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This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2017
of the DCI Pan-African Programme

Action Document for 'Classifying goods for African trade'

1. Title/basic act/ CRIS number	Classifying goods for African trade CRIS number: DCI/PANAF/038-632 financed under the Development Cooperation Instrument			
2. Zone benefiting from the action/ location	Pan-African The action shall be carried out at the following location: Africa			
3. Programming document	Multi-Annual Indicative Programme 2014-2017 for the Pan-African Programme			
4. Sector of concentration/ thematic area	Strategic area 4: Sustainable and inclusive development and growth and continental integration Component 1: Trade and continental integration	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 5 000 000 Total amount of EU budget contribution EUR 5 000 000 The contribution is for an amount of EUR 3 200 000 from the general budget of the European Union for financial year 2017 and for an amount of EUR 1 800 000 from the general budget of the European Union for financial year 2018, subject to the availability of appropriations following the adoption of the relevant budget.			
6. Aid modality and implementa- tion modality	Project Modality Indirect management with the World Customs Organisation (WCO)			
7 a) DAC code(s)	33120 – Trade Facilitation			
b) Main Delivery Channel	Channel code: World Customs Organisation - 47139			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Growth, jobs and private sector engagement			
10. Sustainable Development Goals (SDGs)	Main SDG Goal: 8 Secondary SDG Goal: 17			

SUMMARY

This action aims at contributing to the establishment of the African Continental Free Trade Area (CFTA) as envisaged by the African Union (AU), increasing intra-African trade and trade between Africa and the European Union, to facilitating and developing trade with the rest of the world, thus contributing more generally to the implementation of the World Trade Organization (WTO) Trade Facilitation Agreement.

This should be achieved by supporting **customs reform and modernisation** and implementation of international standards and best practices developed by the World Customs Organisation (WCO), particularly the coordinated implementation and uniform application of the Harmonized System (HS) for the classification of traded goods, as well as related provisions of the WTO Agreement on Trade Facilitation (TFA) and the Revised Kyoto Convention (RKC) of the WCO.

This action will contribute to the implementation of Economic Partnership Agreements (EPAs), and Association Agreements (AAs). It is in line with the Roadmap adopted at the 4th Africa-EU Summit (§39-40) and the Multi-Annual Indicative Programme 2014-2017 (strategic area 4, component 1: trade and continental integration).

The action contains 4 components. The components can be considered as ‘toolkits’, each of them dealing with a priority topic for the African Union, the Regional Economic Communities (RECs), the National Revenue Authorities in which customs are integrated, the African Customs Administrations themselves, and finally for the stakeholders involved in the action.

The support provided by the action will target African States committed to i) the CFTA and to trade agreements with the EU, ii) contribute to customs reform and modernization, and iii) apply the most recent version of the HS in line with regional, continental and global commitments and best practices.

Customs is an integral part of the global trade framework and an important driver of economic and trade policy. Customs administrations are key government agencies established to apply international, regional and national policies and laws to goods crossing borders.

1 CONTEXT

1.1 Sector context

Although some progress has been achieved in the process of African integration, the objective of Pan-African market integration is still far from being realized. The level of intra-African trade stands at around 12%, the lowest among the major regions of the world. Intra-African and the African global trade shares have declined over the previous decade. Being highly dependent on the outside world for trade, Africa has been very vulnerable to external trade shocks. This situation, as well as new challenges facing Africa that have emerged in the first decade of the 21st century, including those relating to the global economic and financial crisis, has underscored the need to deepen Africa's market integration.

1.1.1 *Public Policy Assessment and EU Policy Framework*

The Joint EU-AU Customs and the Trade Facilitation Forum held in Brussels on 11-13 December 2012 concluded that the African Union Commission (AUC) should, for the objective of increasing intra-African Trade, address continental challenges in the area of trade facilitation, customs procedures and legislation. Recommendations included assistance and support to AU Member to migrate to HS 2017.

The 4th EU-Africa Summit in 2014 identified trade facilitation, continental integration and boosting intra-African trade as one of the priorities for the implementation of the Joint Africa-EU Strategy (JAES), see §39 of the JAES Roadmap 2014-2017.

At the June 2015 AU Summit in South Africa, the AU and its Member States officially launched the negotiations for the establishment of a Continental Free Trade Area (CFTA).

The successful implementation of Economic Partnership Agreements between the European Union and a growing number of African states and the WTO Trade Facilitation Agreement (TFA) depends on the adoption of the latest WCO Harmonized System Convention by African countries.

1.1.2 *Stakeholder analysis*

The AUC, through its Department of Trade and Industry (DTI), acts as Secretariat for the CFTA negotiations. The key stakeholders as well as beneficiaries are the relevant Regional Economic Communities (RECs), the Customs Administrations and their competent Revenue Agencies and Ministries and/or agencies involved in the export, transit and/or import of goods.

Private sector (incl. brokers, importers, exporters) will be a major stakeholder, beneficiary and partner, including through the Chambers of Commerce and sectorial associations and co-operatives.

1.1.3 *Priority areas for support/problem analysis*

Trade is hindered, among others, by limited harmonization of Trade policies and Customs tariffs, persisting non-tariff barriers, bureaucracy, low performance, lack of governance and transparency, low predictability of border agencies' actions and relatively high costs. The African continent, its numerous RECs and individual countries need to eradicate pervasive non-tariff barriers and coordinate the development and implementation of regional and national tariff and classification systems to facilitate cross-border trade and improve the investment climate in Africa.

The negotiation of the tariff dismantling to be provided by the CFTA will only be possible if all African countries can agree on the classification of their goods. Thus all African countries need to use the same classification system to facilitate the negotiation and implementation of the CFTA.

The **Harmonized Commodity Description and Coding System** generally referred to as "the Harmonized System" or simply "HS" is a multipurpose international product nomenclature developed by the WCO. HS 2017 comprises 5387 commodity groups; each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification.

The system is used by more than 200 countries and economies as a basis for their customs tariffs and for the collection of international trade statistics. Over 98% of the merchandise in international trade is classified in terms of the HS.

The HS contributes to the harmonization of customs and trade procedures, and the non-documentary trade data interchange in connection with such procedures, thus reducing the costs related to international trade. It is also extensively used by governments, international organizations and the private sector for many other purposes such as internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts, and economic research and analysis. The HS is thus a universal economic language and code for goods, and an indispensable tool for international trade.

The Harmonized System is governed by "The International Convention on the Harmonized Commodity Description and Coding System" (HS Convention). On the national level, it is noted that all African countries, except 5 (the Gambia, Seychelles, Somalia, South Sudan and Equatorial Guinea) have acceded to the HS Convention. However, it is expected that more than 20 African countries have still not migrated to HS 2017 and use older versions. Numerous Customs Administrations lack the institutional capacities to manage, implement and apply the HS, including the provisions on Advance Classification Rulings Binding Tariff Information (BTI). The main reasons for these weaknesses are the following: lack of leadership and weak management capacities, poor human resource management, too frequent and uncontrolled staff rotations, lack of training systems, absence of documented procedures, and poor stakeholder relations (e.g. chamber of commerce and customs brokers).

For cross border trade of commercial goods, brokers, importers, exporters and other competent actors must provide customs declarations containing the HS Code. However, in many African countries, the know-how of such actors to correctly classify goods is low. This leads to an additional burden for Customs and requires considerable resources to check received customs declarations and physically inspect declared goods to ensure that revenue is collected in line with the legal provisions and that goods are declared in compliance with other relevant legislation. Measures need to be taken to improve their will and know-how to voluntarily comply with legislation and establish Customs declarations in line with the HS provisions. This will enable Customs to support trade facilitation through introduction of risk management and reduction of controls and inspections, in particular for compliant traders.

To achieve the objectives of the CFTA, there is a need to improve the existing continental framework for the coordinated planning, implementation and evaluation of Common External Tariffs (CET) at regional (RECs) level which shall be based on the latest version of the Harmonized System by all members of the REC. On the regional level, it is noted that many RECs have developed and implemented CETs. However, the RECs face implementation issues and lack in some cases of leadership, management and institutional capacities to implement, maintain or upgrade their CET in accordance with set out policies, evolutions and timelines on continental or global level.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of AU resources and commitment.	M	Maintain high level dialogue with the AUC and keep Regional Integration and HS related issues on the agenda of the AU Sub-committee of Directors General of Customs.
Lack of REC's commitment.	M	Clear commitment by RECs will form part of the selection criteria. Terms of Reference and work plans for a phased support with clear objectives, expected results and indicators will be agreed. Support in following phases will be conditioned by the achievement of the expected results.
Lack of country's commitment.	L	
Countries may be at different stages of reform - there might be uneven political commitment among key stakeholders.	M	The programme will be tailor made. The programme team will engage in a communications strategy with key public and private stakeholders in beneficiary countries
Limited capacity at multiple stakeholder agencies can delay the implementation.	M	The programme design includes a monitoring and evaluation framework with a consistent feedback mechanism to support timely implementation of reforms.
Long-term nature of the reform and sustainability.	M	Close cooperation with the private sector stakeholders will ensure that commitment to the reforms is maintained in the long term. The programme will be designed to build the institutional (organizational) capacities of the beneficiary countries to manage and apply HS on the long term run and based on best practices. This may require support in the area of human resource management, leadership, or information and communication technology supporting the successful management and application of the HS.
Assumptions		
RECs and African governments remain committed and engaged in trade and private sector development. The relevant agencies continue to actively participate in donor coordination meetings.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Pure technical assistance and training is not sufficient to enable Customs Administrations to implement sustainable reform. A key guiding principle is the need for local ownership, as well as a sound and participative assessment of a Customs Administration's modernization needs. In order for Customs administrations to build capacity through reform and modernization in a holistic, planned and structured manner, the WCO and its Members have adopted an organizational development approach that will be used for this action:

- *Organizational diagnostic* with regard to the application of the HS. The findings will serve as the basis for priority setting and pursuing the HS programme. To support this process the WCO has recently developed specific diagnostic tools for Customs classification.
- *Strategic planning and implementation of change*, is based on findings and recommendations of the Diagnostic. In the context of this programme, the Customs administration, in co-operation with the WCO, will develop HS reform and modernization plans (work plans) that serve as the roadmap to enhance the capacities of the organization to applying the latest version of the HS and timely migration to future HS versions (e.g. HS 2022).

In many cases, the subsequent WCO support will address and focus on the development of core customs classification competencies and capacities as necessary steps to achieve the goals of the Administration through implementation of customs international standards and best practices on classification. In other cases, the focus will be placed on human resources and organizational factors that have prevented some of the beneficiaries from retaining classification competencies that were available inside their administrations in the past. Ownership of this process by the administration remains nevertheless an essential success factor. The project should remain demand-driven and focus on the administrations that are committed to ensure the sustainability of the new classification competences acquired by them.

- *Monitoring and evaluation* of the outputs and outcomes achieved by the programme, with special focus on the sustainability of the newly acquired classification competences. Mission reports, progress reports and evaluation reports will be produced at various stages of the action and enable continuous monitoring and timely evaluation.

3.2 Complementarity, synergy and donor coordination

Various donors and international agencies at the global level provide a wide array of trade facilitation activities.

The World Trade Organisation (WTO) manages the Enhanced Integrated Framework (EIF). Established in 2008, the EIF is a partnership of 49 LDCs and 24 donors including the EU and 12 Member States, committed to helping LDCs integrate in the global trading system. The mission of the EIF is to improve coordination of trade and trade related assistance, capacity development and resource leveraging. At present, donors have committed to provide more than EUR 170 million. The WTO also provides technical assistance to developing countries to identify their needs and priorities in the trade facilitation negotiations. United Nations Conference on Trade and Development (UNCTAD) also has a programme in building institutional capacity around effective trade facilitation.

Established in 2015, the Global Alliance for Trade Facilitation aims to build a public-private platform to leverage business expertise, leadership and resources to support effective trade facilitation reforms.

EU Member States do provide substantial amounts for trade facilitation. In 2011, the UK was the biggest donor with EUR 157 million, followed by Denmark (EUR 29 million), Sweden (EUR 26 million) and the Netherlands (EUR 14 million). The EU and its Member States accounted for 59% of all trade facilitation assistance worldwide. Other donors providing funding for trade facilitation measures through their national and regional programmes include Japan (USD 78 million), Switzerland (USD 35 million) and the United States (USD 28 million), Canada, Australia and Norway.

In June 2014, the WCO launched the Mercator Programme to ensure uniform implementation of the WTO Trade Facilitation Agreement (TFA), using the WCO instruments and tools as most of the TFA provisions related to customs. The programme is coordinated by the WCO and funding for implementation is provided by various partners of the WCO. A very limited number of support missions focussed on HS in Africa and were funded by partners of the WCO, in particular, China and the United Kingdom.

Programmes that support implementation of Common External Tariffs in the region, including the World Bank's support to COMESA in 2014 and the EU and German Federal Ministry for Economic Cooperation and Development (BMZ)'s support to ECOWAS Commission 2010-2019 (USD 22 million) also have a stake in HS implementation at the regional level.

This project will take into account ongoing and planned support via EU Regional Indicative Programmes and other international partners' initiatives ongoing in this field at regional and national levels.

3.3 Cross-cutting issues

Environment and Climate Change

The action will not have a direct impact on the environment or on climate change, but implementation of the HS code may indirectly impact via better monitoring and control of goods which have an environmental impact.

The WCO have Technical Officers dedicated to identifying and coordinating climate change and environmental cross-cutting issues across all of the WCO's technical and operational activities. In addition, the Secretariat has several environmental policies in place governing facilities and day-to-day operations of the Secretariat in Brussels.

Gender and Youth

The main barriers for women in trade across the region covered by this action relate to lack of transparency and awareness of rules, lack of access to trade information and documents, and poor conditions and harassment when crossing borders. One of the challenges for policymakers looking to utilize trade as a mechanism for women in their fight against poverty is lack of data, awareness, and analysis. One of the benefits delivered by the implementation of the HS is to provide greater visibility of trade data and statistics. This will, in turn, offer a better view of trade for particular commodities that have gender dimensions and allow policy makers to make more informed decisions to improve the livelihoods of women and the poor. Another benefit of implementing the HS is the fact that it facilitates automation and use of information technology in trade. Automation can reduce the amount of necessary face-to-face

exposure for women traders and therefore can mitigate against vulnerability to harassment and threats to personal security.

The action will embed and track the gender dimension through relevant indicators. Activities will contribute to women's employment and development of gender equality in the customs environment. Wherever possible, the action will take measures to ensure equitable participation of female experts in the planning and delivery of the assistance and take concrete action to ensure that an adequate number of women will benefit from the assistance provided. Where relevant, specific activities will be integrated to sensitize, train and develop women, e.g. seminars for women traders/trade associations and training workshops for women customs officers. A tool on 'Gender Equality Organizational Assessment' was developed by WCO to encourage Member Administrations to conduct their own assessment and subsequently implement changes in policies and practices to make their organization more gender equitable and could be used for the purpose of this action in line with its objectives.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for sustainable development. It contributes primarily to the progressive achievement of SDG Goal 8, but also promotes progress towards Goal 17. This does not imply a commitment by the countries benefiting from this programme.

Overall objective: Impact

To contribute to increasing intra-African trade, trade between Africa and Europe, and between Africa and the rest of the world.

Specific objective: Outcome

Facilitate trade through sustainable customs reform and modernisation support, enabling African countries to apply the WCO's Harmonized System Convention for the classification of traded goods and related provisions of the WTO Trade Facilitation Agreement and the WCO Revised Kyoto Convention by the contract implementation end-date.

Specific objective 1: Enhance the capacity of the AU and the RECs to develop, implement and manage continental and regional classification aspects of their preferential regimes (i.e. Common External Tariffs for customs unions, tariffs of free trade agreements) in a coordinated and sustainable manner, and in line with international standards, commitments and best practices.

Expected Results: Contribute to a timely and coordinated classification of goods at the level of the African RECs and on the African continent.

This reduces the complexity of the classification of traded goods and removes the need to invest in systems and interfaces that deal with different or incompatible classification rules and systems. Through this, costs of import and export flows will be reduced substantially and trade will be facilitated at regional, continental and global level.

Specific objective 2: Enhance the capacity of National Customs Administrations to develop, implement and manage national nomenclatures based on up-to-date regional continental and global standards, commitments and best practices.

Expected Results: Contribute to timely and coordinated implementation of global, continental and regional classification rules and systems at the national level and through that, to substantial reduction in cost of import and export flows, and facilitation of trade.

Specific objective 3: Enhance the capacity of National Customs Administrations to upgrade their national nomenclatures to HS 2017 and the future versions.

Expected results: Build the capacities of national Customs Administration to upgrade national nomenclatures to HS 2017 (and future versions of the HS) and, through that, enable governments, international organizations and the private sector to use the HS for other purposes such as internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts, and economic research and analysis.

Specific objective 4: Enable Customs' stakeholders to correctly apply the classification rules and systems.

Expected Results: Contribute to enhance the capacity of legitimate trade to voluntarily comply with classification rules. This would contribute to the correct application of duty/tax rates, prohibitions and restrictions, and provide the ground for better External Trade Statistics.

4.2 Main activities

The programme has four complementary components aimed at supporting trade facilitation with the following expected results and main activities.

Specific objective 1:

- i. Identify, analyse and compare available regional preferential regimes (e.g. External Tariffs for customs unions, tariffs of free trade agreements) of the RECs;
- ii. Establish a supra-regional cooperation framework aiming at coordinated development and implementation of classification rules and systems on the African continent;
- iii. Build the capacity of the RECs to develop and manage classification rules and systems in a coordinated and sustainable manner for their Members and assist them in the development and implementation of related work plans;
- iv. Build the capacity of the RECs to develop and manage advance ruling for classification in a coordinated and sustainable manner for their Members and assist them in the development and implementation of related work plans;
Develop and promote a plan for a coordinated implementation of classification rules and systems on the African continent – including the development of an electronic tariff support tool;
- v. Install and promote the use, on a regional level, of e-learning on Tariff Classification;
- vi. Provide guidance and best practice examples for setting up relevant regional laboratory policies and facilities.

Specific objective 2:

- i. Identify the critical factors for the development, implementation and management of national classification rules and systems, based on regional and international best practices;
- ii. Draft national plans for the development, implementation and maintenance and upgrade of robust classification rules and systems;
- iii. Build the capacity of selected African Customs Administrations to develop and manage advance ruling for classification in a coordinated and sustainable manner and assist them in the development and implementation of related work plans;
- iv. Develop long term national training plans for classification rules and systems;
- v. Accredite classification experts;
- vi. Develop training material for the classification rules and systems;
- vii. Deliver classification capacity building support to selected African Customs Administrations, primarily focusing on the organizational development;
- viii. Install and promote the use, on a national level, of the e-learning on Tariff Classification and assist Customs Administrations in the design and update of relevant HS webpages;
- ix. Provide customs officials and relevant stakeholders with relevant tools and publications, e.g. computers equipped with the WCO databases and national publications and/or HS-packs in printed format;
- x. Provide guidance and best practice examples for setting up relevant national laboratory policies and facilities.

Specific objective 3:

- i. Develop the long term capacity of national Customs Administrations to collaborate with the relevant stakeholders and identify the measures to be updated at national level;
- ii. Develop their long term capacity and assist them in the development of a national plan for the updating of their national nomenclatures to HS 2017 and future versions of the HS;
- iii. Provide guidance and best practice examples of the updating procedure;
- iv. Deliver training, with a focus on training of trainers, in practical updating to the HS 2017-based Customs Tariff.

Specific objective 4:

- i. Identify the relevant stakeholders;
- ii. Develop a training and communication strategy for classification purposes (including advance ruling) to customs' stakeholders;
- iii. Develop a classification training programme (including advance ruling) for customs' stakeholders;
- iv. Develop classification training material (including advance ruling) for customs' stakeholders;
- v. Deliver classification training (including advance ruling) to selected classification trainers of stakeholders;
- vi. Build an electronic tariff classification tool.

4.3 Intervention logic

The geographical focus of the proposed programme is the entire African Continent. The action will focus on partners that demonstrate their willingness to make progress in this field. Support to customs administrations will target in priority WCO members engaged in the CFTA negotiations and in the implementation of trade agreements with the EU (Economic Partnership Agreements and Association Agreements).

The action will therefore contribute to and complement and other trade facilitation/regional integration initiatives under 10th and 11th EDF Regional Indicative Programmes and intra-ACP through activities in a very specific field (HS) in which WCO has a mandate and expertise.

The actions will be tailored to respond to the specific requirements of the countries, RECs and stakeholders involved and will take into account their level of development. Support will target first the signature and ratification of the HS Convention and then migration to HS 2017. Beneficiaries that do not have the institutional capacity of managing HS in a modern and sustainable manner will be assisted in a first place in the development of their organizational capacities, whereas others will be assisted to improve the capacities and tools of their HS experts and trainers.

Support will focus on HS but may require also policy and strategic advice, leadership and management development, organizational development overall, human resource management, support in information and communication technology (ICT) or technical training. Technical training will be provided to experts and trainers on the condition that the beneficiary organization accepts their responsibility to transfer the knowledge to other relevant stakeholders, internally and/or externally. The programme primarily focuses on capacity building. However, where necessary, it might be agreed to also provide equipment/infrastructure procurement, in line with applicable rules.

The programme team will promote the programme among African Customs Administrations, the RECs and the AU and identify stakeholders that should benefit from the programme. These will be proposed to the Steering Committee based on their commitment and absorption capacities. The WCO will assist the beneficiaries in the development of an overall work plan covering all phases of the assistance and specifying expected results and indicators of achievement.

The WCO will assist the beneficiary in the planning and delivery of the agreed programme and provide the required experts to deliver it. In most of the cases, assistance will be provided through short-term expert missions in the beneficiary region or country. Where provided for in the agreed work programme, expert long-term missions, study visits or other types of support missions will be conducted. To address issues of continental and regional issues it might be proposed to organize events that bring together beneficiaries from different countries.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

5.4.1 Indirect management with an international organisation

This action may be implemented in indirect management with the World Customs Organisation (WCO) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the provision of technical assistance to support the African Union, the Regional Economic Communities (RECs), the national Customs Administrations and the relevant stakeholders in African countries in the implementation of the proposed programme in a coordinated and sustainable manner.

This implementation is justified because the WCO represents 180 Customs Administrations across the globe (including all African Customs Administration with the exception of Equatorial Guinea) that collectively process more than 98% of world trade. As the global centre of customs expertise, the WCO provides active capacity building support for its Members to help their operations become more effective and efficient, and has developed a range of Conventions, instruments, standards, guides and best practices to support administrations.

The WCO Secretariat has developed the infrastructure and standard operating procedures for processing requests for assistance, funding, accrediting and allocating experts, as well as ensuring the delivery of assistance. It has access and the capacity to mobilize the up-to-date expertise of its 180 Member Customs Administrations worldwide. Their Members will provide highly professional serving customs officers to conduct a high number of short-term expert missions without any payment of fees.

The entrusted entity would carry out the following budget-implementation tasks: sign contracts, manage and disburse funds, recruit specific technical assistance for the various planned activities, draft relevant reports, assist in audits, and award, sign and execute the resulting procurement contracts.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the implementation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR)
5.4.1 – Indirect management with World Customs Organisation	5 000 000
5.9 – Evaluation, 5.10 – Audit	will be covered by another decision
5.11 – Communication and visibility	N.A.
Totals	5 000 000

5.7 Organisational set-up and responsibilities

The programme team will be based in the WCO Secretariat in Brussels. Expertise will be provided by the WCO Secretariat and/or Customs Experts selected by the WCO from its Members worldwide. Where such expertise is not available (exceptional situations) external experts might be contracted with the approval of the Steering Committee. Short-term experts made available by WCO Members will not be paid fees. They will be made available to the WCO for free to carry out activities under this programme.

A Programme **Steering Committee** will be established to provide the overall direction and steering of the programme, discuss the implementation progress and will be responsible for the country selection process. The Programme Steering Committee should consist of the EU, the AU, the RECs and the WCO, as well as maybe a small number of Customs Administrations to be identified by WCO and EU as the need arises. The Committee will meet twice per year where overall implementation progress will be monitored. The Committee will also establish the country selection criteria and facilitate engagement with relevant other stakeholders.

5.8 Performance monitoring and reporting

The following indicators have been proposed as part of the Multi-Annual Indicative Programme 2014-2017 of the Pan-African Programme:

- Number of countries having joined CFTA negotiations with respect to harmonized nomenclature, custom valuation, rules of origin and timetable/methodology for intra-RECs tariff liberalisation by 2017.
- Number of policies, standards and regulations harmonised in the framework of the CFTA establishment and as foreseen in the BIAT Action Plan.
- Number of documents required for import/export and associated time and costs ('Trading across borders' – World Bank Doing Business).
- Capacity of countries to trade across borders: Logistics performance index (World Bank).

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the WCO will use its established permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (annual) and final reports. Every report will provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report will be laid out in such a way as to allow monitoring of the means envisaged and

employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional programme monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance and nature of the action, a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the WCO will be undertaking a business programme evaluation.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and included in the budget of the delegation agreement.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	<i>To contribute to increasing intra-African trade, trade between Africa and Europe, and between Africa and the rest of the world.</i>	<ul style="list-style-type: none"> - <i>Volume of intra-Africa trade</i> - <i>Volume of trade between Africa and the EU</i> - <i>Volume of trade between Africa and the rest of the world</i> 	<i>Baselines to be determined at inception stage once supported countries will be identified</i>	<i>Targets to be determined at inception stage once supported countries will be identified</i>		
Specific objective(s): Outcome(s)	Trade facilitation implemented through sustainable customs reform and modernisation support, enabling committed African countries to apply the WCO's Harmonized System Convention for the classification of traded goods and related provisions of the WTO Trade Facilitation Agreement and the WCO Revised Kyoto Convention by the end of the contract implementation end-date.	<ul style="list-style-type: none"> - Number of assisted African countries adhered to the HS Convention and RKC provisions 	Baseline to be determined at inception stage.	All African countries	Signatures of the HS Convention (WCO), Reports provided to the WCO (/WTO)	

¹ Indicators aligned with the relevant programming document marked with '*' and indicators aligned to the EU Results Framework with '**'.

Outputs	<p>1. Enhance the capacity of the AU and the RECs to develop, implement and manage continental and regional classification rules and systems (i.e. Common External Tariffs) in a coordinated and sustainable manner, and in line with international standards, commitments and best practices.</p>	<p>a. Number of RECs with updated CET and rules and procedures for advance ruling and classification applying the latest HS version</p> <p>b. Availability of an up-to-date continental coordination plan for implementation of classification rules and systems</p> <p>c. Availability of an electronic tariff support tool for African countries</p>	<p>a. Baseline to be determined at inception stage</p> <p>b. Does not exist at present</p> <p>c. Does not exist at present</p>	<p>a. All beneficiary African RECs, including UEMOA and SADC</p> <p>b. Plan in place by date to be determined at inception</p> <p>c. Tool operational by [X date to be determined at inception]</p>	<p>a. Official published rules and reports provided to the WCO from the AU/RECs.</p> <p>b. Coordination and implementation plans and reports submitted from the AU to the WCO.</p> <p>c. WCO reports of observable electronic tariff support tool and reports on use.</p>	
	<p>2. Enhance the capacity of National Customs Administrations to develop, implement and manage national classification rules and systems based on up-to-date regional continental and global standards, commitments and best practices.</p>	<p>d. Number of assisted countries migrating timely and applying the latest relevant version of the HS</p> <p>e. Number of national classification training plans developed and implemented</p>	<p>d. Baseline to be determined at inception stage</p> <p>e. Zero</p>	<p>d. All beneficiary Customs Administrations</p> <p>e. All beneficiary Customs Administrations to have training plans developed by [X date] and implemented</p>	<p>d. WCO reports, statistics and customs modernization plans, published rules and procedures on websites or in officially published documents; practical cases of advance ruling</p> <p>e. Training plans, WCO training and mission reports</p>	

		<p>f. Number of trainees and WCO accredited HS Experts in beneficiary countries</p> <p>g. Number of Customs Administrations having an operational and professional organizational structure managing classification/HS</p> <p>h. Number of Customs Administrations actively using the WCO e-learning module of Tariff Classification</p> <p>i. Availability of up-to-date guidance and best practice examples for laboratory policies and facilities</p>	<p>f. Baseline to be determined at inception stage</p> <p>g. Baseline to be determined at inception stage</p> <p>h. Baseline to be determined at inception stage</p> <p>i. Baseline to be determined at inception stage</p>	<p>f. Targets to be determined at inception stage</p> <p>g. All beneficiary Customs Administrations have set up professional mgmt. of HS by [X date]</p> <p>h. All beneficiary Customs Administrations using e-learning modules by [X date]</p> <p>i. [X number] beneficiary Customs Administrations have developed</p>	<p>f. WCO training and mission reports, accreditation workshop reports; Accreditation certificates</p> <p>g. Org charts, reform plans provided to the WCO by beneficiaries and mission reports by the WCO</p> <p>h. WCO statistics and reports from e-Learning module.</p> <p>i. WCO Best practice guides, reform plans, Mission reports, Media</p>	
	<p>3. Enhance the capacity of National Customs Administrations to upgrade their national measures to HS 2017 and the future versions.</p>	<p>j. Number of Customs Administrations updating their relevant national measures to the relevant HS version in a timely manner</p>	<p>j. Baseline to be determined at inception stage</p>	<p>j. All beneficiary Customs Administrations have upgraded their systems by [X date]</p>	<p>j. WCO (HS software , reform plans, implementation and mission reports)</p>	

		k. Number of training activities and beneficiaries trained in the practical updating to the relevant HS version	k. Baseline to be determined at inception stage	k. Target to be determined at inception	k. WCO Training and mission reports	
	4. Customs' stakeholders enabled to correctly apply the classification rules and systems.	<p>l. Number of Customs Administrations disposing of an up to date training and communication strategy for classification</p> <p>m. Number of training modules (including advance ruling) developed and delivered by beneficiary Customs Administrations (with support from WCO where necessary) for stakeholders</p> <p>n. Number of Customs Administrations offering electronic classification tools to stakeholders</p>	<p>l. Baseline to be determined at inception</p> <p>m. Baseline to be determined at inception</p> <p>n. Baseline to be determined at inception</p>	<p>l. All beneficiary Customs Administrations</p> <p>m. Target to be determined at inception</p> <p>n. Target to be determined at inception</p>	<p>l. Training and communication strategies provided by Customs Administrations to WCO; WCO statistics and reports, reform plans and mission reports</p> <p>m. Training Module inventories and training reports provided by Beneficiary Administrations to WCO, WCO mission reports</p> <p>n. WCO reports of observed electronic classification tools provided by Administrations</p>	