

# Ex-Post Evaluation of Japanese Technical Cooperation Project Project for Modernization and Internationalization of Customs Administration

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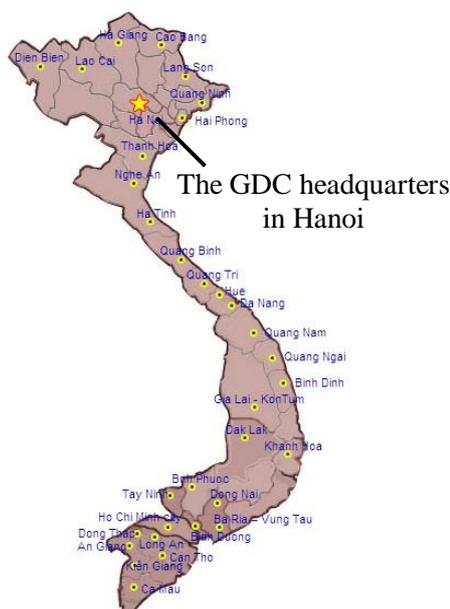
## 0. Summary

While the project's relevance and the achievement level of the Project Purpose are high, there are challenges in terms of the achievement of the Overall Goal and the sustainability of the project's effects. The General Department of Viet Nam Customs (GDC) has not developed human resources in a systematic manner after the project. It hindered the achievement of the Overall Goal, and thus limited the effects of the project. The project's efficiency is hindered because the preparation for the operation and management of the chemical analysis machines provided by Japan was not adequately done. Frequent breakdowns of the machines have occurred and, as a result, the production of the expected outputs was undermined. Presently, the GDC plans to strengthen staffing and financing for staff training. If the plan is carried out smoothly and the recommendations made in this evaluation report are put into practice, the sustainability of the project will be enhanced.

While the project produced certain effects, it is evaluated to be partially satisfactory.

## 1. Project Description

The project locations are 33 local customs offices and other GDC facilities all over Viet Nam.



Project Location



The GDC headquarters in Hanoi



Operation of a chemical analysis machine

## 1.1 Background

In Viet Nam, the volume of trade had been increasing rapidly in recent years. However, customs administration was not in line with the international standards and such inefficient and ineffective customs procedures might affect trade facilitation and hamper the improvement of the investment environment. Before the start of the project, Viet Nam intended to become a member state of the World Trade Organization (WTO) (It later became a member in January 2007) and recognized that meeting the international standards developed and maintained by the WTO was a pressing issue. It was necessary that the General Department of Viet Nam Customs (GDC) would enhance its capacity of customs procedures especially in the fields of customs valuation, post clearance audit and HS classification<sup>1</sup> for modernizing customs administration in accordance with international standards.

JICA offered three-year in-country training courses for customs modernization in 2001 and provided information on the international standards to the GDC staff. However, the training courses did not necessarily help the GDC to organize staff training courses on its own. Under these circumstances, the Government of Viet Nam requested a technical cooperation project with Japan for enhancing the capacity of the GDC staff in the aforementioned three fields.

## 1.2 Project Outline

Overall Goal		Appropriate staff training on customs valuation, post clearance audit and HS classification (including chemical analysis) is periodically provided to the frontline officers who work at selected regional customs offices.
Project Purpose		Master trainers <sup>2</sup> are raised to provide practical training on customs valuation, post clearance audit and HS classification (including chemical analysis) based on the international standards and act as instructors in the staff training courses.
Outputs	Output 1	The activity plan for developing the master trainers, who can teach customs officers in local staff training courses, is prepared.
	Output 2	Training materials and teaching guidelines are prepared in order to introduce the international standards to the regional customs offices.
	Output 3	At selected regional customs offices, periodic on-the-spot training is conducted by the master trainers.

<sup>1</sup> Customs valuation refers to the calculation of the values of import goods based on the customs tariff. Post clearance audit is an audit examination performed at the importers' premises subsequently to the clearance of the goods. HS is a short abbreviation for "Harmonized Commodity Description and Coding System" and refers to an internationally standardized system of names and numbers for classifying traded products upon which the customs tariff is based. In classifying goods in accordance with HS, chemical analysis may be required in some cases to determine the materials of the goods.

<sup>2</sup> The project applied the name "master trainers" to those who were trained to teach one of the three fields in the staff training. The title "master trainer" was informal and used only when referring to the trainers trained by the project. After the project, the GDC simply addresses them as "trainers" because the GDC officers who are accredited to teach other professional fields are officially called "trainers."

	Output 4	The sustainable training plan, which would be implemented after completing the Project, is prepared.
Inputs		<p>Japanese Side:</p> <ol style="list-style-type: none"> <li>1. Experts: 2 for Long-Term, 56 for Short-Term (cumulative numbers)</li> <li>2. 38 Trainees received</li> <li>3. Local Cost: 10.79 million yen</li> <li>4. Equipment: 142 million yen<sup>3</sup> (1.25 million US dollars)</li> </ol> <p>Vietnamese Side:</p> <ol style="list-style-type: none"> <li>1. 44 Counterparts</li> <li>2. Land and Facilities: Project Office, Utilities</li> <li>3. Local Cost: 30 million yen<sup>4</sup> (3 billion VND)</li> </ol>
Total Cost		280 million yen
Period of Cooperation		August 1, 2004 – July 31, 2007
Implementing Agency		The General Department of Viet Nam Customs, the Ministry of Finance
Cooperation Agency in Japan		The Customs and Tariff Bureau, the Ministry of Finance
Related Project		<p>JICA In-country Training Course “Customs Training in Viet Nam” (2001 – 2003)</p> <p>World Bank “The Viet Nam Customs Modernization Project” (2006 – 2010)</p> <p>JICA Technical Cooperation Project “The Project on Strengthening the Training System for Improving Capacity of Frontline Officers of Viet Nam Customs” (2009 – 2012)</p>

### 1.3 Outline of the Terminal Evaluation

The following is the outline of the terminal evaluation conducted in April 2007.

#### 1.3.1 Achievement of Overall Goal

It was expected that, if the GDC established a system to produce successor master trainers continuously and conducted improved staff training based on the training plans, it would be possible to train 80% of the frontline customs officers engaged in customs valuation, post clearance audit and HS classification.

#### 1.3.2 Achievement of Project Purpose

The terminal evaluation confirmed that the Working Group members, who were the candidate master trainers, had acquired necessary knowledge and skills through lecturing at the on-the-spot training courses based on the action plans. They also produced training materials, guidelines and sustainable training plans. These activities had led to the

<sup>3</sup> 113.79 yen against the US dollar, which was the average exchange rate during the period between August 1, 2004 and July 31, 2007, was used.

<sup>4</sup> 0.01 yen against the Vietnamese dong (VND), which was the average exchange rate during the period between August 1, 2004 and July 31, 2007, was used.

achievement of the Project Purpose.

### 1.3.3 Recommendations

The following five recommendations were proposed by the terminal evaluation. The following table shows the measures taken by the time of the ex-post evaluation study.

Recommendations made by the terminal evaluation	Measures taken
Strengthen the capacity of the Customs Training Center <sup>5</sup> , which will be a key player of planning, conducting and monitoring training courses in the near future, with a concrete plan fully endorsed by the leadership of the GDC.	The plan has not been formulated.
Assign master trainers to spend an appropriate length of time on training activities in the Customs Training Center.	The Personnel and Organization Department circulated an official letter requesting the master trainers to teach at least 60 hours per year.
Assign a sufficient number of full-time staff members as training organizers, who can establish a better cycle of training management, including carrying out monitoring and assessment, and updating of training materials and teaching guidelines in line with the international standards.	The number of full-time staff members has not increased and the GDC is still understaffed.
Develop and conduct appropriate plans for training of successors of master trainers by reflecting the draft plans, which were already submitted by Working Groups of the Project.	The plans for raising the successor trainers, which was developed during the Project, have not been implemented.
Allocate necessary funds for conducting training courses and activities, such as travel fee of trainers, and for maintenance of chemical analysis machines provided by the Project.	Necessary funds are not allocated. In particular, the budget for the operation and maintenance of chemical analysis machines is significantly lacking: only one seventh of the required amount of the budget is allocated.

## 2. Outline of the Evaluation Study

### 2.1 External Evaluator

Kumiko Shuto, IC Net Limited

### 2.2 Duration of Evaluation Study

Duration of the Study: December 2010 – October 2011

Duration of the Field Study: March 6, 2011 – March 26, 2011; June 25, 2011 – July 3, 2011

<sup>5</sup> It is presently called “the Viet Nam Customs School.”

### 2.3 Constraints during the Evaluation Study

The project covered Viet Nam as a whole, including the GDC headquarters in Hanoi, 33 local customs offices throughout Viet Nam, and the Centres for Analysis and Classification located in Hanoi, Ho Chi Minh and Da Nang. It was not possible to visit all these places due to time limitations. Thus, the GDC headquarters, the Centre for Analysis and Classification located in Hanoi, the Viet Nam Customs School and a local customs office in the Thang Long Industrial Zone in the outskirts of Hanoi were selected for field visits. Document analysis, questionnaire surveys and interviews were conducted to collect data on locations where the field visit was not conducted. A questionnaire survey was conducted to the beneficiaries of the project, i.e., the frontline customs officers who took part in the staff training<sup>6</sup>. In addition, a logistics company which carried out customs clearance procedures for trading companies in Hanoi was interviewed for the purpose of gathering information from a final beneficiary.

## 3. Results of the Evaluation (Overall Rating: C<sup>7</sup>)

### 3.1 Relevance (Rating: ③<sup>8</sup>)

#### 3.1.1 Relevance with the Development Plan of Viet Nam

The Government of Viet Nam was pushing forward reforms on customs administration as part of the means to promote competitive modern industries in its Five-Year Socio-Economic Development Plan for 2001 to 2005 and also the Plan for 2006 to 2010. The Government also formulated the Master Plan for Customs Reform and Modernization (-2010) and was pursuing human resource development in the field of customs modernization.

Viet Nam became a member of the WTO in January 2007, which was during the project period. For the Ministry of Finance and the GDC, realization of customs administration which met the international standards became a more important issue than ever. The project, which aimed at modernizing customs administration by way of building capacity of customs officers, was well aligned with the development policies of Viet Nam.

#### 3.1.2 Relevance with the Development Needs of Viet Nam

Modernization and internationalization of customs administration was a pressing issue for Viet Nam, which intended to become a member of the WTO, since the country was facing an increasing amount of trade and foreign investments. JICA offered in-country training courses for customs officers in Viet Nam for the purpose of enhancing capacity of

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<sup>6</sup> 25 training participants, who were local customs officers, answered the questionnaires by e-mail.

<sup>7</sup> A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

<sup>8</sup> ③: High, ②: Fair, ①: Low

customs administration for three years from 2001. 33 courses were conducted and about 2,000 customs officers took part in the training. The training contributed to providing knowledge on the international standards and prompted the officers to identify problems that the GDC was facing. However, it did not necessarily help the GDC to conduct appropriate staff training on its own and it was felt that more cooperation in this area was needed.

Strengthening of the three fields of customs procedures, namely customs valuation, post clearance audit and HS classification (including chemical analysis), was particularly important for conducting appropriate customs clearances based on the international standards and for preventing false customs declarations.

The trade volume of Viet Nam doubled from 58.4 billion US dollars in 2004 to 111.3 billion US dollars in 2007<sup>9</sup> and the needs for customs modernization remained very strong throughout the project period. The needs for strengthening the capacity of the staff in the above three fields were particularly strong at the start of the project, Viet Nam's entry in the WTO in January 2007, and project completion. Thus the project addressed well the development needs of Viet Nam.

### 3.1.3 Relevance with Japan's ODA Policy

When the project began, Japan's ODA policy toward Viet Nam emphasized the support for the country's transition to a market-oriented and open economy. In particular, human resources and institutional development for the promotion of a market economy was considered a priority. The project aimed at developing human resources in modernization of customs administration and it was consistent with Japan's ODA policy.

This project has been highly relevant to Viet Nam's development plan, development needs, as well as Japan's ODA policy. Therefore its relevance is high.

## 3.2 Effectiveness and Impact (Rating: ②)<sup>10</sup>

### 3.2.1 Effectiveness

#### 3.2.1.1 Project Output

##### (1) Output 1

Output 1 was "the activity plan for developing the master trainers, who can teach customs officers in local staff training courses, is prepared." The indicator for measuring the achievement of Output 1 was that "the GDC prepares activity plans of local staff

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<sup>9</sup> Statistical data posted on the website of the General Statistics Office of Viet Nam.

<sup>10</sup> The rating on the project's effectiveness and impact is based on the evaluation results of both "3.2.1. Effectiveness" and "3.2.2. Impact." For this project, the rating for the effectiveness was 3 (high) while the rating for the impact was 2 (fair). The overall rating for both the effectiveness and impact was judged as 2 (fair).

training courses and revises it based on the results of on-the-spot training.”

During the project period, the Working Group members of the three fields, i.e., customs valuation, post clearance audit, and HS classification (including chemical analysis), formulated action plans for training master trainers in cooperation with the Japanese experts. After reviewing their performance in the on-the-spot training, the plans were revised and finalized. The action plans covered all the necessary information including the number of trainers required, the selection procedure of the trainers, and the teaching guidelines. Therefore, it is fair to say that Output 1 has been achieved in a satisfactory fashion.

## (2) Output 2

Output 2 was “training materials and teaching guidelines are prepared in order to introduce the international standards to the regional customs offices,” and the indicator for measuring the achievement of Output 2 was that “training materials and teaching guidelines for all subjects are prepared in Vietnamese.”

The training materials and teaching guidelines for all the three fields were prepared in Vietnamese by the Working Groups which met regularly during the project. 400 copies of the teaching materials of each field were printed and distributed to 33 local customs offices (2 – 3 copies to each office) and handed to the 32 Working Group members.

79% of the respondents in the beneficiary survey answered that the training materials were “very easy to use” or “easy to use.” 98% felt that the curriculum was appropriate. Furthermore, 90% of the respondents answered that they became more confident in executing their duties after attending the training. Therefore, it is safe to say that Output 2 has been achieved.

## (3) Output 3

Output 3 was “at selected regional customs offices periodic on-the-spot training is conducted by the master trainers,” and the indicator for measuring the achievement of Output 3 was that “the average satisfaction rate of the training participants of the on-the-spot training concerning the training contents is improved.”

Six on-the-spot training courses were held for each of the three fields during the project period. The questionnaire survey to the training participants was conducted and the contents of the training were revised on a regular basis. The satisfaction rate of the participants became higher with each training course. Thus, Output 3 is considered to have been achieved.

#### (4) Output 4

Output 4 was “the sustainable training plan, which would be implemented after completing the Project, is prepared,” and the indicator for measuring the achievement of Output 4 was that “the training plan for successors, which is drafted in the Project, is proposed to the GDC.”

A sustainable training plan for each of the three fields was drafted by the Working Groups after repeated discussions among their members. The plan included practical information such as the selection criteria of the candidate trainers, curricula, and evaluation methods. The plan was designed as a useful guideline for training successors of the master trainers and submitted to the Project Management Unit (PMU) and to the GDC. Thus Output 4 has been achieved.

#### 3.2.1.2 Achievement of Project Purpose

The Project Purpose was that “master trainers are raised to provide practical training on customs valuation, post clearance audit and HS classification (including chemical analysis) based on the international standards and act as instructors in the staff training courses,” and the following four indicators were set to measure the achievement of the Project Purpose. The following is an assessment of the achievement of the Project Purpose based on the four indicators.

##### (1) Indicator 1

“The average test score of the Working Group members improves to 80% by the end of the Project” was set as Indicator 1. The average test score was more than 90% in all the three fields. The beneficiary survey revealed that 96% of the participants of the on-the-spot training judged the levels of knowledge of the trainers were adequate and 85% evaluated the teaching skills of the trainers were sufficient. Therefore, it can be evaluated that the members of the Working Groups acquired necessary knowledge as master trainers.

##### (2) Indicator 2

Indicator 2 was “contents concerning on-the-spot training are updated regularly and corrected in accordance with international standards.” The Working Group members reviewed and revised the training materials and teaching guidelines each time they had finished teaching at the on-the-spot training. Thus Indicator 2 was achieved.

##### (3) Indicator 3

“The number of the participants who received the local staff training reaches to 1,000

by the end of the Project<sup>11</sup>” was set as Indicator 3. 1,100 frontline customs officers attended the training. 98% of the training participants answered in the beneficiary survey that they were able to obtain expected knowledge in the training. Thus Indicator 3 has been achieved.

(4) Indicator 4

Indicator 4 was that “official documents of the GDC gives the Working Group members the status of the instructors of on-the-spot training.” A ceremony for the 32 Working Group members was held at the GDC in July 2007 and certificates of the master trainer were given to them. These 32 members were given the official status of the trainer of one of the three fields by the Personnel and Organization Department of the GDC. Thus Indicator 4 has been achieved.

All the four target indicators were achieved satisfactorily as explained above.

All the planned activities were conducted and four outputs were achieved as planned as shown in 3.2.1.1. The successful achievement of the four outputs brought about the realization of the Project Purpose.

In the Project Design Matrix (PDM), a summary of the project, the important assumptions to be met to realize the Project Purpose were not set. In fact, no major conditions that hindered the achievement of the Project Purpose were observed. In addition, there was no major change in the external environment surrounding the project.

The GDC had been conducting training in customs valuation and HS classification (including chemical analysis) before the start of the project. However, at the time, there were no trainers or teaching materials which met the international standards developed by the WTO. In other words, the training officered before the project was not contributing to the modernization of customs administration.

Under such circumstances, 32 master trainers who specialized in the three fields were trained and the on-the-spot training which provided knowledge on the international standards was offered by the project. The training materials and teaching guidelines were also developed for the first time. Therefore, it is reasonable to conclude that the Project Purpose, which aimed at raising the master trainers and offering staff training, was achieved as planned.

This project has largely achieved its objectives; therefore its effectiveness is high.

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<sup>11</sup> The total number of the GDC staff members was around 7,200 in 2004.

### 3.2.2 Impact

#### 3.2.2.1 Achievement of Overall Goal

The Overall Goal which should be achieved three to five years after the project termination was that “appropriate staff training on customs valuation, post clearance audit and HS classification (including chemical analysis) is periodically provided to the frontline officers who work at selected regional customs offices.” The following three indicators were set to measure the achievement of the Overall Goal.

##### (1) Indicator 1

Indicator 1 was “80% of the front line officers in fields of customs valuation, post clearance audit, and HS classification (including chemical analysis), received appropriate local staff training course at least once.”

There was no reliable statistical data at the GDC on the percentage of the frontline customs officers who attended the staff training. Therefore, an assumption of the rough figures was made through the interviews with the stakeholders and discussions at the GDC. The total number of the GDC officials is 8,400. Among them, 2,000 to 2,500 are estimated to be engaged in customs administration in the three fields. During the project period, 1,100 officials already took training. After that, the GDC estimates that additional 800 to 1,000 officials have taken the training. It indicates that 80 to 90 % of the officers engaged in the customs administration in the three fields have attended the training course at least once.

During the project period, however, the training course lasted five days, whereas it lasts only two days now. The main reason for shortening the training period was the busy schedules of the trainers and participants. The lectures tended to be basic or superficial due to time limitations for each module. The training implementers felt that they were unable to include a sufficient amount of case studies. It is also confirmed that the satisfaction rates of the training participants are now lower than before. According to the beneficiary survey, 51% of the participants in the training held during the project period said that the training met their expectations well. The corresponding figure of the participants of the training held after the project was only 18%.

According to the interviews with the master trainers and training participants, the majority of them felt attending one training course in six years since 2004 when the project started was not enough.

It can be said that, although the numerical target of Indicator 1 is achieved, the quality of the training conducted presently has room for improvement. In addition, it should be noted that attending only one training course in six years does not fully satisfy the participants’ training needs.

## (2) Indicator 2

Indicator 2 was that “the local staff training is conducted based on the sustainable training plan drafted in the project. The customs officers in selected regional customs offices are raised properly and work as local staff training instructors.”

The sustainable training plan was formulated by the project and submitted to the GDC. However, no action based on the plan has been taken since then. After the project, no new trainers, i.e., the successors of the master trainers, were raised based on the plan. The trainers who teach in the staff training at present are those who were trained during project implementation. There are no trainers in the three fields who were raised after the project. The successor raising manuals, which, according to the plan, were supposed to be produced after the project, were not drafted and it was not even clear which department was responsible for drafting the manuals.

According to the Personnel and Organization Department, two full-time trainers in HS classification, four in customs valuation and three in post clearance audit are lacking as of 2011. Including part-time trainers, the GDC needs 20 more trainers<sup>12</sup>. Presently, two officers in post clearance audit and another two in HS classification (including chemical analysis) are being trained through on-the-job training so as to become accredited trainers. However, these four officers are not trained based on the sustainable training plan formulated by the project. The departments they belong to are conducting the training at their discretion (refer to 3.4 Sustainability 3.4.3 Technical Aspects of the Implementing Agency). Therefore, the achievement level based on Indicator 2 is low.

## (3) Indicator 3

Indicator 3 was that “training materials, teaching guidelines and training curricula were revised by the Vietnamese side periodically, or every other year, through the lessons learned by the local staff training.”

”The Project on Strengthening the Training System for Improving Capacity of Frontline Officers of Viet Nam Customs,<sup>13</sup>” the JICA technical cooperation project that is currently conducted at the GDC, includes activities of reviewing and revising the training materials for customs valuation and HS classification. On the other hand, much organizational action

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<sup>12</sup> At the time of the ex-post evaluation study, one full-time trainer in the field of post clearance audit and 26 part-time ones (including those who taught less than 60 hours in a year) were engaged in training as instructors.

<sup>13</sup> The project period is from September 2009 to September 2012. The Project Purpose is “Supporting system to improve capacity of frontline customs officers in strengthened in order to provide stakeholders with better customs administration services.” The project aims at producing three outputs: (1) “The training system for frontline customs officers is strengthened”; (2) “The system for collecting and sharing information which is necessary for proper customs administration is enhanced”; and (3) “The system for providing and sharing information which is useful for stakeholders is enhanced.” This project is related to the project being evaluated because the teaching materials for the two fields, customs valuation and HS classification (including chemical analysis), are revised and developed to meet the demand of the intermediate-level learners.

is not taken for the field of post clearance audit because it is outside the scope of this project.

A few trainers in the field of post clearance audit, who were raised as the master trainers during the project period, have been updating the training materials. Because these trainers have been teaching on a regular basis, it is necessary for them to update the materials. They are revising the materials essentially on a voluntary basis, although the revised materials are reviewed and approved by the manager of the department to which the trainers belong to. The materials are updated more often than every other year, mainly when the concerned legislations in Viet Nam are revised. However, the revised materials are not necessary shared with other trainers and there is no established system to disseminate them. Therefore, not all the trainers are using the latest version of the training materials.

As for the training curricula, revisions are made by individual trainers when they feel it is necessary to do so. The teaching guidelines are neither updated nor revised. Moreover, they are hardly used by the trainers. Unlike the training materials, these curricula and guidelines are not meant to be distributed to the training participants. Therefore, it is not important to review them each time the trainer gives a lecture in the training course. There is no clear system on the handling and management of the curricula and guidelines.

In terms of the achievement of Indicator 3, while the revisions of the documents for the two fields, customs valuation and HS classification, are effectively conducted within the framework of the currently ongoing project, the field of post clearance audit presents many challenges.

In the PDM, the following are the important assumptions to be realized to achieve the Overall Goal: (1) “Budget for the local staff training allocated by the GDC continues to increase (or not decrease, at least), even after the project termination”; (2) “Legislation reforms on customs valuation, post clearance audit, and HS classification (including chemical analysis) progress smoothly as planned”; and (3) “Regional customs officers who have received on-the-spot training are raised as candidate lecturers based on the sustainable training plan drafted in the project.” Among these assumptions, (1) is realized to some extent, (2) to a large extent, and (3) is hardly realized. As analyzed in the section of Indicator 2 for the Overall Goal, (3) should be regarded as one of the most important activities that the GDC should undertake in order to achieve the Overall Goal. The GDC’s insufficient effort to realize (3) is a problem. As for (1), the overall budget has not been decreased. The number of the trainers was 32 during the project, which later decreased significantly to one full-time<sup>14</sup> and six part-time trainers who teach more than 60 hours

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<sup>14</sup> Apart from this full-time staff member, a former member of the Project Management Unit (PMU) was engaged in full-time teaching at the Viet Nam Customs School for several years.

annually. However, there are ten part-time trainers who teach less than 60 hours annually and additional ten trainers, who were not trained by the project but officially acknowledged by the GDC as eligible trainers. These numbers are still insufficient but at least the GDC has a minimum number of trainers. As for (2), Viet Nam has been revising regulations, particularly those concerning the three fields, based on the international standards maintained by the WTO. Thus it can be said that this assumption is realized to a large extent.

While the achievement level of Indicator 2 is low, the targets of the remaining two indicators are achieved to a certain extent. However, the situation which the Overall Goal aims to realize, “the appropriate staff training is periodically provided”, cannot be said to have been created. The most critical issue is, as typified by the unsatisfactory achievement level of Indicator 2, that the GDC has not established a systematic structure to strengthen human resources. The project should have sufficiently shared information among the concerned departments, identified the rights and responsibilities of the concerned departments, and transferred duties on training successor trainers and organizing staff training courses to the responsible departments. In reality, however, transferring the responsibilities to the concerned departments was not sufficiently made and the departments responsible for various tasks became unclear. Presently, the GDC is unable to continue necessary activities in a systematic manner.

Although the Overall Goal was somewhat achieved for its target indicators 1 and 3, the achievement of the indicator 2 was lower than the plan primarily because of the discontinuation of the sustainable training plan for raising successor trainers. Institutional arrangements for sustainable human resource development are yet to be materialized at the GDC. Therefore, the Overall Goal was only partially achieved.

#### 3.2.2.2 Other Impacts

The ties between the GDC and the customs department of neighboring Laos have long been strong. Several master trainers trained by the project have been dispatched to Laos every year as experts in the modernization of customs administration since during the project<sup>15</sup>. In 2011, 20 customs officials from Laos plan to visit Viet Nam to attend training, in which the master trainers raised by the project will be lecturing. It can be said that the effect of the project is spreading to the Laos Customs as well.

“The Viet Nam Customs Modernization Project,” implemented with the World Bank loan of 66 million US dollars, was conducted from January 1, 2006 to December 31, 2010<sup>16</sup>.

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<sup>15</sup> The GDC bears the expenses for the dispatch of the experts to Laos.

<sup>16</sup> It was a 77,060,246 dollar project, with a 65,901,400 dollar loan from the World Bank and a 11,158,846 dollar counterpart funding from the Vietnamese side

The scope of this project is limited mainly to the formulation of strategic papers on capacity building of staff for customs modernization. Its impact in terms of actual capacity development of the GDC staff is limited. The project did not overlap with the World Bank project. A synergistic effect between the two projects was that the GDC reaffirmed the importance of strengthening the organizational structure and arrangements for the staff training.

The project's effectiveness is high because the Project Purpose was achieved to a high degree. However, since the achievement of the Overall Goal is partial, the impact of the project cannot be regarded as high. Therefore, the project's overall effectiveness and impact are fair.

### 3.3 Efficiency (Rating: ②)

#### 3.3.1 Inputs

The following table summarizes the inputs provided both by the Japanese and Vietnamese sides.

Inputs	Plan	Actual performance
(1) Experts	- One long-term expert - 55 short-term experts	- 2 long-term experts (cumulative) - 56 short-term experts (cumulative)
(2) Trainees received	5 – 10; Fields of training: Training management	38; Fields of training: Training management
(3) Equipment	Chemical analysis machines, office equipment, and other necessary equipment	Chemical analysis machines, office equipment, and other necessary equipment
Total Project Cost	250 million yen	280 million yen
Total Local Cost	Miscellaneous cost for project operation	30 million yen <sup>17</sup> (3 billion VND)

##### 3.3.1.1 Elements of Inputs

Inputs from Japan were provided as planned. Inputs from Viet Nam were also provided as planned in terms of the local cost and the assignment of the counterpart personnel. However, the candidate master trainers of the GDC, to whom technology was to be transferred, were sometimes too busy to teach as trainers. They also faced a financial problem and sometimes had to give up traveling to a local customs office to conduct training or had to bear part of the travel cost on their own (such as travel between Hanoi and Ho Chi Minh by air). These constraints led to lowering efficiency of the project. The insufficient travel budget has been a continuing problem at the GDC and stands as a barrier in dispatching trainers to local customs offices.

<sup>17</sup> 0.01 yen against the Vietnamese dong (VND), which was the average exchange rate of between August 1, 2004, and July 31, 2007, was used.

400 copies of the training materials were printed for each of the three fields. After being distributed to 32 master trainers and 33 local customs offices, the remainder copies are kept at the GDC headquarters. The materials, however, need to be frequently revised as regulations change. Therefore, it seems more economical to keep soft copies (electronic files) and print them on demand. Soft copies could also avoid the risks of using outdated materials. It was one of the factors that hindered efficiency of the project.

On the other hand, three factors contributing to efficiency of the project were confirmed through interviews with the Vietnamese and Japanese stakeholders. They are, firstly, that the long-term and short-term Japanese experts possessed excellent professional knowledge, presentation skills, and skills of developing education materials. Secondly, strong bonds between the counterpart personnel and the Japanese experts were established as the same short-term Japanese experts were repeatedly dispatched. The smooth implementation of training was made possible because of the bonds between them. Thirdly, strongly motivated high-caliber customs officers were assigned as the counterpart personnel.

The equipment and machinery provided by Japan included expensive chemical analysis machines such as X-ray fluorescent spectrometers which were worth 20 – 40 million yen apiece (Three spectrometers were provided in total). Thus, the total cost for the procurement of the machines was high, reaching 105 million yen. The chemical analysis machines were installed at the Centre for Analysis and Classification in Hanoi, Da Nang, and Ho Chi Minh, where the needs for such machines were very high. However, frequent breakdowns and troubles have occurred to the machines since then. Thus sufficient outputs have not been generated from the provision of these inputs.

On the other hand, the provision of the X-ray fluorescent spectrometers enabled the GDC to carry out chemical analysis on its own without relying on external organizations such as research institutes and private companies. The GDC also substantially shortened required time for chemical analysis<sup>18</sup> and raised the quality of the analysis by not outsourcing the procedure. Therefore, it is fair to say that the provision of these machines itself has been appropriate.

However, insufficient budget allocation for the maintenance of the machines is an issue. The Centre for Analysis and Classification in Hanoi is allocated 0.45 million yen for the maintenance of the machines while the actually required amount for maintenance is at least 3.2 million yen<sup>19</sup>. The Centre also has challenges in terms of ensuring appropriate operation and maintenance (O&M) because the laboratories where the machines are

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<sup>18</sup> It took about one month for the GDC to receive the analysis report from the external organization before the machines were installed at the GDC. It now takes only five days on average.

<sup>19</sup> The total budget the Centre for Analysis and Classification has for the O&M of the equipment and machinery is 1.3 million yen. This amount is used to cover all the O&M expenses at the North, Central and South branch offices.

installed sometimes face excessive humidity and high temperature, as well as power outage. Thus the GDC may not have been ready to receive these machines as it failed to operate them smoothly to produce expected outputs. The GDC should have established a more favorable environment for the O&M of the machines in terms of technical and managerial skills as well as appropriate facilities.

#### 3.3.1.2 Project Cost

The project cost was slightly higher than planned (112% of the plan), i.e., 280 million yen as opposed to 250 million yen planned originally. It is mainly due to the increase of the chemical analysis machines provided. In the plan, the machines were to be installed only at the Centers for Analysis and Classification in Hanoi and Ho Chi Minh. However, in light of the importance of the East-West Economic Corridor linking Viet Nam, Laos, Thailand and Myanmar, the project decided to install some machines at the Centre in Da Nang as well. As a result, the total project cost exceeded the plan by 30 million yen. It was necessary to provide machines to all the three Centers because the needs were pressing. However, the unfavorable facts including insufficient budgets for the O&M of the machines and inappropriate maintenance situations of the machines suggest that more careful preparation for receiving the machines were needed prior to the procurement.

#### 3.3.1.3 Period of Cooperation

The cooperation period was 36 months, which was as planned.

Although the period of cooperation was within the plan, the institutional system for operating the equipment and machinery provided by the project was inadequate. Therefore, the efficiency of the project is fair.

### **3.4 Sustainability (Rating: ②)**

#### 3.4.1 Related Policy towards the Project

Sustainability in terms of policy is maintained well.

Viet Nam's Five-Year Socio-Economic Development Plan for 2006 to 2010 as well as the Master Plan for Customs Reform and Modernization (-2010) identifies customs reforms as one of the most important areas for the GDC to push forward. Furthermore, Viet Nam acceded to the WTO in January 2007. Since then, the improvement of customs administration in line with the international standards has been a high priority area for the GDC. Both the Ministry of Finance and the GDC maintain that further modernization of customs administration is one of the most important areas to address.

Among the three fields, customs valuation and HS classification (including chemical analysis) tended to have been given priority because of their urgency. However, the GDC

has designated the year 2011 as the “year of strengthening post clearance audit” and tries to focus on enhancing staff capacity in this field, together with the other two fields.

### 3.4.2 Institutional and Operational Aspects of the Implementing Agency

The institutional and operational aspects of the GDC pose some problems.

The Personnel and Organization Department of the GDC has overall responsibility for formulating plans on staff training. The Department is also responsible for conducting on-the-spot training for mid-career officials at local customs offices. On the other hand, the Viet Nam Customs School is responsible for implementing part of the plans formulated by the Personnel and Organization Department. In particular, the School’s main responsibility lies on carrying out training for the new recruits.

In other words, different departments take different responsibilities of staff training depending on the training participants and modes of the training. As for the training in the three fields for mid-career officials, the needs of which are expected to keep growing, the Personnel and Organization Department takes responsibility for both planning and implementation. The Department, however, had limited involvement in the project<sup>20</sup> and was unaware of current situations of the training materials, teaching guidelines, curricula, and sustainable training plans that the project developed. Thus it was difficult to ensure continuity of the project activities. The limited involvement of the Personnel and Organization Department was inevitable to some extent because, at the time, the project aimed primarily at strengthening the Customs Training Center (presently called the Viet Nam Customs School). After the project, the organizational situations have changed and the Personnel and Organization Department, together with the School, has taken substantial responsibility for the training in the three fields.

When the project terminated, the GDC promised the continuation of on-the-spot training and training of trainers. However, transferring responsibilities and duties from the PMU to the responsible departments in the GDC was not done in a thorough fashion, and led to unclear divisions of responsibilities within the GDC. It became difficult to train successor trainers and continue various activities undertaken during the project. As will be explained later in the following section, “3.4.3. Technical Aspects of the Implementing Agency”, the GDC has not developed an effective institutional arrangement for raising the successor trainers. This fact is leading to lower sustainability in terms of the institutional aspect of the implementing agency.

During the project, 32 master trainers<sup>21</sup> were trained. However, due to reasons such as

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<sup>20</sup> Only one assistance director of the Personnel and Organization Department belonged to the Project Management Unit (PMU).

<sup>21</sup> One of the 32 master trainers passed away after the project.

transfer to a different department and demanding workload, only seven of the 32 trainers have been teaching more than 60 hours a year. The seven trainers include one full-time trainer assigned at the School, who specializes in post clearance audit, and six part-time trainers in the three fields. Although the GDC issued an official letter in 2008 informing that the 32 master trainers should teach at least 60 hours a year, the departments that the master trainers belong to tend to prioritize other work over teaching. Thus the letter has not been particularly effective.

### 3.4.3 Technical Aspects of the Implementing Agency

While the technical level of some of the counterpart personnel has been maintained at a certain level, the technical capacity of other staff needs strengthening.

Among the 32 master trainers trained by the project, only around half of them continue teaching presently. Regular training or follow-up meetings have not been held for the master trainers after the project. While the knowledge of the trainers in charge of revising the training materials was updated regularly, the study could not confirm the level of knowledge of other trainers due to time constraints. The exception is the trainers who are taking part in the ongoing “Project on Strengthening the Training System for Improving Capacity of Frontline Officers of Viet Nam Customs.” Their knowledge in the fields of customs valuation and post clearance audit is updated regularly.

At the time of the evaluation study, which is four years after the project termination, no successor trainers have been trained and the continuation of the project activities seems minimal.

Presently, two officers in post clearance audit and another two in HS classification (including chemical analysis) are being trained through on-the-job training and they are expected to become the first accredited trainers after the project in 2011 or 2012. Their technical levels are still insufficient at present. Moreover, these four officers are not trained based on the sustainable training plan formulated by the project. The senior staff members in their departments are conducting the on-the-job training based on their individual experiences.

While the training materials are updated in accordance with the revisions of the relevant regulations, the updated materials for post clearance audit, which are not included in the ongoing project, are not distributed properly to the stakeholders because the staff members who update the materials save them on their computers without sharing the information systematically. As a result, skills and knowledge concerning the training materials are not shared with people concerned.

Another issue is that not enough staff members can operate complicated chemical analysis machines. According to the interview with the logistics company in the beneficiary

survey, the chemical analysis by the GDC turned out to be inaccurate several times. Accurate chemical analysis may have been hindered by lack of technical skills of the GDC staff. It is necessary to improve the GDC's chemical analysis skills and increase the number of staff members who can operate the machines properly. The GDC should train all the staff in charge of chemical analysis to operate and maintain machines and equipment in an appropriate manner.

#### 3.4.4 Financial Aspects of the Implementing Agency

Although the financial status of the GDC for staff training is not satisfactory at present, it is expected to improve in the near future when the School moves to the outskirts of Hanoi for expansion.

Presently, the GDC allocates 150 million VND (approximately 0.6 million yen) for training trainers, 300 million VND (approximately 1.2 million yen) for on-the-spot training, and 200 million VND (approximately 0.8 million yen) for various training operations (including travel expenses). These amounts are not enough to conduct the required training fully.

The GDC tries to transform the School into “a top-level customs training center in southeast Asia” and plans to move the School from Hanoi to Hung Yen Province<sup>22</sup>, where it can have more space, in three years. For this plan, 250 – 300 billion VND (approximately one billion yen) will be allocated as a construction cost. Land was already acquired and the construction is to begin soon. Additional funds for various training operations are expected to be allocated in the near future. The number of staff members assigned to the School is expected to be doubled from the current number of 40. Although the amount of the School's future budget is still undecided, the current shortage of funds for staff training may be solved in about three years.

Meanwhile, the Personnel and Organization Department plans to assign new officials: two for HS classification, four for customs valuation and three for post clearance audit, to work as full-time trainers at the School by the end of 2011. They are expected to lecture primarily in on-the-spot training for mid-career customs officers. Additional funds for staff training are scheduled to be allocated, although the specific amount of the funds is undecided yet.

The machines such as chemical analysis machines provided by the project incur routine O&M costs. However, the O&M funds secured for the Centres for Analysis and Classification in three cities are limited to only one seventh of the required amount. Therefore, prompt repair and maintenance are difficult. Moreover, funds to conduct skills development training for the staff in charge of machine operation are significantly lacking

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<sup>22</sup> Hung Yen Province is located about 20km away from the current location of the Viet Nam Customs School.

and more financing is needed to raise the technical capacity of the machine operators.

#### 3.4.5 Continuity of Effectiveness / Impact

Sustainability of the project's effectiveness is fair at present and improvement is needed in various fields.

The recommendations made by the terminal evaluation, "strengthening the capacity of the Customs Training Center (presently called the Viet Nam Customs School)," "the assignment of the master trainers to be engaged in teaching," "the assignment of training organizers for updating training materials," "the development and implementation of plans for train successors of master trainers," and "the allocation of necessary funds for training and other related activities as well as for maintenance of the chemical analysis machines," have not been adequately put into practice thus far. In particular, the sustainable training plan, which was formulated by the project and submitted to the GDC, was not taken up by the GDC at all. The project also expected the School to formulate the successor raising manuals based on the sustainable training plans after the project. However, this was not carried out either. In order to establish institutional arrangements for sustainable human resource development, taking measures to raise successor trainers seems most important among these recommendations.

The number of the trainers in the three fields is clearly too small and substantial improvement is needed in the future. A stronger partnership between the School which is responsible for the training for the new recruits and the Personnel and Organization Department responsible for conducting training for mid-career officers should be built to increase the number of the trainers and to conduct training more frequently.

The training needs for the mid-career officers are expected to increase in the future. Appropriate training materials and curricula for the mid-career officers are not developed yet and the frequency of the training is not enough at present. The training materials and the distribution systems of the updated materials need to be developed. As for the existing materials also, the storage space and people responsible for storage and distribution of the hard copies of the training materials are unclear. The hard copies are, in fact, already obsolete, and it is necessary to establish the distribution systems of the soft copies.

The O&M of chemical analysis machines poses many challenges in terms of management, technical skills and financing. The current conditions of the machines are not satisfactory. The Centre for Analysis and Classification in Hanoi had an X-ray fluorescent spectrometer (worth 432,000 US dollars) broken until 2010<sup>23</sup>. A surface tension meter (worth 23,500 US dollars) is also out of order. The X-ray fluorescent spectrometer in Da Nang could not analyze liquid substances due to lack of some equipment and became out of

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<sup>23</sup> It was repaired in 2010 with the financial assistance from JICA.

use after an accident. A digital viscosity meter system (worth 12,285 US dollars) at the Centre in Ho Chi Minh is also out of order and a repair is being requested. It is usually difficult to get the spare parts and the technicians for the repair of these machines. It takes as long as six months to get the machines fixed. Hardly any investment for capacity development of the GDC staff in charge of the machines is made due to lack of budgets. As mentioned earlier, the O&M budgets for the machines are significantly lacking.

The reasons for the frequent breakdown of the machines include poor physical conditions of the laboratories. Some machines are installed in a room where humidity exceeds 90% and mice and cockroaches infest the laboratories due to insufficient cleanliness or tidiness of the rooms. Although the GDC has power generators in the buildings, they are not designed to send electricity to the laboratories in case of power outage. These physical conditions need to be improved substantially.

Some problems have been observed in the structural, technical, and financial aspects of the implementing agency. Therefore, the sustainability of the project's effects is fair.

## **4. Conclusion, Lessons Learned and Recommendations**

### **4.1 Conclusion**

While the project's relevance and the achievement level of the Project Purpose are high, there are challenges in terms of the achievement of the Overall Goal and sustainability of the project's effects. The GDC has not developed human resources in a systematic manner after the project. It hindered the achievement of the Overall Goal, and limited the effects of the project. The project's efficiency is hindered because the preparation for the operation and management of the chemical analysis machines provided by Japan was not adequately done. Frequent breakdowns of the machines have occurred and, as a result, the production of the expected outputs was undermined. Presently, the GDC plans to strengthen staffing and financing for staff training. If the plan is carried out smoothly and the recommendations below are put into practice, the sustainability of the project will be enhanced.

While the project produced certain effects, it is evaluated to be partially satisfactory.

### **4.2 Recommendations**

#### **4.2.1 Recommendations to the Implementing Agency**

The following recommendations -- three to be implemented immediately and another three to be followed in the medium- to long-terms -- are made to the GDC. It is advised that action based on these recommendations be taken so that the effects of the project will be created in a sustainable manner.

<To be implemented immediately>

(1) Taking institutional and systematic action to increase the number of trainers

Both the Viet Nam Customs School and the Personnel and Organization Department take responsibilities for undertaking staff training. Therefore, better communication and a stronger partnership between the two departments are required for raising trainers. Institutional and systematic action to increase the number of trainers is necessary. The departments responsible for training trainers of each of the three fields should be decided and the departments should implement the sustainable training plans formulated by the project after making revising the plans to meet the present situation.

(2) Securing sufficient funds for trainers' travel and introducing a system to increase teaching hours of part-time trainers

Sufficient travel funds for trainers who travel to local customs offices to teach in the on-the-spot training should be secured. The funds should cover the costs for air travel, if needed, and lodging expenses taking into consideration recent price hike so that the trainers do not have to spend their own money. As part-time trainers often have no choice but to prioritize other work required by their departments, securing 60 hours of teaching time per year is difficult for them. The GDC should consider and introduce a system of facilitating increases in their teaching hours.

(3) Establishing an efficient updating and distribution system of training materials

The departments responsible for updating the training materials need to be identified and a speedy distribution system of the revised materials must be established. Because the production and distribution of hard copies raise the risks of use of outdated materials, the system of revision, distribution and appropriate management of soft copies should be established. In doing so, the utilization of the existing information systems such as the Intranet may be efficient and effective.

<To be implemented in the medium- to long-terms>

(1) Increasing the number of training participants by securing an adequate number of full-time trainers and training coordinators

A plan to increase the number of full-time trainers in the three fields and training coordinators should be formulated as the School expands its activities by moving to Hung Yen Province. The training coordinators are expected to improve the training not only for the new recruits but also for the mid-career officers in collaboration with the Personnel and Organization Department. Institutional efforts need to be made to increase the number of training participants, particularly the number of mid-career officers who attend the

on-the-spot training courses.

(2) Developing training materials for intermediate- and advanced-level learners

Training materials for intermediate- and advanced-level learners should be developed after understanding the needs of the mid-career customs officers. The “Project on Strengthening the Training System for Improving Capacity of Frontline Officers of Viet Nam Customs” includes the activity of developing the intermediate-level training materials for the two fields. Further development of the advanced- as well as intermediate-level materials, particularly in the field of post clearance audit, is advisable.

(3) Securing funds and strengthening technical and management capacity for O&M of the chemical analysis machines

Speedy repair and regular maintenance of the chemical analysis machines should be made possible by securing sufficient O&M funds. The O&M system for the equipment and machinery should also be improved by taking into account hygiene, safety and power supply situations. Meanwhile, the technical capacity of the machine operators should be enhanced by offering appropriate training to them.

#### 4.2.2 Recommendations to JICA

None.

### 4.3 Lessons Learned

The lessons learned from the project are as follows:

(1) Appropriate updating and distribution systems of training materials

The training materials on customs administrations need to be revised frequently as the regulations change. Quicker and easier ways to revise hardcopies of the training materials need to be developed. For reducing costs and also for mitigating risks of people referring to outdated information, the use of soft copies (electronic files) is more efficient and effective as it can be promptly disseminated to the people concerned. An appropriate management system of soft copies needs to be established by identifying the responsible departments and clarifying the distribution methods.

(2) Ensuring a smooth transition from the PMU to the departments responsible for continuation of activities

The departments responsible for certain tasks may change or the division of responsibilities may alter within the organization after the project. This project terminated

without clearly identifying the primarily responsible departments for implementing the sustainable training plan. The project should have identified the rights and responsibilities of the Personnel and Organization Department and the School, which play a pivotal role in human resource development, and reflected their roles fully in the project design. It is important for the project and the implementing agency to be aware of the changing institutional environment and delegate or transfer responsibilities promptly to the concerned departments in accordance with the latest situations. The PMU should ensure continuation of the project activities by the time of the project termination by sufficiently transferring responsibilities to the relevant departments and by establishing an institutional framework for the continuous realization of the project's effects.

(3) Sufficient preparatory study to judge the financial and physical conditions of the O&M of machines

In providing equipment and machinery, it is necessary to confirm the needs and effects of the machines. In addition, it should be made clear that insufficient funds for the O&M of the machines and inadequate laboratory conditions should be rectified beforehand. A sufficient preparatory study to judge the appropriateness of the financial and physical conditions is essential before the provision of the equipment and machinery.