

YCA Trade Facilitation Program:
Communications and
Networks Development
Project Proposal

**The UN Interregional Forum of
the DA Project on Aid for Trade**

TUNIS - April 22-24, 2014

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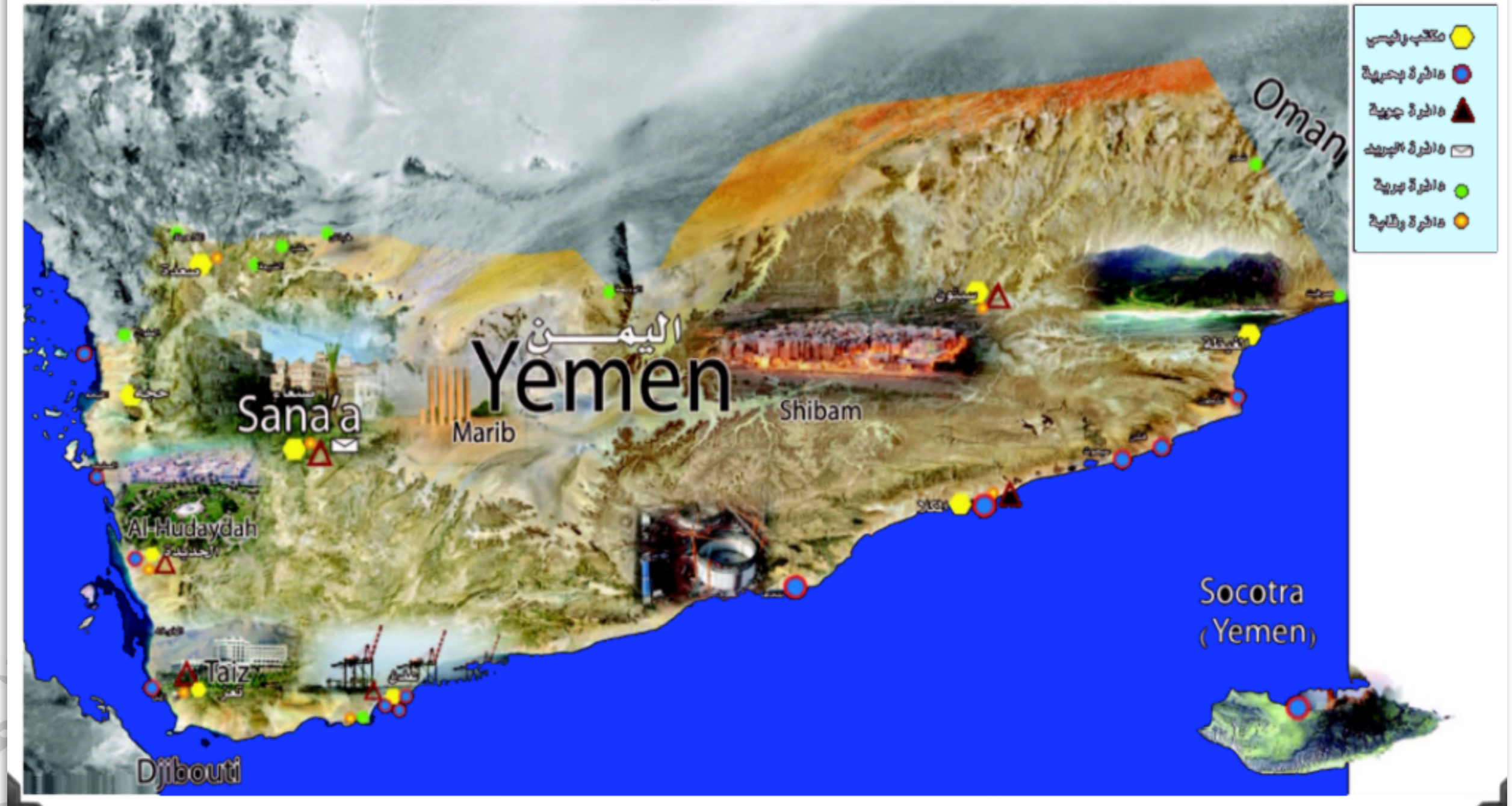
- Roles and Strategic Objectives of YCA
- Aid for Trade at a Glance
- Key Performance Indicators
- Major Challenges
- Overview of the Project



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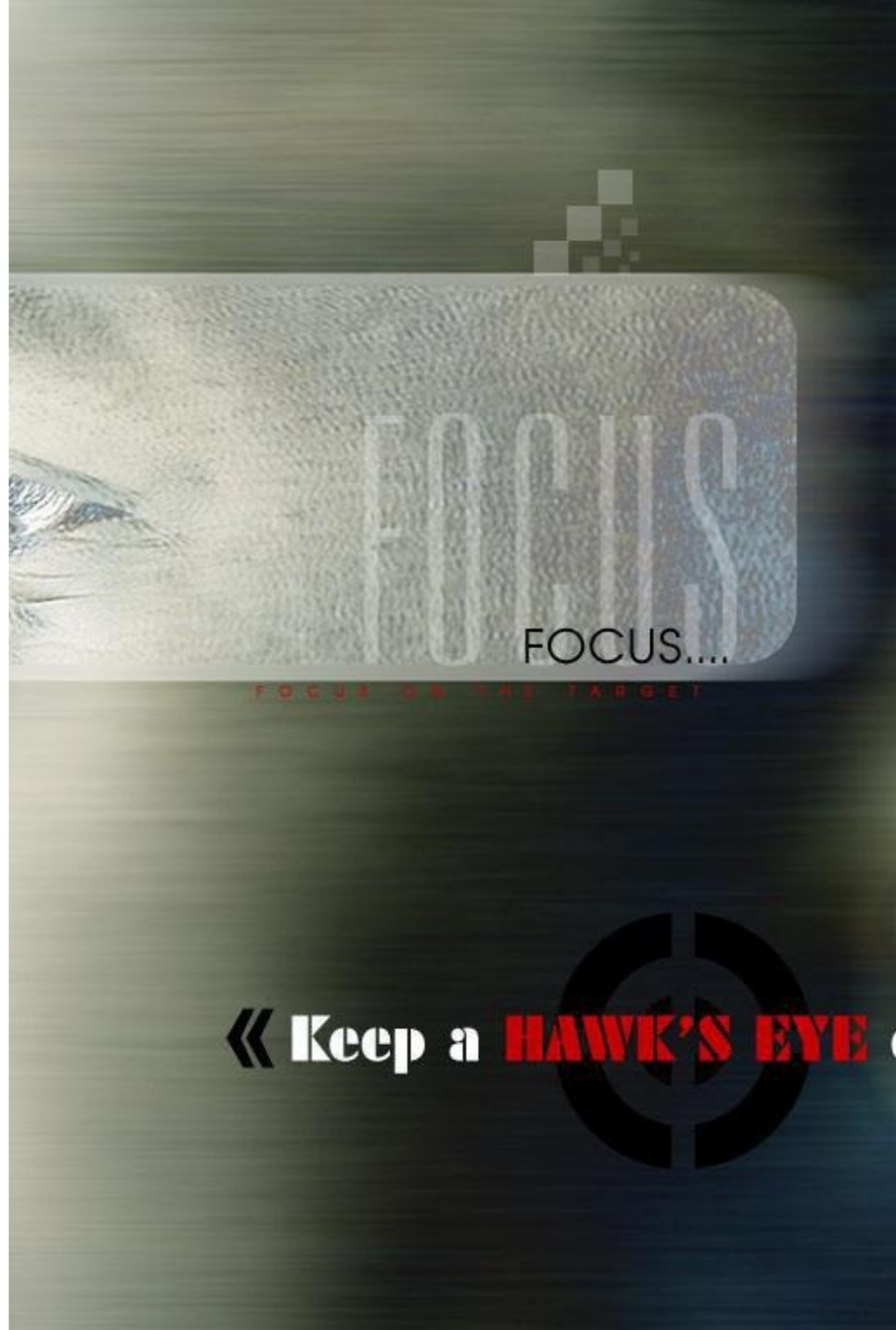
Map of Yemen Customs

المكاتب والدوائر الجمركية في الجمهورية اليمنية

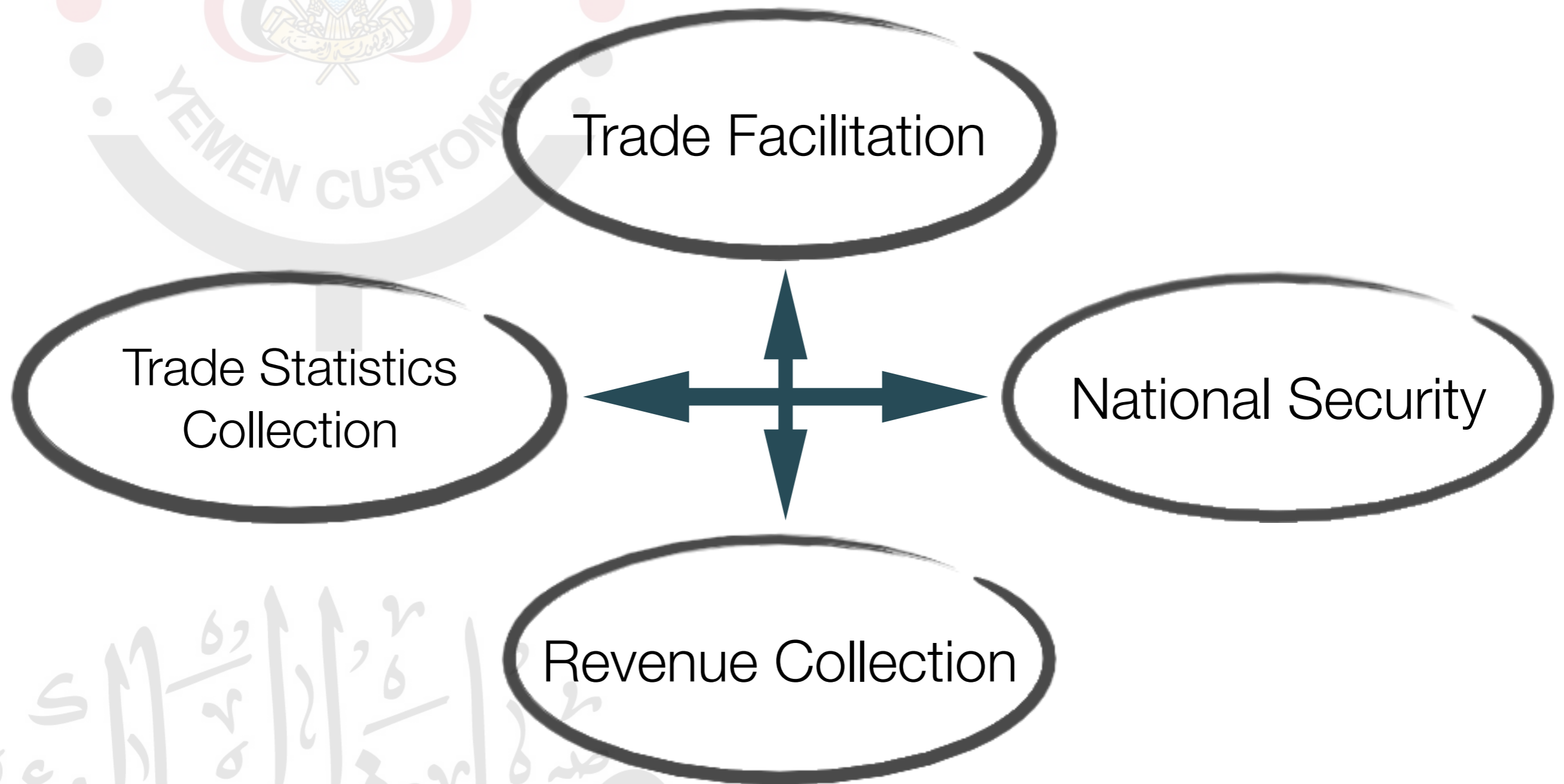


Our Vision

To be a leading institution that offers world-class customs services and contributes to the economic development of Yemen.



Main Roles of YCA



The Strategic Objectives of YCA

- 1. Facilitate legitimate trade and fight smuggling**
- 2. Strengthen cooperation and coordination with partners in border management**
- 3. Improve the business environment and strengthen partnership with the private sector**
- 4. Develop human and institutional capabilities**
- 5. Improve the efficiency of revenue collection.**

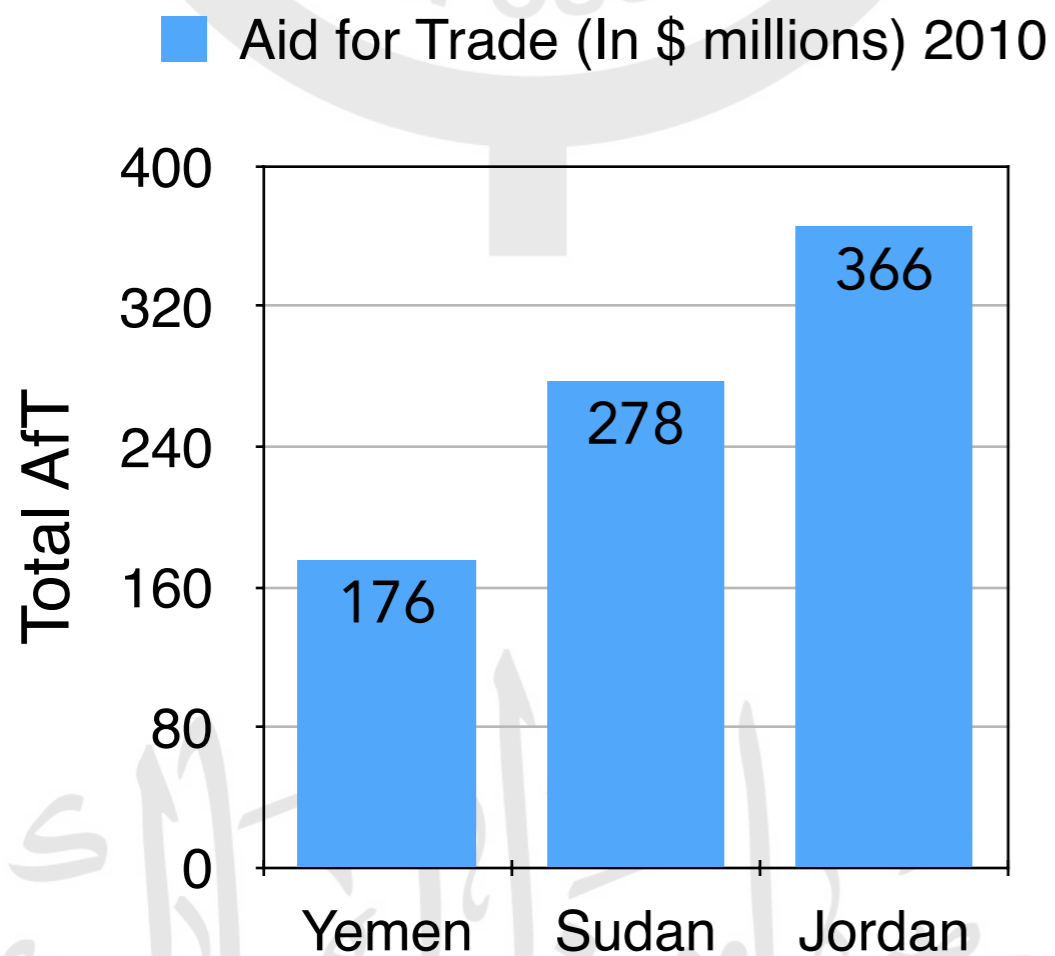


Aid for Trade at a Glance in Yemen, 2010

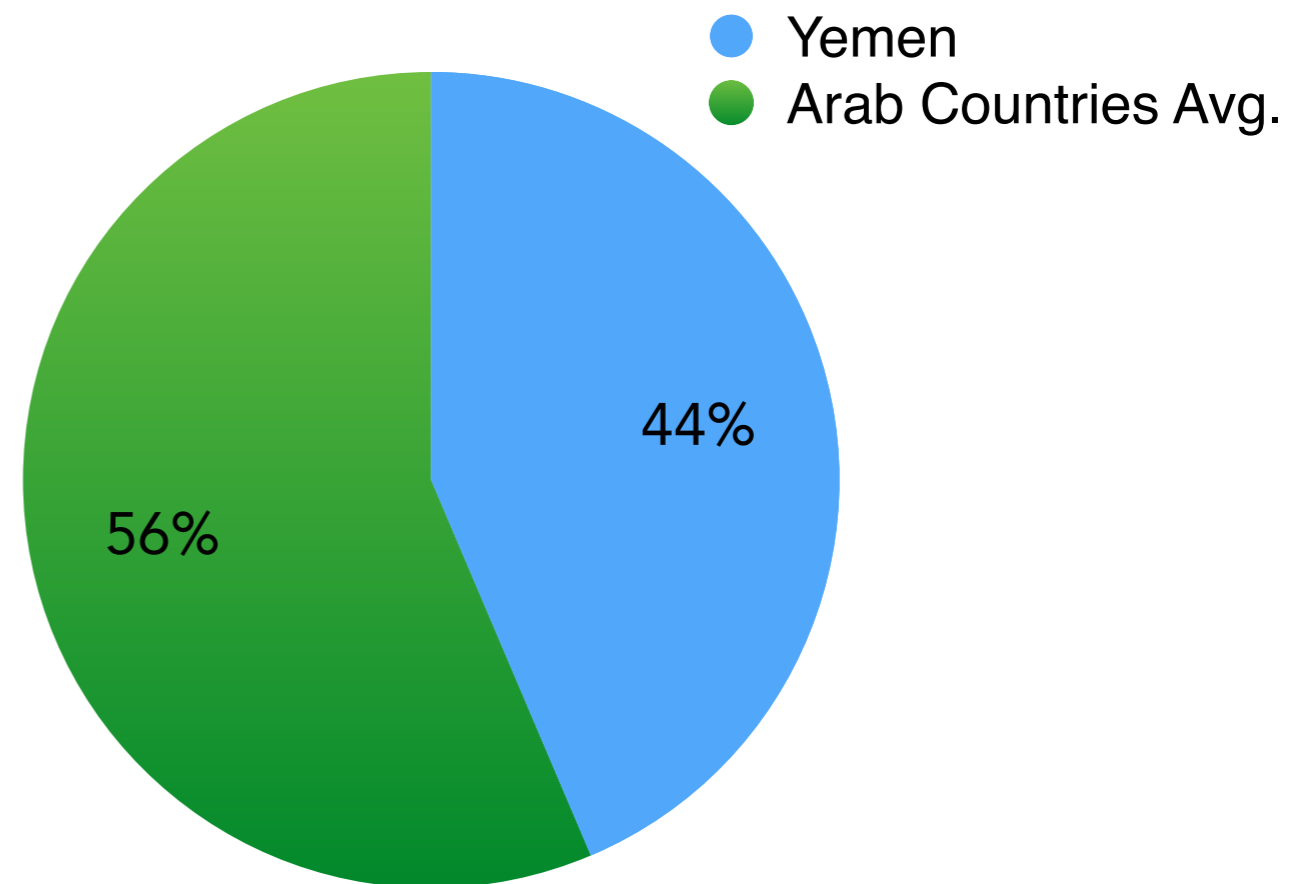
صَلَاةٌ عَلَى سَائِرِ الْمُرْسَلِينَ

Aid for Trade at a Glance, Yemen 2010

Yemen has received the smallest portion among the ESCWA beneficiary countries.



Yemen's share to the Arab AfT Recipients, 2010



Possible Factors Behind Low AfT in Yemen

- **Inability of the government of Yemen to get and/or to absorb aid for trade; due to weak government institutions, technical capacities, and bad governance**
- **Over-conditionality, prioritization, and bureaucracy of the donors community.**



Key Performance Indicators

صَلَاةُ الْجَمَاعَةِ كَالْجِبَالِ
يُؤَيِّدُهَا اللَّهُ وَيُجْعَلُهَا كَالْجِبَالِ
الْمُؤَيَّدَةِ لَا تَمُوتُ وَلَا يَنْزِعُهَا اللَّهُ
وَالْمُؤَيَّدَةِ لَا تَمُوتُ وَلَا يَنْزِعُهَا اللَّهُ

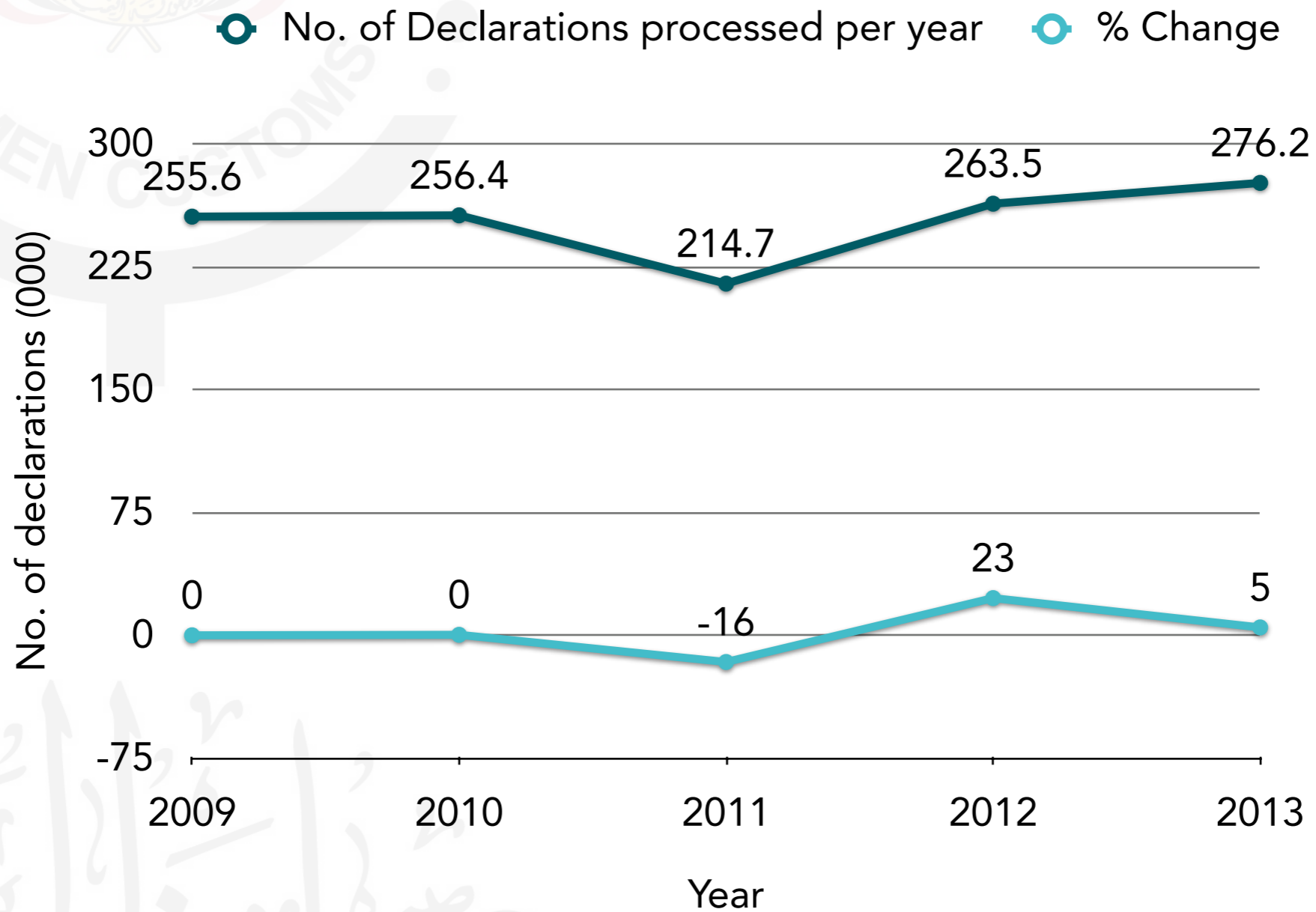
Key Performance Indicators of the Yemeni, Saudi, and Jordanian Customs, 2012

Country	No. of staff	No. of declarations per	Revenue in millions UD\$	Average Declarations per
Saudi Arabia	10,154	3,300,000	5,386	325
Jordan	3,185	1,033,604	407.6	325
Yemen	2,279	263,753	395	116

Source: WCO Annual Report 2012-2013; Saudi, Jordan and Yemen Customs Annual Reports 2012; and the Author's calculations

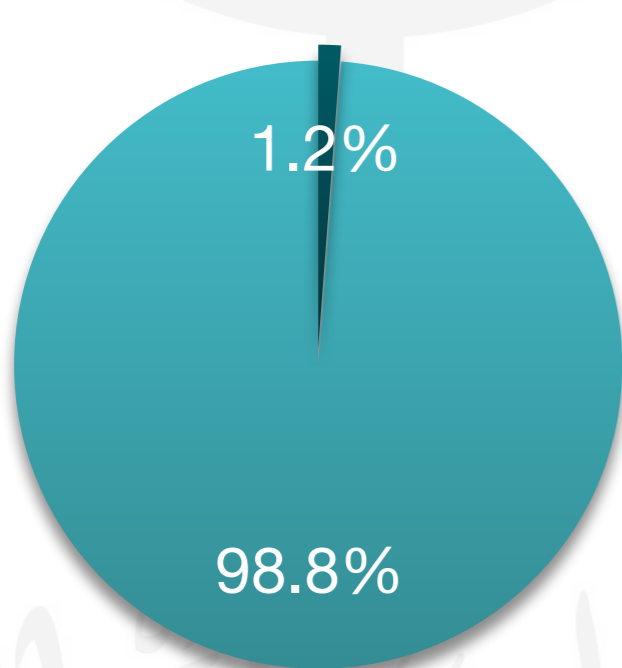


Total Declarations Processed by YCA 2009-2012

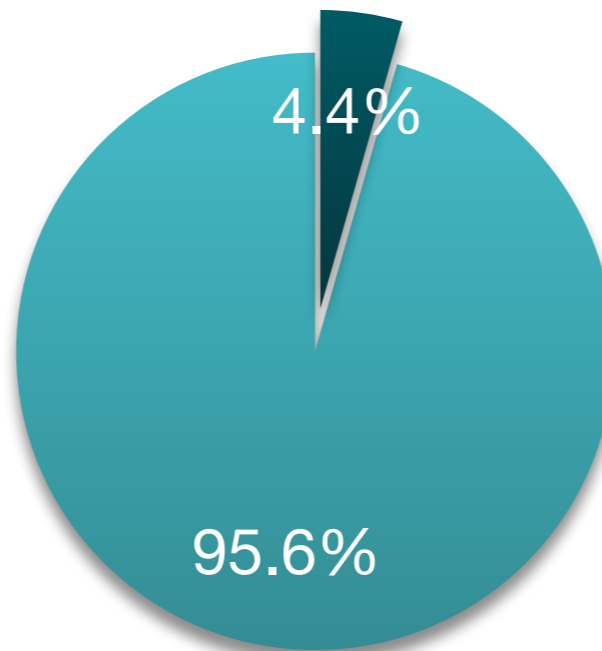


Share of Customs Duties to Taxes, Public Revenue and GDP, 2012

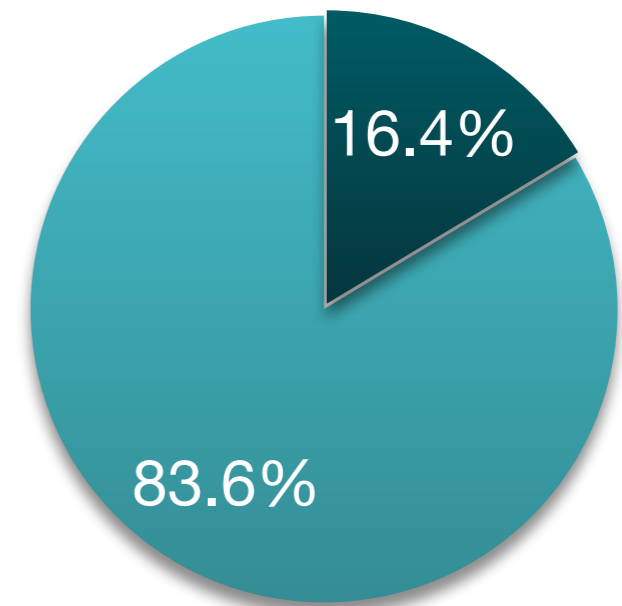
● Customs duties
● GDP



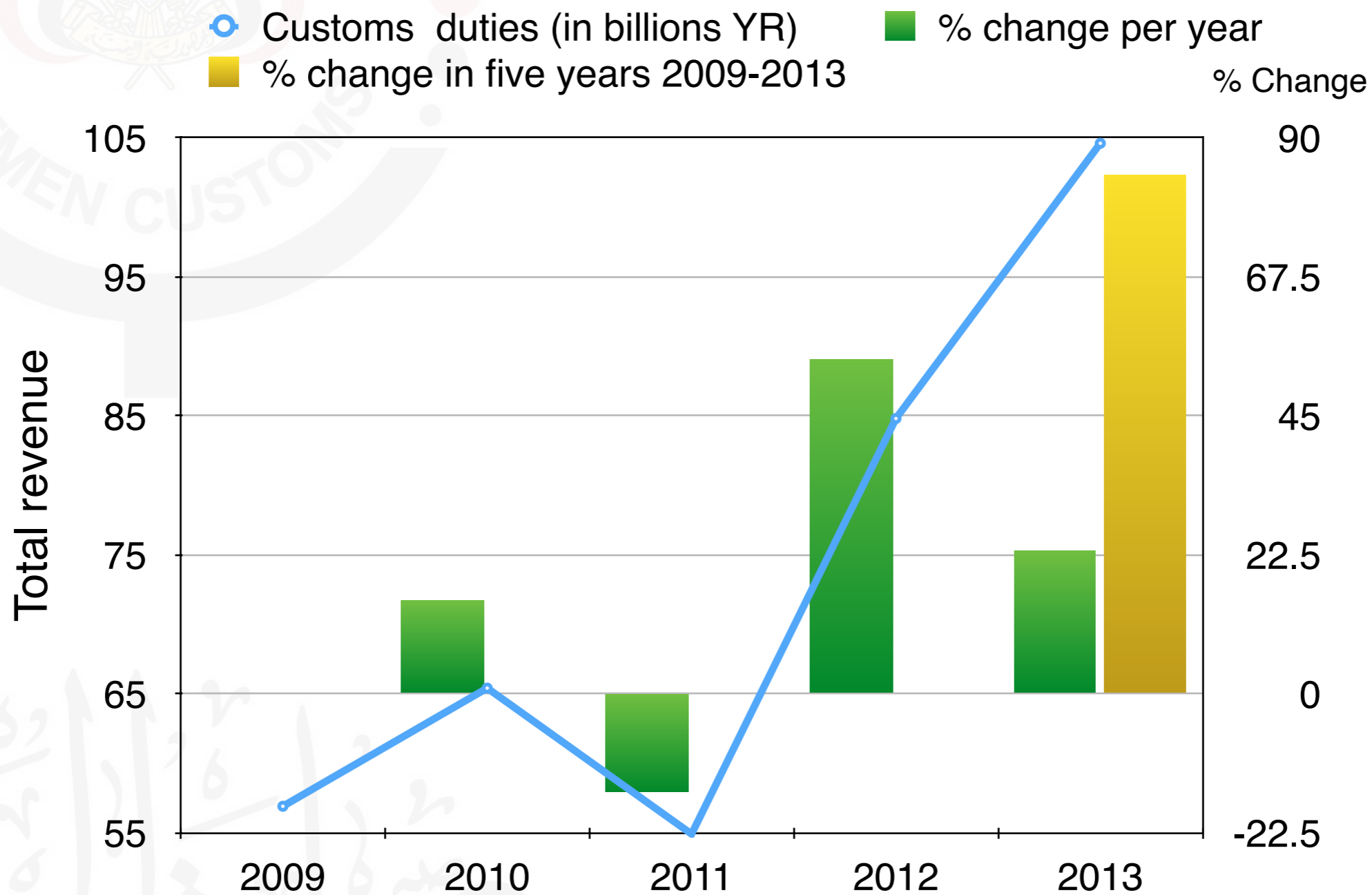
● Customs duties
● Other public rev.



● Customs duties
● Other tax revenues



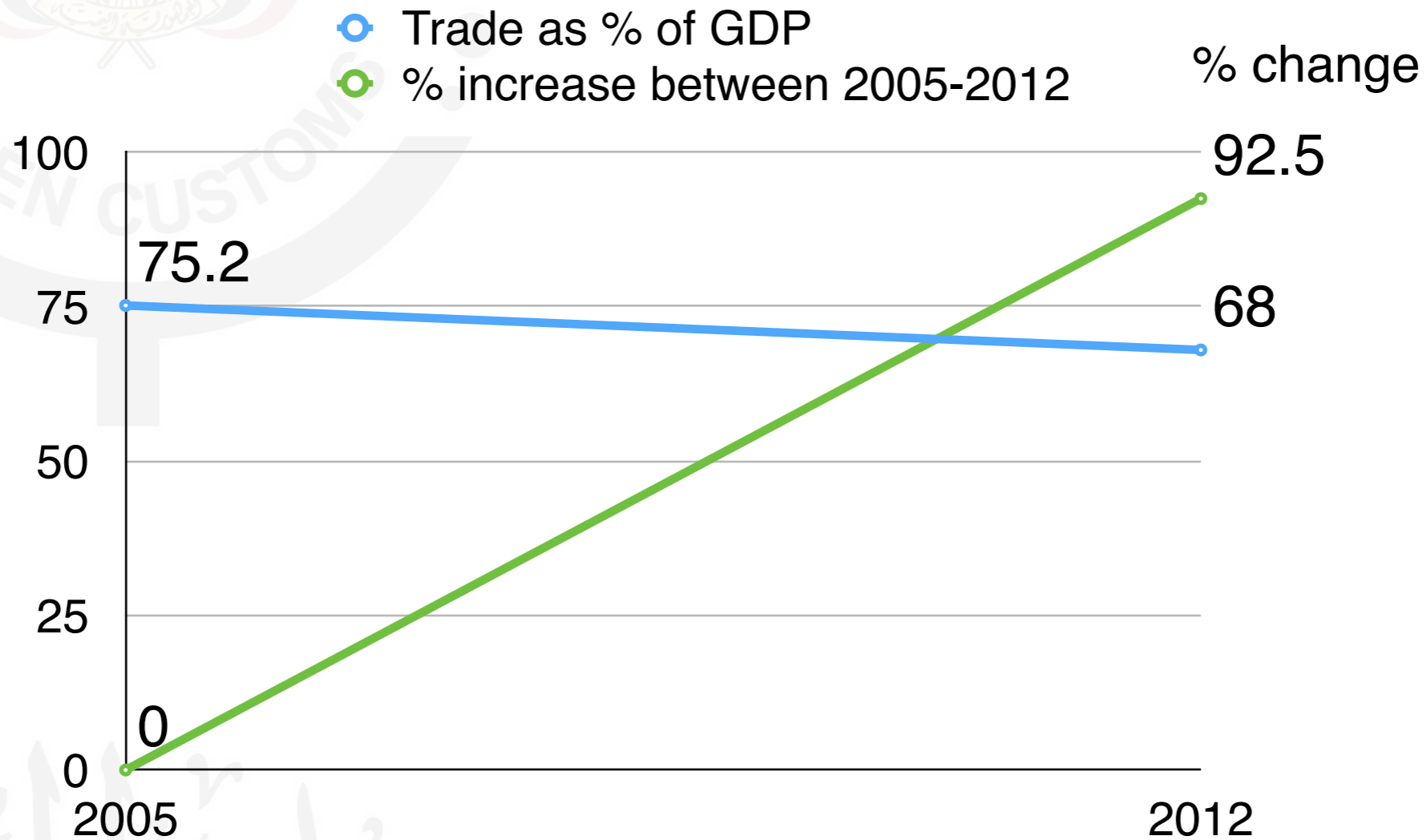
Customs Duties and % Change, 2009-2013



Yemen's Total Trade between 2005-2012



Yemen's Trade % Change between 2005-2012



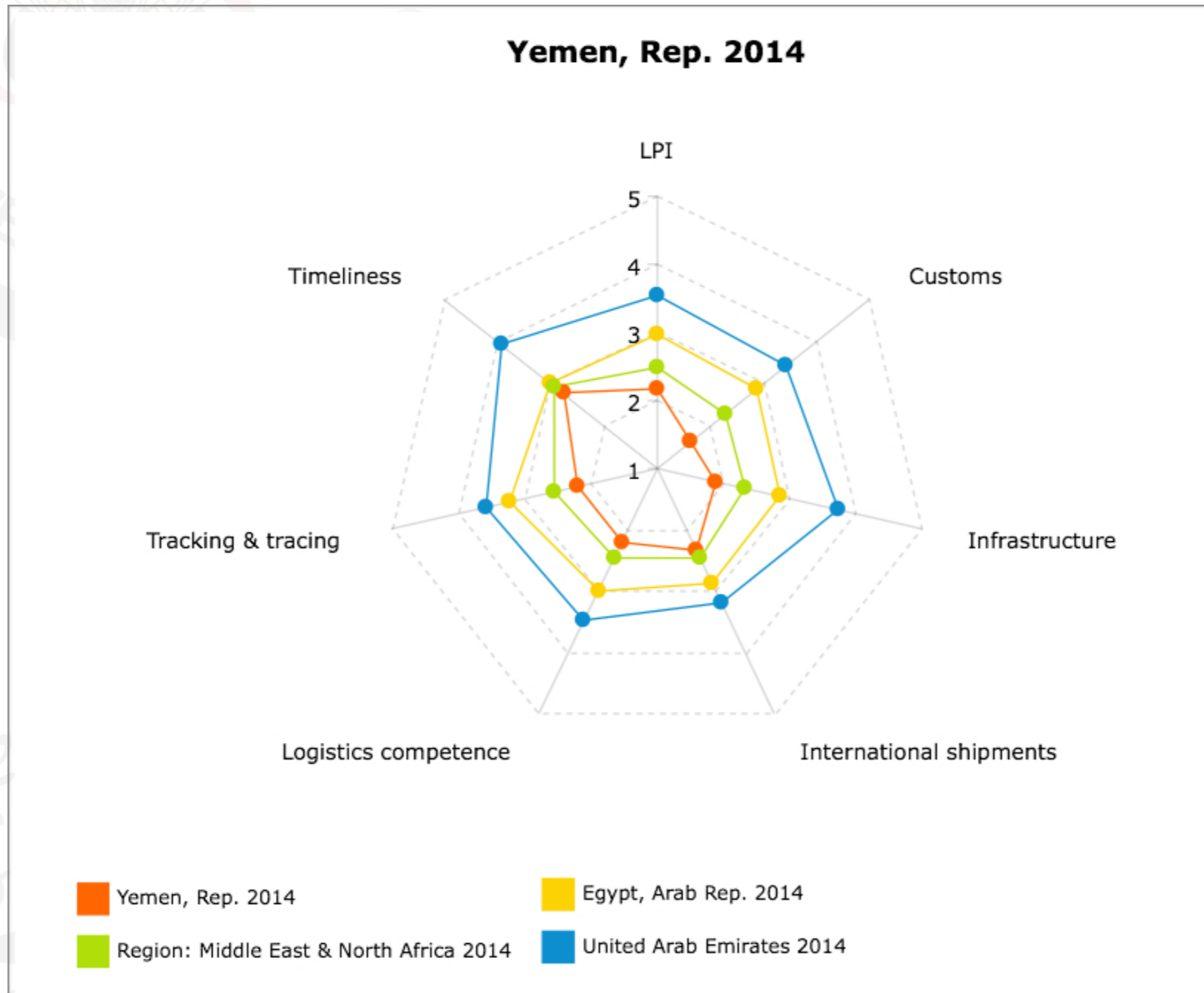
Trade Increase in 8-year time



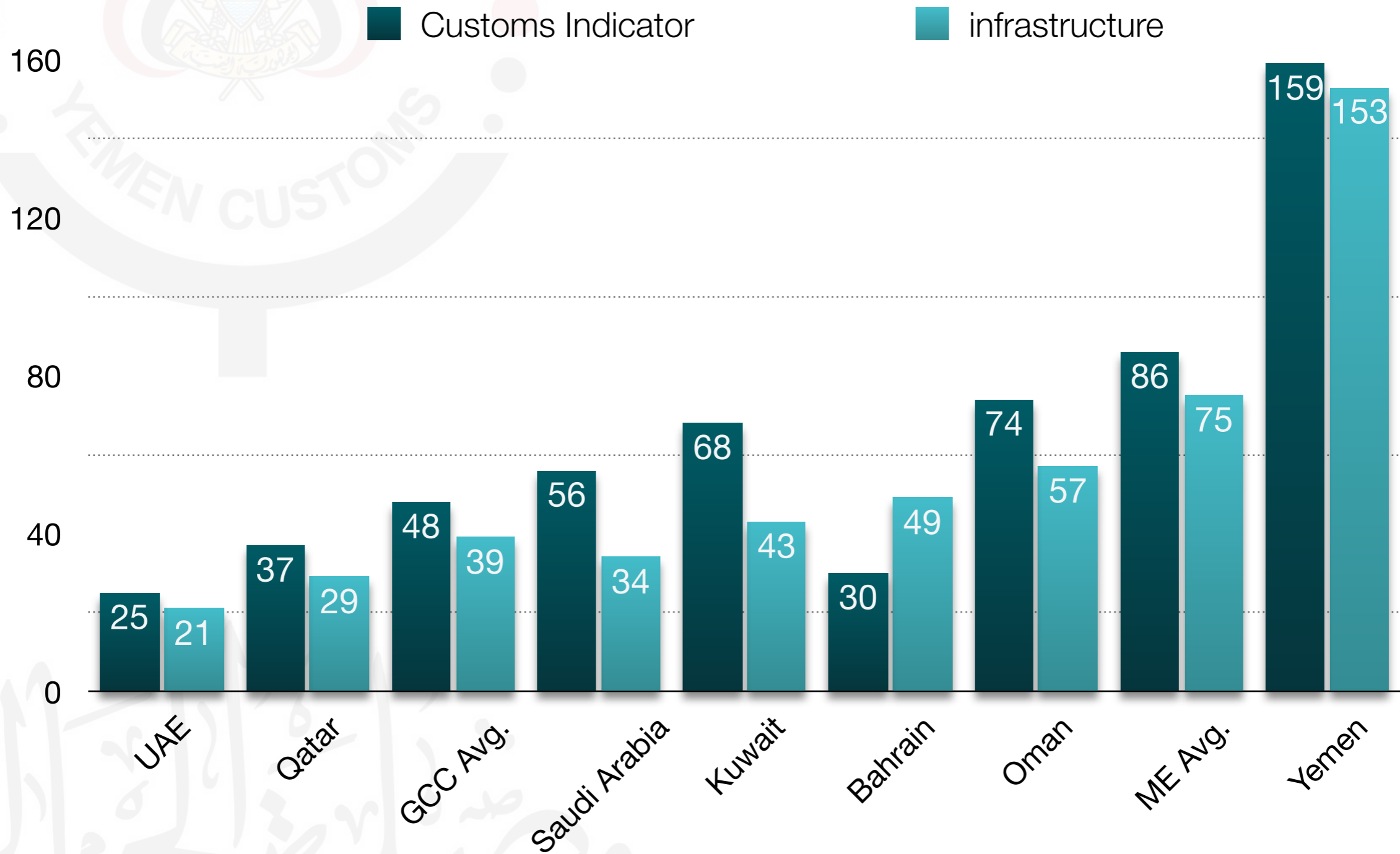
Performance Measured in Global Indicators

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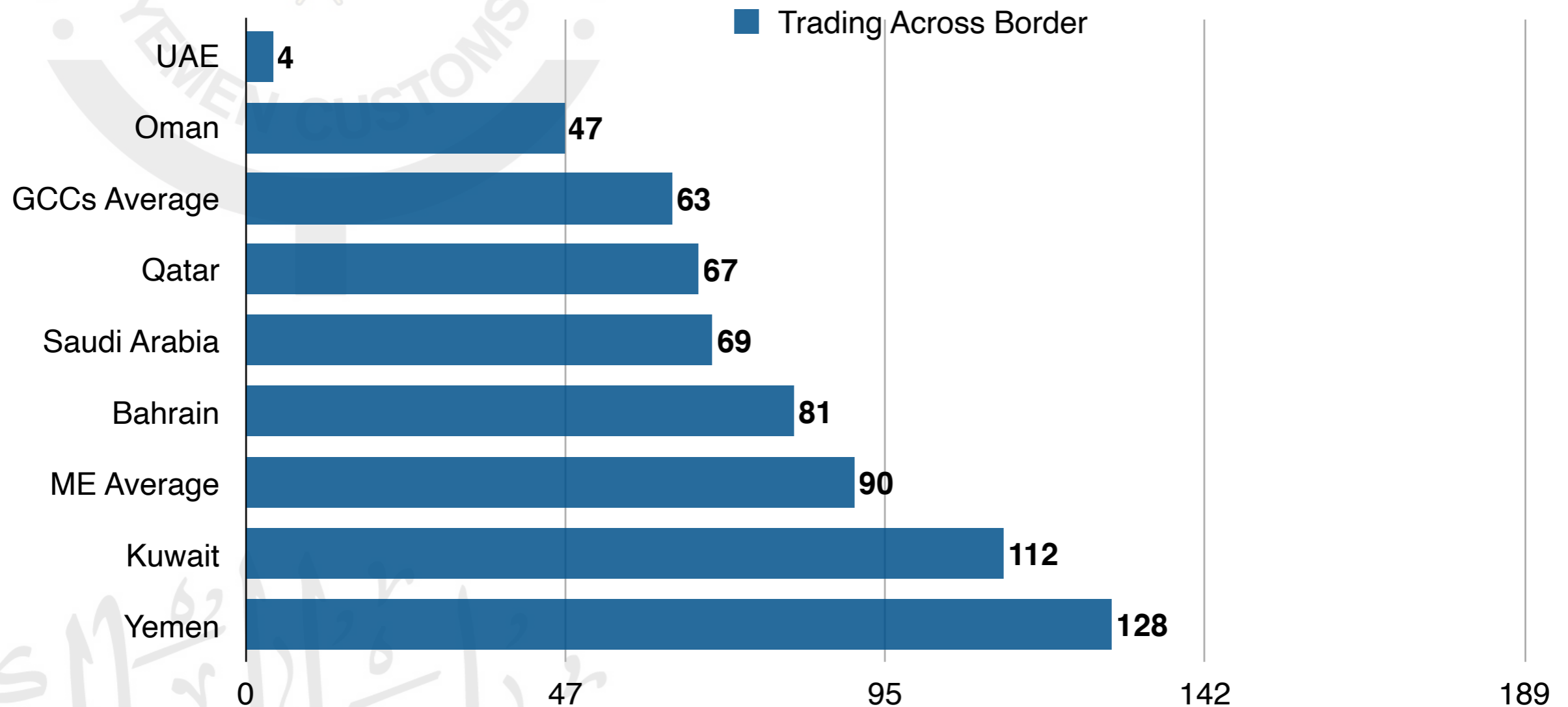
Yemen Scores in the LPI, 2014



Yemen's Ranking in the LPI sub indicators, 2014



Yemen's Ranking in the Ease of Doing Business, Trading Across Border Indicator, 2014



Yemen to the Regional Average in Trading Across Border Sub-indicators, 2014

Indicator	Yemen	The GCCs	The MENA region
Documents to export (number)	6	76	6
Time to export (days)	29	12	20
Cost to export (US\$ per container)	995	867	1,127
Documents to import (number)	9	7.5	8
Time to import (days)	25	14	24
Cost to import (US\$ per container)	1,490	967	1,360



Major Challenges

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يَوْمَ الْقِيَامَةِ

Major Challenges

- **Steadily growing volumes of trade (Yemen's trade increased 92.5% in 8-year time.)**
- **Political instability and inadequate public services**
- **Increasing non-compliance and smuggling**
- **Weak institutional capacities and resources constraints**
- **Poor infrastructure and ineffective ICT systems**
- **Urgent and binding commitments to the WTO.**

Challenging Commitments to the WTO

- **Yemen is committed to abide by the provisions of the trade-related agreements, including the WTO Agreement on Trade Facilitation.**
- **Yemen has pledged to grant traders the right to legal appeal on government administrative actions (PPP).**
- **Yemen Customs is responsible on most these commitments, such as: rules of origin, pre-shipment inspection, export restrictions, investment-related exemptions, free zones and preferential trade agreements.**



OVERVIEW OF THE PROJECT:

Communications and Networks Development Project Proposal

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The Importance of ICT for Efficient Customs

ICT is crucial to increasing the efficiency of customs controls and ensuring the seamless flow of trade-related data, in order to:

- **make customs clearance more efficient**
- **reduce administrative burdens**
- **help to combat fraud, organized crime and terrorism**
- **serve fiscal interests**
- **protect intellectual property and cultural heritage**
- **increase the safety of goods and the security of international trade, and**
- **enhance health and environmental protection.**

The WB's Team Recent Diagnostic Findings

- 1. Poor ICT systems and related infrastructure;**
- 2. Weak levels of coordination and cooperation between shared-border management agencies (and clients);**
- 3. Duplication of procedures and non-adoption of modern customs procedures such as: risk-based management, transaction valuation, and post-clearance audit;**
- 4. Constraints on human resources management; and**
- 5. Budgetary constraints.**

ICT as Recommended at International Agreements

- **The WCO SAFE Framework paragraph 6.2.**
- **Standards 7.1, 6.9, 3.21 and 3.18 of the General Annex to the Revised Kyoto Convention.**
- **WTO Agreement on Trade Facilitation.**



Main Objectives of the Project

- **Improve the efficiency and effectiveness of Yemen Customs Administration by improving its trade facilitation indicators**
- **Strengthen its human and institutional capacities to help it contribute to Yemen's overall economic development and growth; and**
- **Improve the investment climate.**

Key Expected Outcomes

- **Improved infrastructure and ICT systems**
- **Reduced time delays and trade costs for traders**
- **Strengthened partnership with the private sector**
- **Improved coordinated border management**
- **Good governance, performance, and capabilities**
- **Effective revenue collection and border security; and**
- **Improved trade statistics collection and production.**

Expected impact of Trade Facilitation on Trade

Due to the high growth rate in Yemen's total trade, modernizing Yemen customs becomes vital to provide better services for traders.

A reduction in trading time by 10 days as a result of implementing the CND project would increase Yemen's trade by 10%. That is equivalent to: **\$2,426 US\$ millions.**

Thus, the return of investment expected is:

- More than 6 times the tariff/customs duties collected; and**
- Around 6.8% of GDP for the same year!**

Project Cycle and Expected Outcomes

Outcomes/ Benefits

100

0

Mid 2014

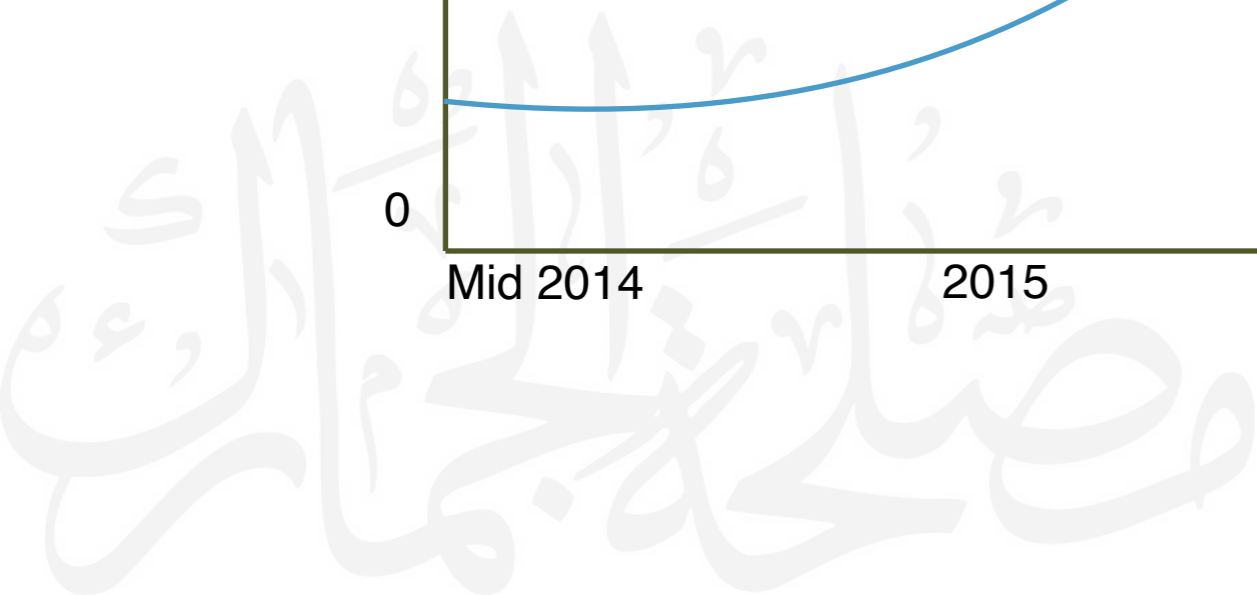
2015

2016

Project Cycle

Effective trade facilitation & better competitiveness

Trade costs & time delays



The Overall Expected Impact of the Project Implementation

- **Strengthen economic integration by effective and cost-efficient trade facilitation;**
- **Improve competitiveness and business environment;**
- **Ensure/ contribute to the financial sustainability of the government public revenue;**
- **Strengthen good governance; and**
- **Improve data quality.**

Summary of The Main Requirements

- **LAN Network infrastructure for the Headquarter and other Customs offices**
- **Networks Management Tools**
- **Servers and Operating Systems**
- **Security Solutions**
- **Connecting with Customs of neighboring countries**
- **Connecting ASYCUDA to X-ray database**
- **Capacity Building.**

The Estimated Costs

- **The cost estimated/required to finance the implementation of this project is USD \$5.5 millions.**

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Period of the Project

- **The period required for project implementation is estimated to span for a year to year and a half.**
- **Expected start: mid 2014**
- **Expected closing: January 2016**



Monitoring and Evaluation

- **An M&E framework would be applied to govern the project's inputs and outputs (e.g., **interventions against indicators**) in a regular and timely manner.**
- **This framework is to be agreed upon by the financing institutions and Yemen Customs.**
- **All results of the project would be monitored by periodic reports prepared by the PMU of the YCA, including a mid-period and end-period evaluation.**



Thank you!

AbdulWahab al-Awdi | عبدالوهاب العودي

Director,

Policy Development and Capacity Building
Yemen Customs Authority

wahab.alawdi@gmail.com

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