned in a manner that contributes in an effective and timely manner to results achievement.

Experts may be enlisted to provide advisory support either as part of project teams and/or the project management function (e.g. quality control, etc.), or even to provide specialist advice to the PSC.

Figure 8: expert support in project governance



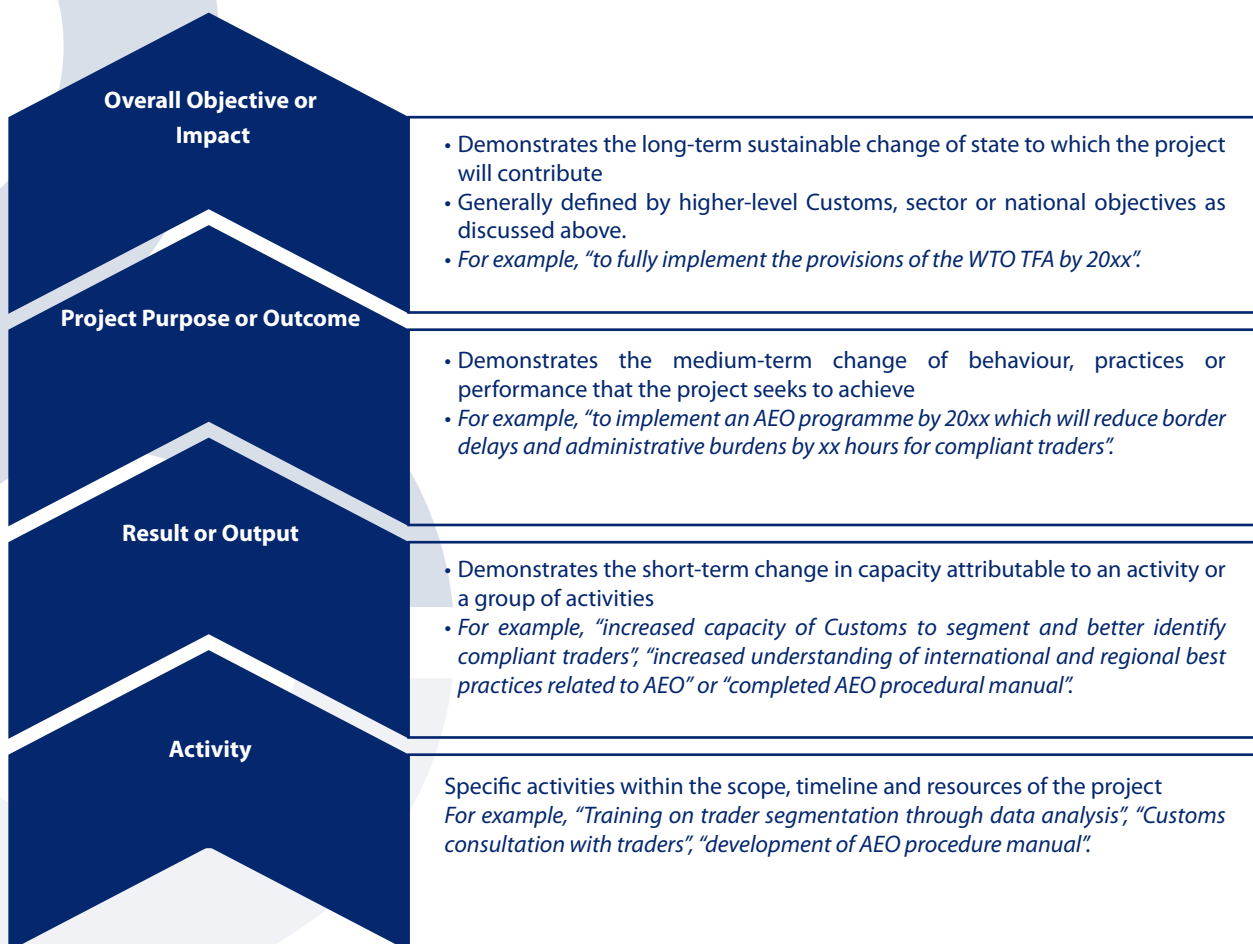
### 5.2.10 Designing the Project Logical Framework

Principles of results-based management and logical framework analysis are integral to complex Customs projects. Widely used across international development programmes, results-based management is a project life cycle approach to management. It integrates strategy, people, resources, processes and measurements to improve decision-making, transparency and accountability. The approach focuses on achieving results, implementing performance measurement, learning, adapting and reporting on performance. The logical framework is one of the main tools used in results-based management. The framework establishes the project’s logical flow of change. An extensive range of training material results-based management is available from many multilateral and bilateral institutions, including the World Bank, the European Commission, the Swedish International Development Agency and Global Affairs Canada. The WCO strongly encourages Members to review these materials, particularly from those donors that are actively engaged in the country.

From a Customs perspective, a logical framework should document a causal or logical relationship between the inputs and activities associated with Customs projects, and the expected results and benefits. Based on the WCO’s experiences, activities associated with Customs projects include, but are not limited to systems upgrades, workshops, consultations, procurements, trainings, legal reviews, diagnostics, analytics, and the development of new procedures and associated manuals. It is the practice of systematically linking these activities to agreed-upon results and outcomes, as per the PID that is at the core of project management in Customs. Under the tailor-made track of the Mercator Programme, the WCO endeavors to link specific requests from Members to a broader set of results and outcomes, jointly defined by the Member and the WCO as part of a Mercator scoping mission. An example, based on AEO implementation is presented below:

## 5.2.11 Method of approval

The Management Committee should decide how they wish to approve the PID. The method may be formal through a meeting of the Management Committee along with members of the PSC, Project Director/Manager and any staff with project assurance roles if available at this stage. Sometimes a less formal approach may suffice via email or correspondence. As noted earlier, in a TFA context, major projects related to TFA implementation may be best discussed within an NCTF or in a subcommittee thereof.



The logical framework is complemented with an assessment of risk and assumptions. This is part of the "theory of change" – the set of assumptions, risks and external factors that describes how and why the project is intended to work. This theory connects the project's activities with its results and purpose. Risks and assumptions are integrated into the project design on the basis of the project team's knowledge and experience, research, evaluations, diagnostics, international standards, best practices and lessons learned. In the AEO case noted above, a set of risks and assumptions could include:

Risks – threats to success	Assumptions – reliance
<ul style="list-style-type: none"> <li>&gt; Risk of low trader interest or skepticism in new AEO programme</li> <li>&gt; Risk of inadequate data analysis capacity among Customs staff</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Assumption of continued senior management support for Customs modernization</li> <li>&gt; Assumption of availability of reliable data within Customs systems to inform a trader segmentation analysis</li> </ul>

## 5.3 Phase 2: Planning the Project

Project Start Up and Initiation is creating a sound baseline for management of a project by taking current understanding of the “what” and “why”, “how”, “when”, and by “whom” in a Project Initiation Document (PID). During the Planning Phase, this information is expanded upon and more details are captured in a Project Planning Documentation, which can either be a single document (“Project Plan”) or a series of Project Planning Documents.

### 5.3.1 Developing the Project Plan

The Project Plan developed during this phase defines in detail how the project will be implemented and the specific steps / activities needed for successful delivery. It provides a more detailed understanding of the financial and human resources, risks, assumptions and timelines for successful delivery. It integrates the perspectives of relevant Customs subject matter experts, such as risk management, valuation, classification, audit, integrity. It also sets out the roles and responsibilities of project team members and establishes accountabilities.

The PID already provides high level view on all aspects of the project, and during the Project Planning Phase, all of these areas are revalidated and reviewed in more detail and recorded in the Project Plan. Specifically this Plan should provide the following:

- > Accountabilities, roles and responsibilities of each of the project team, including part time members from operational portfolios (who will do what);
- > An activity plan (e.g. a Gantt Chart) on when each deliverable (i.e. workshop, document, agreement, training session) should be completed (who will do what, and when they will do it by). This will include dependencies and milestones;
- > An updated assessment of risks, including their probability and impact, as well as some mitigation plans and contingency arrangements;
- > Updated cost/benefit analysis, in particular a detailed resource and timing plan (resources and timing often have a direct impact on each other);
- > Governance plan that details how the project will be monitored and controlled in terms of decision points, reports and reporting cycles, including whether updates will be on an exception or ongoing basis; and
- > Communications Plan that will start to determine how the project will be communicated to the different audiences, including the press if necessary.

It is often worth running a Project Planning Workshop with representatives from parts of Customs administration and other key stakeholders (e.g. border agencies and private sector representatives, if appropriate) impacted by the project, and who should be already identified in the PID. This speeds up the process and ensures that all interested parties meet early in the life of the project and agree what the project is intended to achieve and, in broad terms, how it will be achieved. The bullets above can be used as the agenda for the workshop.

Without careful planning it is likely that the project will fail to achieve its objectives. In a small project it is possible that one plan may be used to define the entire scope of work and all the resources needed to carry out that work. For larger projects, planning will be carried out in an incremental and iterative manner at different levels of detail at different times. In all types and sizes of project, be prepared to re-plan in the light of experience. Other WCO members who have undertaken similar projects can advise on their experiences implementing similar projects.

### 5.3.2 Steps in the planning phase

Planning should be carried out in the order shown but bear in mind that iteration around some or all of the steps will be necessary for all but the simplest of plans.

- > Make sure the project's desired outcome, scope, objectives, constraints, assumptions and the purpose and level of detail of the plan is understood;
- > Define the deliverables to be created as a result of the plan (also referred to the 'results');
- > Specify the activities (workshops, consultations, document production, etc...) necessary to develop the deliverables;
- > Put the activities in a logical sequence taking into account interdependencies;
- > Estimate resource requirements (people, skills, effort, money and other things that will be needed to carry out each activity);
- > Estimate the timescale for each activity (e.g. elapsed duration);
- > Schedule the work from the target start date onwards;
- > Define project management progress controls and decision points;
- > Identify and deal with risks and uncertainties;
- > Document the plan; and
- > Gain approval to proceed with the plan.

### 5.3.3 Contents of the project plan

The Project Plan will typically contain the following:

- > Plan Description (a brief narrative description of the plan's purpose and what it covers);
- > Pre-requisites (things that must be in place for the plan to succeed);
- > External dependencies (e.g. commitments required from outside agencies);
- > Planning Assumptions (e.g. availability of technical, financial, human resources);
- > Gantt/Bar chart showing Stages and/or Activities;
- > Financial budget - planned expenditure;
- > Resource requirements (e.g. in a table produced using a spreadsheet or project planning tool);
- > Requested/assigned specific resources.

The following sections provide some more details

### 5.3.4 Project activities, work breakdown structure and work plan (or timetable of activities)

As noted above, the project activities refer to the "set of activities" carried out to "produce" the stated project results. These activities can be presented in a chart known as the "Work Breakdown Structure" (WBS). A Work Breakdown Structure is "a deliverable-oriented grouping of project elements that organize and define the total work scope of the project. Each descending level represents an increasingly detailed definition of project work.

### 5.3.5 Detailed stakeholder analysis and management

The project Start-up and Initiation Phase, including the development of a project governance structure, provides for an initial stakeholder analysis.

An initial list of stakeholders to consider in a Customs project context would include:

- > Other border agencies, including agriculture / quarantine, standards, health, finance, immigration, security services;
- > Port authorities;
- > Brokers' and agents' associations;
- > Logistics firms, key importers / exporters;
- > Neighbouring Customs administrations;
- > International donors;

- > International organizations, such as the WCO, WTO and UNCTAD, who play a role in setting international standards for Customs and trade facilitation.

At the Project Planning Phase, stakeholder analysis and management becomes more complex and nuanced. It needs to take into account the ongoing importance and influence of stakeholders as the project rolls out and uses this information to develop a detailed Communication Plan.

Managing stakeholder relationships steps include:

- > Identify the stakeholders in the public, private and civil society sectors, as well as regional and international stakeholders;
- > Analyze their attitudes to, and potential need for involvement in, the project. It is useful to summarize this with a Stakeholder Influence Matrix (see Figure 9);
- > Establish a stakeholder management strategy to ensure a consistent, appropriate and cost-effective approach is adopted across the project (perhaps formalized as a Stakeholder Management Strategy);
- > Identify potential approaches to engage, manage relationships and communicate (both ways) with each stakeholder;
- > Select the approaches that are likely to be cost-effective, proportionate and affordable, and build them into the Project Plan as appropriately resourced and scheduled activities; and
- > Execute the plan, monitor its effectiveness and revise as necessary.

For each stakeholder consider:

- > What is their interest in the project?
- > How important are they to the project?
- > What is their impact on the success or failure of the project?

Will change affect such things as:

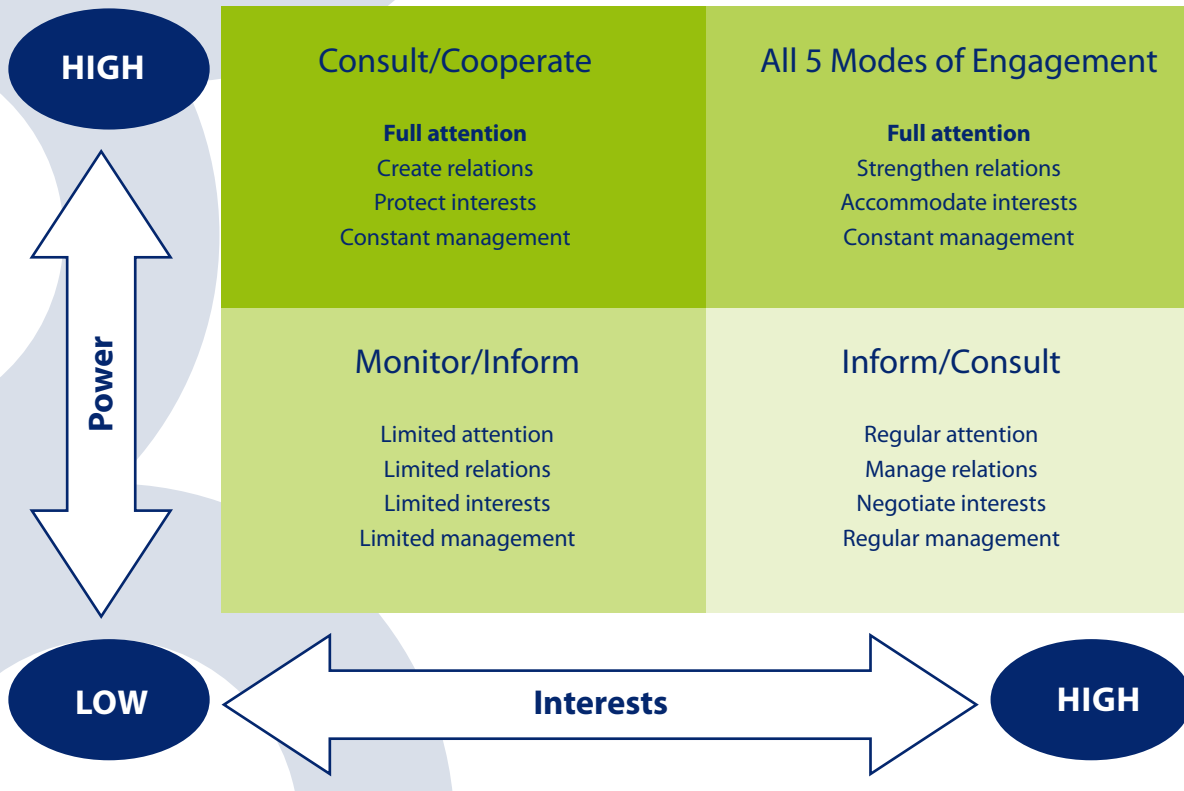
- > The way they work (e.g. new processes, information or technology)?
- > Their attitudes (e.g. to customers, suppliers, employers, the public)?
- > The speed/productivity of their work?
- > The people they work with and/or communicate with?
- > Their level of accountability/responsibility/authority?
- > The timing of events in their working day, or its duration?
- > The working environment or the location(s) of their work?
- > Which aspects of the project might they wish to/try to influence in some way?
- > How much power do they possess to influence the project in some way?
- > Are they mostly for or against the project?

Establish:

- > Who is the key day-to-day contact from among the stakeholders, and who in the project will be responsible for managing the relationship with them?
- > Who from within the stakeholder organization/department will be the person to whom to escalate issues that can't be dealt with day-to-day level? Who in the project will be responsible for such escalation?
- > Is it clear which aspects of the project are of most interest to a particular stakeholder?

This information can be used to prioritize and plan engagement with each respective stakeholder. A Stakeholder Influence and Engagement matrix is useful to determine which 5 modes of engagement (i.e. informing, consulting, involving, collaborating, and empowering) are best deployed in Communication Planning depending on a stakeholders' level of power and interest.

Figure 9: stakeholder influence and engagement matrix



### 5.3.6 Risk Management - avoiding pitfalls and managing opportunities

A risk is any area of uncertainty that represents a threat or an opportunity to the project. Most attention to risk will be to avoid or reduce the likelihood of events that might cause the project to be thrown off course. To manage and mitigate risks, first identify them, assess the likelihood of them happening and estimate the impact they might have on the project. The identification and consideration of risk is an integral part of project management and the successful delivery of change. In a Customs context, some of the common risks could include:

- > Risk that other border agencies may lack capacity or willingness to harmonize / streamline procedures;
- > Risk that technical capacity may be lost due to rotation or attrition;
- > Risk that traders may lack capacity to fully comply with Customs' requirements;
- > Risk that information technology systems among different border agencies may be incompatible;
- > Risk that ingrained mutual distrust between Customs and the private sector may inhibit reforms.



### 5.3.7 Risk Management process

- > **Risk identification** - risks should be directly related to the project objectives and agreed by the whole project management team and its key stakeholders. Risk management means identifying and managing uncertainties to delivery of objectives, not managing issues that might be constant. Focus on issues alone can lead to fire fighting. Enter details into a Risk Log/Risk Register
- > **Risk evaluation** - what is the impact of each risk should it occur? What impact might they have on benefits, time, cost, quality, reputation, people, etc.? How likely is it that these risks will occur? The probability and impact can both be scored, e.g. using a High/Medium/Low scale. A Risk Profile could be used to show the overall pattern of risk
- > **Risk prioritization** - what is the priority of each risk? The urgency and importance of a risk is not the same thing - deal with the urgent risks quickly, deal with the important risks comprehensively
- > Risk management planning – is there a strategy for mitigating the risks identified and preventing the project from being derailed? What actions and resources are needed to reduce the impact and/or probability of the risk happening?
- > **Planning and resourcing** - actions should be built in to the project's plans. If it has been decided to accept a particular risk without action, inform key stakeholders
- > **Risk monitoring** - Individual risks, and the project's overall exposure to risk, must be reviewed throughout the life of a project and where necessary actions to mitigate risks must be changed or revisions to the project Business Case or assumptions must be considered, if circumstances alter.

Chapter 3 of this Compendium describes strategic risk and the WCO Risk Management Compendium provides guidance for dealing with risk in the customs context.

### 5.3.8 Documenting risks and actions

In small projects, management of risk may be an informal process and the Project Manager may simply record the risks and proposed actions as part of the PID and as part of subsequent reports to the Project Director/PSC.

In medium size projects a basic Risk Log should be established to aid the recording, management, tracking and communication of risks and mitigating actions.

In large projects it is usually sensible to conduct a risk workshop involving key stakeholders during initiation of the project. As a result such a workshop a full Risk Log will be established that should be maintained throughout the life of the project.

It might also be useful to track the Status of each risk and thereby focus management attention on risks that are most severe or tending to increase in severity. It will also help avoid wasting effort on risks that no longer pose a threat. Categories for Status include:

- > **Open:** risk identified but no actions agreed.
- > **Actioned:** actions have been agreed and responsibility allocated.
- > **Closed:** risk no longer is a threat to this project.
- > **Increasing:** the likelihood and/or impact have increased since the last review of risk.
- > **Decreasing:** the likelihood and/or impact have decreased since the last review of risk.
- > **Issue:** the risk has become reality and is now an issue for direct management.

*Annex B contains a detailed planning checklist.*

### 5.3.9 Approving the Project Plan

At the end of the Planning Stage, and before starting the expensive and resource intensive Implementation Stage, the Project Steering Committee (PSC) should decide if it can:

- > Approve the Project Plan; and
- > Give the project manager authority to proceed to the project delivery, the Implementation Phase.

## 5.4 Step 3: Implementing the project

### 5.4.1 Purpose

The purpose of this stage of the project is to:

- > Deliver the results, achieve the purpose(s) and contribute effectively to the overall objective of the project;
- > Manage the available resources efficiently; and
- > Monitor and report on progress.

Phase 3 of the project cycle is in many ways the most critical as it is during this stage that planned benefits are delivered. All other stages in the cycle are therefore essentially supportive of this stage.

### 5.4.2 Control - the key to a successful project

To appreciate how project control works, it is important to understand that despite all the effort devoted to developing and gaining commitment to a plan, there is little chance that the resulting project will run **precisely** according to that plan.

This doesn't mean that failure to achieve the objectives of the plan is likely or probable - on the contrary, there must be a very high level of confidence that those objectives can be achieved and delivery of the full scope on time and to budget is possible.

The plan describes what Customs would like to do but it models just one of the infinite number of routes from where it is now to where it wants to be. In practice the project will follow a different route to the one shown in the plan.

The power of the plan is that it gives a baseline against which actual achievement, cost and time can be compared and determine the amount of deviation from plan and hence take corrective action if required.

The essential requirement for control is to have a plan against which progress can be monitored to provide the basis for stimulating management action if the plan is not being followed. Control then becomes a regular, frequent iteration of the following cycle:

*Figure 10: Implementation control cycle*



### 5.4.3 Creating the right environment for control

The basic requirements for control are:

- > A process for monitoring and managing progress and resource usage;
- > Explicit authority to proceed granted by those who are accountable for the project (i.e. the Project Director/Manager and PSC); and
- > A Project Plan

A variety of tools, ranging from simple to complex can support the control function. If you do not have all these things there is little point proceeding with the project.

### 5.4.4 Breaking the project down into manageable stages

In all but the smallest or shortest projects, think about how to break the project into manageable 'chunks' called stages or components. A large project may have a number of stages, each of which has its own stage plan. In a Customs project context, stages could include the legislative review, development of procedures, negotiation on intra-government or inter-government agreements, consultations with stakeholders, procurement of equipment and training of staff. Each stage would be defined by the specifics, using the approved PID as the basis for the planning. Customs administrations would be well-advised to look to international best practice in similar projects. When designing the project's stage structure look for points where the Project Director/PSC should:

- > Review achievements to date and assess project viability, taking into account indigenous and exogenous factors;
- > Engage outside stakeholders, and provide them with an opportunity to provide feedback, share early successes and renew commitments;
- > Take key decisions outside the level of authority of the Project Manager;
- > Approve a more detailed plan for the next phase of work;
- > Commit resources in accordance with the project or stage plan; and
- > Assess the impact of some significant external event that will influence the project (e.g. legislation, decision point in other project, review of business operation).

The Project Manager will also be able to identify stage boundaries by thinking about how far ahead is it sensible to plan in the fine detail needed for day-to-day control. In practice, the detailed plan for a stage will be produced towards the end of the preceding stage, when the information needed for planning is available.

*Example – South African Revenue Service routinely appoint external Project Managers to ensure that their projects are successfully implemented. A specialist Project Manager enables the organization to progress with business as usual whilst not allowing day-to-day activities to get in the way of successful project implementation.*

### 5.4.5 Project Director/PSC decisions during delivery

At key milestones during delivery the Project Director/PSC might wish to take stock of the project and satisfy itself that it is sensible and viable to continue. To do this it must be sure that:

- > Quality of the deliverables produced to date is acceptable;
- > Required benefits are still achievable;
- > Actual costs incurred plus revised estimates for future costs are acceptable;
- > Resources required for planned future work can be made available;
- > Need for the project has not changed;
- > Risks are acceptable; and
- > Overall the project is still viable.

The Project Manager must provide the Project Director/PSC with the information it will need to make its decision.

### 5.4.6 Highlight Reports

To keep the PSC informed of stage status, and significant changes and issues that occur, the Project Manager should present regular Highlight Reports covering:

- > Project, date and period covered;
- > Progress achieved as measured against the current plan – e.g. deliverables completed;
- > Use of Resources (actual versus planned);
- > Budget status (actual versus planned);
- > Actual or potential problems or exceptions;
- > Impact of Issues and Changes (e.g. requests for changes to requirements);
- > Products due to be completed during next period; and
- > Revised forecasts for cost and schedule.

### 5.4.7 Project Manager's Controls

As soon as the Project Director/PSC gives authority to commence work, the Project Manager must take control of day-to-day actions and manage the project so that it runs as close as possible to the approved plan. This means:

- > Allocating work to the project team(s) in accordance with the plan;
- > Monitoring progress during development of the deliverables products by the team(s);
- > Ensuring that deliverables meet specified levels of quality;
- > Ensuring the delivery of completed deliverables to the required destination(s);
- > Monitoring costs and use of resources; and
- > Reporting progress and exceptions to the Project Director/PSC via Highlight Reports.

### 5.4.8 Processing changes

It is possible that changes in the way the organization operates will necessitate changes to the objectives, scope and benefits of a project after they have been agreed and documented in the PID. The process for managing changes (and fault corrections) includes evaluation of the implications so that the Project Director/PSC can make a decision whether or not it is sensible and viable to proceed with the change or fault correction.

Once the Project Manager has been notified of a potential change or fault correction issue by anyone associated with the project, the process for managing it involves:

- > Recording and tracking its progress, perhaps using an Issues Log; (Project Manager or delegated support role)
- > Confirming whether the issue is a definitely a new requirement, i.e. a Request for Change, or is perhaps an omission or other fault in a product that has already passed through quality checking; (Project Manager, Project Assurance, experts)

- > Calculating the impact on the work already done and the plans for the rest of the current stage and project; (Project Manager, Project Assurance, experts)
- > Analyzing the implications for the organization, other projects, delivery partners (Project Manager, Project Assurance, experts)
- > Calculating the overall costs of the change; (Project Manager, experts)
- > Calculating the impact on planned benefits; (Project Manager, Project Assurance, experts)
- > Identifying risks and evaluating methods and costs for their mitigation; (Project Manager)
- > Deciding the priority (see below); (PSC)
- > Taking a decision at an appropriate level; (Project Director/PSC/Project Manager)
- > Implementing amended plans to achieve the new scope/objectives/requirements; (Project Manager)
- > Quality checking any existing products that have been modified, and any new products created. (Project team members under Project Manager's direction).

### 5.4.9 Making the decision

If any of the following criteria is met the Project Manager should refer the change or fault correction to the Project Director/PSC for a decision whether or not to implement:

- > Would implementation result in changes to the budget and/or resources and/or timescale beyond the limits of the Project Manager's delegated authority?
- > Will it require changes to deliverables already accepted by the Project Director/PSC as being complete and acceptable, e.g. things signed off at an earlier stage in the Project?
- > Is there an increase in risk, or an increase in the costs of mitigating risk, that merit the Project Director/PSC's attention?
- > Is there a loss or other significant change in potential benefits?

### 5.4.10 Change Management

Key to the success of the Implementation Phase is the effective management of change. Change is inevitable in any organization and approaching change in a systematic way constitutes the principle of Change Management. Projects by their very nature are all about implementing changes to systems and procedures all of which have a significant impact on organizations and people.

Change Management is critical in supporting those who are impacted by change through the transition process whether they are internal or external stakeholders (within or outside the Customs Administration). Chapter 4 of this guide provides detailed information on how to manage change effectively but in the context of Project Management the success or failure of a project may well depend on the ability of the Customs administration to manage this process effectively.

## 5.5 Phase 4: Closing and Evaluating the Project

### 5.5.1 Purpose

Closure may occur as planned at the end of the project or early if the need or justification for the project no longer exists. The steps below apply primarily to normal termination.

Towards the end of the project the Project Manager performs an evaluation of the project against the PID and a report to the Project Director/PSC so that it may formally close the project, perhaps at a closure meeting. Ideally, at this stage, the project outcomes are ready to be integrated into day-to-day Customs operations.

The purpose of the evaluation is to make a systematic and objective assessment of an ongoing or completed project including its design, implementation and results. An evaluation should provide information that is credible and useful enabling lessons learned to be incorporated into the future decision making processes. Evaluation questions focusing on effectiveness, efficiency, value-for-money and sustainability are all important at this stage.

The checklist below will help the Project Director/PSC assure itself that the project can be closed down, and more importantly, that its results can be sustained within ongoing operations.

### 5.5.2 Project closure checklist

- > Is the work of the project complete as measured against the PID and any subsequent agreed changes?
- > Have all project deliverables, such as procedures manuals, training materials, regulatory changes, systems update been created, quality controlled, accepted and handed over to those who will operate and maintain them?
- > Has information about known errors to those who will use/operate/ maintain the deliverables?
- > Has responsibility for ongoing operation, training and maintenance of the deliverables been accepted by appropriate parts of the organization?
- > Have those who provided resources been informed of impending project closure?
- > Have all outstanding requests for change been passed to appropriate 'owners'?
- > Have all risks that might affect the achievement of benefits been communicated to an appropriate 'owner' in the organization?
- > Has information about any errors in the deliverables been communicated to those with operation and maintenance responsibilities?
- > Is a plan in place for a Post Implementation Review (PIR) to measure the actual achievement of benefits after the project (terms of reference, timing and responsibilities should be defined)?
- > Have lessons learned been recorded and disseminated to interested parties?
- > Has project management documentation been filed/archived for future reference?

Once the Project Director/PSC has confirmed closure the project organization is disbanded and the project roles and responsibilities no longer exist. No costs or other resources should be 'charged' against a closed project.

## 5.6 Conclusion: Key Factors for Success

There are many reasons why projects fail but there are many common mistakes that can easily be avoided. Based on evaluations of many projects the following list includes a selection of common reasons for project failure (a detailed list is provided at Annex C):

- > Lack of clear links between the project and the organization's key strategic priorities, including agreed measures of success;
- > Lack of clear senior management and wider political (e.g. Ministerial) ownership and leadership;
- > Lack of effective engagement with stakeholders;
- > Lack of skills and proven approach to project management and risk management;
- > Too little attention to breaking development and implementation into manageable steps;
- > Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits);;
- > Lack of understanding of, and contact with, the supply industry at senior levels in the organization; and
- > Lack of effective project team integration between clients, the supplier team and the supply chain.

There are many practical steps that a Customs Administration can take to help avoid these common mistakes, for example, the establishment of a Project Management Office (PMO) with responsibility for providing technical assistance and advice to project managers can significantly improve the capacity of the organization to successfully initiate, plans and deliver projects.

The key to successful project management does not rely solely on the knowledge of project management skills. It is a combination of a strong foundation in business skills, process skills and people skills. Since working on a project is an endeavor, a Project Manager must be equipped with the knowledge and expertise either acquired through training or experience. The best project managers have a good knowledge of the technical aspects of project management methodologies allied to many years of practical experience. When planning any project regardless of size and complexity there are a number of key factors to consider.

Before starting any project, the **senior management team must have a clear understanding of the project** and are committed to providing active leadership to the organization. Key to achieving this is to allocate sufficient time in the Start-up and Initiation phases of the project to engage with senior managers and to involve them in the planning process.


Make sure that there are clear **links between the project and the organization's key strategic priorities**, including agreed measures of success. If the links are difficult to identify or can't be agreed within the senior management team then the project should not proceed. Spending time making sure that the objectives are clear and readily understood and agreed by all involved is a step in ensuring the success of any project

Failure to **identify and engage with stakeholders** is another common mistake made by project managers and their teams. Effective engagement is critical to the success of any project and sufficient time needs to be made available to ensure that all stakeholders are identified and appropriate engagement strategies developed.

The project team should have a **mix of technical skills and practical experience**. A Project Manager without the required level of practical experience is unlikely to be able to provide the necessary direction and support to their project team. Likewise a project team with detailed knowledge of the business but without any experience of working in a project environment is unlikely to deliver a successful project. When selecting a project team careful consideration needs to be given to ensuring that they have the right mix of skills and experience.

Any successful project needs to allocate sufficient time to **develop a detailed project plan that breaks development and implementation into manageable steps**. All stages of the project need to be carefully defined and agreed and a detailed plan prepared. Poor planning will result in project failure.

Many projects fail because the option selected was driven by initial price rather than long-term value for money. **Evaluation of any technical proposal should also focus on long-term benefits and particularly the link to the delivery of the organization's objectives.**



If the project involves **working with an external supplier then there needs to be careful consideration of how best to integrate them with the project team**. If this process is not handled effectively then the project is unlikely to be successful.

All projects should come to an end and **managing the closure phase is critical to success**. A “lessons learned” workshop is a good way of making sure that all the organizational learning is identified and shared. This will help make sure that the organization does not repeat the same mistakes and looks to identify and share best practice.



## Annex A – Project Organization: Key Roles

### 1. Project Director – also referred to as Project Sponsor, Project Owner or Senior Responsible Officer.

The Project Director is the project's owner and champion and is ultimately accountable for delivery of the project and so must:

- > Provide leadership and direction to other members of the Project Steering Committee (PSC) and to the Project Manager;
- > Ensure that all key stakeholders are committed to the project and adequately represented in the project's organization structure;
- > Ensure that budget holders and resource owners are committed to the project and that the necessary funds and other resources are made available when required;
- > Ensure that project governance arrangements of appropriate rigor are put in place;
- > Brief senior stakeholders on the current and forecast status of the project;
- > Receive, consider and act on regular frequent reports/briefings from the Project Manager;
- > Chair meetings of the PSC;
- > Ensure that all members of the PSC understand their roles the commitments they must make in order that the required outcomes/ benefits from the project are achieved;
- > Ensure that the Project Manager is empowered to lead the project on a day to day basis;
- > Ensure that the Project Manager is aware of the limits of her/his authority and understands that issues outside those limits must be escalated to the Project Director at the earliest opportunity;
- > Negotiate with senior stakeholders to broker solutions to project issues that are outside the level of authority of the Project Manager; and
- > Decide how responsibility for Project Directors Project Assurance will be met, e.g. by delegation to a suitably skilled individual.

### 2. Project Steering Committee (PSC) – also referred to as Project Board

The Project Steering Committee differs from the Management Committee, which is the existing senior management structure of an organization overseeing its day-to-day activities. By contrast, the Project Steering Committee is a temporary structure, set up specifically for the purpose of guiding a particular project. The PSC should include:

- > Project Director representing the 'business' interests of the sponsoring organization as a whole
- > Senior representative(s) from areas that will be impacted by the outcome and must adopt changes; and
- > Senior representative(s) from the organization(s) that will design, develop and implement the solution to meet the business need.

The Project Steering Committee must jointly:

- > Create an environment where the project can succeed in delivering the changes necessary for the benefits to be realized;
- > Set the direction for the project and to approve key milestones;
- > Approve the Project Initiation Document (PID);
- > Ensure the appropriate resources required by the projects within the project are made available in accordance with the latest agreed version of the Project Plan;
- > Take decisions as necessary throughout the life of the project; and
- > Give the Project Manager the authority to lead the project on a day-to-day basis.

Members of the Project Steering Committee should decide how they will assure themselves that the integrity of those aspects of the project for which they are accountable is being maintained. This may involve appointing suitable skilled individual(s) to Project Assurance roles.

### 3. Project Assurance – also a role within a Project Management Office (PMO)

The Project Director and other Project Steering Committee members must assure themselves that the project for which they are accountable is properly planned, organized and controlled. This role might be performed by someone within the Project Management Office (PMO).

The Project Assurance role would usually be a part-time role to:

- > Brief the relevant members of the Project Steering Committee at regular intervals and/or key milestones in order to support their project direction and decision-making responsibilities;
- > Ensure that good project management practice is being followed, to identify any perceived weaknesses and suggest improvements;
- > Review and advise on the integrity of the Business Case at Project Initiation and subsequently whenever it is updated for Project Director/ Project Steering Committee approval;
- > Review and advise on the integrity of the PID, Project Plan and Stage plans (integrity meaning such things as completeness, level of detail, quantity/quality of resources, achievability of the schedule, amount of contingency, approach to risk management);
- > Assess the project's progress towards delivery of the required outcome and business benefits (this might include attendance at selected project team meetings);
- > Assess whether communications with users are appropriate and effective and that user interests are being taken into account by the project team;
- > Help identify and communicate potential/actual problems in good time for them to be resolved before they damage the integrity of the project;
- > Advise on the impact of any requests for change that may be raised for consideration by the PSC; and
- > Contribute to the Lessons Learned Review at project closure.

### 4. Project Manager

The Project Manager will be responsible on behalf of the Project Director for day-to-day execution of the project plan and for dealing with issues that might affect achievement of the plan. The Project Manager must:

- > Prepare the PID;
- > Submit the PID to the PSC for approval;
- > Submit any revised versions of the Project Plan and Business Case to the PSC for approval;
- > Monitor progress of the project and identify and take action to deal with any potential/actual exceptions that might jeopardize achievement of the project's objectives;
- > Maintain a Risk Register/Log and actively manage risks using resources and approaches within limits of delegated authority;
- > Escalate to the PSC recommendations for risk mitigations actions outside the scope of delegated authority limits;
- > Report progress to, and take advice from, the Project Director at regular intervals as agreed between Project Director and Project Manager during Project Startup and Initiation on project milestones and financial situation;
- > Manage stakeholder relationships and communications (in accordance with an agreed Communications Plan); and
- > Liaise with any nominated Project Assurance staff throughout the project.

## Annex B - Planning Checklist

This checklist may be used when planning an entire project, a phase/stage within a project, an activity within a stage/phase or a task that contributes towards completion of an activity. You might also find it useful if you are applying project management techniques to help you manage non-project work.

### a) Confirm scope and purpose of the plan

- > Are you clear about the purpose of the plan? (e.g. to gain commitment and approval for a project/stage, for day to day management and control, to establish feasibility or viability, to define contingency arrangements)
- > Do you understand the objectives to be met by the plan?
- > Is it clear what is within the scope of the piece of work you are planning?
- > Are there any constraints (e.g. resource availability, mandated delivery dates)?
- > Do you understand the high-level structure of the plan (e.g. for a procurement stage it might be: Specify requirements: Invite tenders: Evaluate tenders: Award contract)?
- > Are there any assumptions you must make in order to construct the plan?

### b) Define the deliverables

- > Identify the final, and any interim, deliverables required from the project. Specify for each deliverable:
  - What it must contain/cover;
  - Who will be responsible for its development;
  - What it is dependent on (e.g. information, resources);
  - The required quality characteristics that must be built in to it;
  - The types of quality checks to be applied; and
  - The skills, resources, individuals needed to develop the deliverable and to apply the quality checks.
- > Establish the logical order for development of the deliverables (what must be developed in sequence, what can be done in parallel).

### c) Identify and estimate activities:

- > Consider need to involve experts who will understand the detail of the development processes (e.g. Policy, Lawyers, IT staff, Procurement specialists);
- > Identify all the activities necessary to develop each deliverable;
- > Identify all the activities necessary to quality control each deliverable;
- > Agree the order in which activities must be carried out;
- > Include activities that take into account the interest of stakeholders who will use, operate and maintain the deliverables from the project;
- > Break down 'large' activities that are difficult to estimate into sets of smaller activities of a size you can estimate resource requirements and durations with confidence;
- > Identify the skill types required to carry out each activity;
- > Estimate the amount of effort and optimum numbers of individuals;
- > Identify and estimate any non-human resources and services required;
- > If required, calculate the estimated cost to develop each deliverable/product;
- > Calculate the overall cost for all activities; and
- > Make sure you use appropriate units taking into account staff availability.

### d) Schedule the work and resources

- > Has the scheduling of activities been based on a realistic start date and does it allow for weekends, Public Holidays and other non-working days?
- > Will the resources/skills be available in sufficient quantities when you need them?
- > Are there any internal and/or external stakeholder tasks/events that coincide with the project and will limit the availability of resources?

- > Are any individuals scheduled to work on other projects when you need them?
- > Will any individuals or skill/types be overloaded with project work at any time?
- > Have you adjusted the timing and allocation of work to spread the load evenly?
- > Can you meet the time constraints/target delivery dates?
- > Do you need to include recruitment, procurement, training or induction activities?

#### e) Identify risks and design controls:

- > Is it clear when the Project Director / Project Steering Committee (PSC) must review viability and take decisions?
- > Would it be sensible to break the project down into a series of separately planned stages to minimize risk and enable Project Director/PSC control?
- > Have you identified key milestones? (e.g. deliverable sign-offs)
- > Does the plan identify formal quality controls and audit activities?
- > Have you identified any risks that may prevent you executing the plan and delivering:
  - To the required specification and ability to deliver benefits?
  - On time?
  - Within budget?
  - Without damaging the organization's reputation?
- > Are you confident partner organizations and/or external suppliers will meet their commitments in accordance with the plan?
- > Does the plan allow contingency (time and effort) to allow for the fact that you will identify the need for new unplanned activities when you execute the plan?
- > Does the amount of contingency you have allowed reflect the degree of uncertainty you have about the accuracy of the estimates for effort, costs and timescales?
- > Can you forecast any events in the business year that coincide with important activities in the plan (e.g. recess, audits, end of year reporting)?
- > Have all resource 'owners' committed to the plan?

#### f) Document and gain approval for the plan

- > Is the plan to a form that will be understood by its audience?
- > Does the version of a plan for the Project Director/PSC include, as a minimum:
  - Narrative describing the purpose, author(s), current status, assumptions, constraints, pre-requisites, recommendations and next actions required
  - Definition of deliverables
  - Risk assessment and countermeasures
  - Gantt/bar chart(s) showing a schedule of major activities.
  - Resource schedules showing resource requirements against time
- > Does the working plan for project and team management go to a fine enough level of detail for management and control purposes? (e.g. the lowest level of plan for day to day control should have activities of no more than 10 elapsed days duration, allocated to a named individual or small defined team)
- > Is the plan acceptable to those who must:
  - Provide the staff?
  - Provide non-human resources/services?
  - Commit financial resources?
  - Do the work to create the deliverables?

## Annex C – How to avoid common mistakes

To help you in trying to avoid these common mistakes it is worth considering the following questions (*this list is based on research undertaken by the Office of Government Commerce, United Kingdom*).

### Lack of clear links between the project and the organization's key strategic priorities, including agreed measures of success

- > Do we know how the priority of this project compares and aligns with our other delivery and operational activities?
- > Have we defined the Critical Success Factors (CSFs) for the project?
- > Have the CSFs been agreed with suppliers and key stakeholders?
- > Do we have a clear project plan that covers the full period of the planned delivery and all business change required, and indicates the means of benefits realization?
- > Is the project founded upon realistic timescales, taking account of statutory lead times, and showing critical dependencies such that any delays can be handled?
- > Are the lessons learnt from relevant projects being applied?
- > Has an analysis been undertaken of the effects of any slippage in time, cost, scope or quality?

### Lack of clear senior management and political (e.g. ministerial) ownership and leadership

- > Does the project management team have a clear view of the interdependencies between projects, the benefits and the criteria against which success will be judged?
- > Is the project aligned with the business objectives of all the organizations involved?
- > Are all proposed commitments and announcements first checked for delivery implications?
- > Are decisions taken early, decisively, and adhered to, in order to facilitate successful delivery?
- > Does the project have the necessary approval to proceed from its nominated political leadership (e.g. Minister) either directly or through delegated authority to a designated Project Director?
- > Does the Project Director have the ability, responsibility and authority to ensure that the business change and business benefits are delivered?
- > Does the Project Director have a suitable track record of delivery? Where necessary is this being optimized through training?

### Lack of effective engagement with stakeholders

- > Have we identified the right stakeholders?
- > Have we secured a common understanding and agreement of stakeholder requirements?
- > Does the Business Case take account of the views of all stakeholders including users?
- > Do we understand how we will manage stakeholders (e.g. ensure buy-in, overcome resistance to change, allocate risk to the party best able to manage it)?
- > Has sufficient account been taken of the organizational culture?
- > Whilst ensuring that there is clear accountability, how can we resolve any conflicting priorities?

### Lack of skills and proven approach to project management and risk management

- > Is there a skilled and experienced project team with clearly defined roles and responsibilities? If not, is there access to expertise, which can benefit those fulfilling the requisite roles?
- > Are the major risks identified, weighted and treated by the Director and Project Manager and/or project team?
- > Has sufficient resourcing, financial and otherwise, been allocated to the project, including an allowance for risk?
- > Do we have adequate approaches for estimating, monitoring and controlling the total expenditure on projects?
- > Do we have effective systems for measuring and tracking the realization of benefits in the Business Case?
- > Are the governance arrangements robust enough to ensure that "bad news" is not filtered out of progress reports to senior managers?
- > If external consultants are used, are they accountable and committed to help ensure successful and timely delivery?

## Too little attention to breaking development and implementation into manageable steps

- > Has sufficient time been built-in to allow for planning applications in Property & Construction projects for example?
- > Have we done our best to keep delivery timescales short so that change during development is avoided?
- > Have enough review points been built-in so that the project can be stopped, if changing circumstances mean that the business benefits are no longer achievable or no longer represent value for money?
- > Is there a business continuity plan in the event of the project delivering late or failing to deliver at all?

## Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits)

- > Is the evaluation based on whole-life value for money, taking account of capital, maintenance and service costs?
- > Do we have a proposed evaluation approach that allows us to balance financial factors against quality and security of delivery?
- > Does the evaluation approach take account of business criticality and affordability?

## Lack of understanding of, and contact with the supply industry at senior levels in the organization

- > Have we tested that the supply industry understands our approach and agrees that it is achievable?
- > Have we asked suppliers to state any assumptions they are making against their proposals?
- > Have we checked that the project will attract sufficient competitive interest?
- > Are senior management sufficiently engaged with the industry to be able to assess supply-side risks?
- > Do we have a clear strategy for engaging with the industry or are we making sourcing decisions on a piecemeal basis?
- > Are the processes in place to ensure that all parties have a clear understanding of their roles and responsibilities, and a shared understanding of desired outcomes, key terms and deadlines?
- > Do we understand the dynamics of industry to determine whether our acquisition requirements can be met, given potentially competing pressures in other sectors of the economy?

## Lack of effective project team integration between clients, the supplier team and the supply chain

- > Has a market evaluation been undertaken to test market responsiveness to the requirements being sought?
- > Are the procurement routes that allow integration of the project team being used? Is there early supplier involvement to help determine and validate what outputs and outcomes are sought for the project?
- > Has a shared risk register been established?

If the answers to the above questions are unsatisfactory, projects should not be allowed to proceed until the appropriate assurances are obtained.