

Evaluation Summary

I. Outline of the Project	
Country: Indonesia	Project title: Capacity Development for Trade-Related Administration
Issue/Sector: Fiscal and Financial Sector	Cooperation scheme: Technical Cooperation
Division in charge: Public Governance and Financial Management Division, Industrial Development and Public Policy Department	Total cost (at the time of evaluation): Approximately 320 Million Yen
Period of Cooperation	(R/D): March 2010 -June 2013
	Partner Country's Implementing Organization: Coordinating Ministry for Economic Affairs
	Supporting Organization in Japan: Customs & Tariff Bureau, Ministry of Finance
1-1 Background of the Project	
<p>The Indonesian economy has been developing steadily since the aftermath of the Asian financial crisis of 1997 because the Indonesian Government has implemented International Monetary Fund (IMF) program. However, it has not attained an annual growth rate of 7 percent, which is regarded as essential for employment expansion and poverty reduction. One of the reasons for this situation is regarded as a slowdown in investment. Despite the ratio of investment to GDP is 25% as of 2007 and it is on a track to recovery in recent years, it has not been back to the level (29%) before the economic crisis because the globalization of economic activity has progressed and its competitiveness has declined in the growth in Asia such as in China and other countries. In order to respond to the globalization and attract the foreign direct investment, it is believed important for Indonesia to improve the trade and customs related administration and promote the development of the business environment.</p> <p>Japan International Cooperation Agency (JICA) has implemented a baseline survey as part of the activities of the "Committee on cooperation for the development of systems to enhance the market" conducted in 2001 and 2002 fiscal year, and recognized the assistance needs on trade issue in Indonesia. Based on the survey result, the Indonesian Government requested Japanese Government "The Study on Trade Related Systems and Procedures in the Republic of Indonesia" and the Study was implemented in 2004. The measurement of the time required for customs clearance in Tanjung Priok of Jakarta as a target port and the analysis of the study results were implemented. The study report recommended the necessities of making legal framework on e-commerce, reform of administration and procedure such as the establishment of new bonded warehouse system, infrastructure development, such as access roads Tanjung Priok port, Soekarno-Hatta airport, to the other ports.</p> <p>Through this development study, it was revolutionary that the bottle neck related to trade procedures was shown with the time required as quantitative standard. The results of study and its analysis were widely covered in the media in Indonesia. In addition, in the customs working group of "Public Private</p>	

Joint Investment Forum” established by the both Japanese and Indonesian Governments for the purpose of the development of investment environment in 2004, the improvement of efficiency of customs administration and port service became one of the main agendas.

In response to that, JICA started the “Project on Improvement for Trade-related Administration (PROTRAF)” from October 2005 until January 2008. However, there is a large room for improvement on trade and customs related administration, such as the stagnation to update trade rulebook database developed by the above-mentioned project and necessity to import procedures in comparison with the one in other neighboring countries. Therefore, in 2008, the Indonesian Government requested the Japanese Government a technical cooperation projects to improve the capacity of trade-related administration. Based on the request, JICA and CMEA agreed on the Record of Discussion (R/D) on implementation of the project for “Capacity Development for Trade-Related Administration” (hereinafter referred to as “the Project)) in March 2010, and the Project launched in March 2010 for three years and three months.

1-2 Project Overview

(1) Overall Goal

Trade in Indonesia is facilitated.

(2) Project Purpose

Trade-related administration becomes more efficient and improved.

(3) Outputs

- 1-1. Recommendations regarding streamlining of trade-related laws and regulations are made and the monitoring structure of achievements is established.
- 1-2. Database and its maintenance system are revised.
2. Trade related procedures are improved.
3. Legal systems for trade promotion are improved.
4. Dialogue between the Government of Indonesia and private trade-related sectors is promoted.

(4) Inputs (at the time of evaluation)

Japanese side:

Dispatch of Experts	1 long-term expert on trade-related administration 1 short-term expert
Dispatch of Consultants	6 consultants (62.53MM)
Training in Japan	30 participants
Equipment	4 PCs, 1 Printer, 1 Multifunction machine etc. (RP. 195 million)
Local Cost	24 million yen

Indonesian Side:

Counterpart	Project Director, Project Manager, 6 Supporting Staffs
Facilities	Office space, working room(100m2 in total)

Labor Cost	Rp.406 million
Utilities	Rp.48 million
Others	

II. Evaluation Team

Members of Evaluation Team	Team leader: Mr. Koji Oshikiri, Director, Governance and Financial Management Division, Governance Group, Industrial Development and Public Policy Department, JICA	
	Trade Administration: Mr. Masaki Okamoto, Director, International Affairs, Customs and Tariff Bureau, Ministry of Finance, Japan	
	Cooperation Planning: Mr. Hiroyuki Yakushi, Deputy Director, Governance and Financial Management Division, Governance Group, Industrial Development and Policy Department, JICA	
	Evaluation Analysis: Mr. Mitsunori Numaguchi, IC Net Limited	
Period of Evaluation	February 3, 2013 – February 16, 2013	Type of Evaluation : Terminal Evaluation

III. Results of Evaluation

3-1 Achievements

(1) Achievement of Outputs

Overall Goal: Trade in Indonesia is facilitated.

The surroundings such as leadership conducted by CMEA and enthusiasm of the other Ministries are positive and it is, therefore, encouraged to achieve the overall goal in the future. The Team found that some of the private sectors already highly appreciated activities of the Project. Especially, the reputation of the web-based database of trade-related laws and regulations is evaluated high, and therefore the expectation to achieve the overall goal from private sectors is also marked high.

Project Purpose: Trade-related administration becomes more efficient and improved.

Verifiable Indicators

- Number and volume of documents and information to be submitted for trade procedures.
- Time required for trade procedures

Following the conclusion of the Mid-term Review, the Project focused on its activities of 1) making recommendations on trade-related laws and regulations and simplification of trade-related procedures, 2) formulating trade-related tools such as the laws and regulations database and the guide for license procedures, and 3) comparative policy studies. These outputs will be most likely to be finalized by the end of the Project. While the Project was expected to minimize number and volume of documents and information to be submitted as well as to shorten the time required for trade procedures, it is necessary to look at such achievements after each stakeholder takes actions based on the recommendation which the Project proposed. Because some procedures have been simplified due to CMEA's initiatives, it is expected that trade-related administration will be further efficient and improved if those outputs of the

Project are effectively utilized.

Output 1-1: Recommendations regarding streamlining of trade-related laws and regulations are made and the monitoring structure of achievements is established. 【Partially Achieved】

Verifiable Indicators

- Recommendations and chart for the monitoring structure

The first draft of “Recommendations of the CMEA/JICA Technical Cooperation Project for Trade-Related Administration” attached with “Analysis of Current Trade-Related Resource and Regulations” was prepared in December 2012. At the time of the terminal evaluation, it was on the process of collecting feedbacks from related ministries and it is expected to complete the final recommendations by the end of May 2013 after having views of stakeholders and public comments. The content of the draft recommendation is highly valued by the CMEA, and the essence of the recommendation has been reported to the Minister of CMEA. The monitoring structure of its implementation based on the recommendation has not been established due to the delay of the establishment of Working Groups on the first year of the Project. It is expected that the monitoring structure will be established under the initiative of CMEA in the future.

In addition to the activities shown above, the Project has conducted comparative policy studies of different countries on the issues of “trade remedy measures”, “non-tariff measures” and “industrial and trade policy” after the Mid-term Review. The contents of the reports have been highly appreciated by CMEA. The study reports and collected information of other countries will be uploaded to the web based database as the “Source Book”. It is expected that these comparative trade policy reports contribute to the understanding of concerned ministries the necessity of regulation review and simplification of trade procedures.

Output 1-2: Database and its maintenance system are revised. 【Achieved】

Verifiable Indicators

- Chart for maintenance structure of database、 number of updates and access

The web-based database of trade-related regulations namely “Trade-Related Rulebook” has been revised effectively. The Trade-Related Rulebook/Database system and its components developed in the previous JICA project “PROTRAF” were thoroughly reviewed, transferred to the new server of the CMEA and uploaded to the website of the CMEA on September 2011. As of the February 2013, 1,413 rules have been updated and the contents have been updated 27 times. The access to the data increased from about 7,000/month in November 2011 to about 13,000/month in December 2012, and it is confirmed that the data was accessed from different countries in the world.

In terms of the maintenance structure, two staffs of the CMEA, one as “IT” staff and the other as “Regulation” staff, were assigned as the officers in charge of the maintenance of the database, and the workshops and the on-the-job trainings of the IT staff have been conducted. CMEA has proposed budget for the next fiscal year for the maintenance of the system that includes English translation.

However, the updating structure with regard to the collection of new and revised laws and regulations from the concerned ministries has not been established, and it needs be solved by the end of the Project.

Output 2: Trade related procedures are improved. 【Partially achieved】

Verifiable Indicators

- Number of trade related procedures which are lightened and simplified, manuals for trade related procedures

After reviewing the efficiency on trade-related procedures, the first draft of the recommendation on the improvement of trade-related procedures was prepared by combining the recommendation shown in the Output 1-1. It is made based on the results of questionnaire survey for private sectors. The monitoring structure has not been established yet due to the same reason as the one of the Output 1-1. A manual for trade-related procedures has been developed as “Guide for Import-Export License Procedures”, and it will contribute to smooth implementation of trade procedures. The matrix showing procedure each goods mentioned in the guide is highly appreciated and it is expected that it can be used as It is the first guidebook in this scale which clarifies complex trade-related procedures in Indonesia as a whole.

Output 3: Legal systems for trade promotion are improved. 【Partially achieved】

Verifiable Indicators

- Number of trade promotion systems which operations are revised.

As it has been confirmed in the Mid-term Review, Output 3 has been achieved by the Directorate General of Customs and Excise (hereinafter referred to as “Customs”) without the support of the Project, because the Customs has been introducing a series of new regulations for trade promotion through its own initiative. In addition, some efforts for grasping the needs of private trade-related sectors regarding legal systems for trade promotion was made as part of the questionnaire survey of importers and exporters conducted under the Output 2, and the survey results has been reported to the Deputy Minister of CMEA on March, 2012.

Output 4: Dialogue between the Government of Indonesia and private trade-related sectors is promoted. 【Partially achieved】

Verifiable Indicators

- Consultation service regarding trade-related procedures, number of consultation.

Output 4 has been accomplished partially through conducting the questionnaire survey of importers and exporters, and subsequently presenting its findings in the 2nd JCC. It was recognized at the Mid-term Review that there already existed several forums and the needs for setting up another one for the public-private dialogue had diminished. The Project also supported dialogues between CMEA and Jakarta Japan Club (JJC), and CMEA itself continuously carried out its own public-private dialogue.

Moreover, public-private dialogue is also promoted through web-based database established in Output1-2.

3-2 Summary of Evaluation Results

(1) Relevance 【Very High】

The Project has been highly relevant with the national policy of Indonesia and Japan's ODA policy, and has been conducted to meet the needs of the CMEA and other trade-related ministries in Indonesia. The Indonesian Government has been trying to promote trade and resolve problems related to trade barriers. The Indonesian Government signed the ASEAN Agreement to establish and implement the ASEAN Single Window (ASW) in April 2006, and started the Indonesian National Single Window (INSW) initiative in 2007. Various government ministries and agencies have jurisdiction over in trade-related regulations, and the CMEA was the key ministry to coordinate them, which confirms the relevance of CMEA as a counterpart of the Project.

(2) Effectiveness 【Fair】

As mentioned in "2-2 Project Achievements," outputs of the Project, particularly 1) the recommendation on the review of trade-related regulations/procedures, 2) the development of a web-based database and 3) the guide of trade procedures, are effectively made and appreciated by Indonesian government, and therefore it is expected to contribute to achieve the project purpose. However, because specific actions by each of concerned ministry for reviewing regulations and simplifying trade procedures are not taken based on the recommendation at the time of the terminal evaluation, it cannot be confirmed how effective those outputs contribute.

The web-based database of trade-related laws and regulations, which is now available to the public and used by interested persons such as business community, government agencies and academics, as well as the guide for trade procedures have been contributing to the project purpose to a certain extent through the dissemination of the knowledge on trade regulations.

(3) Efficiency 【Fair】

As insisted in the Mid-term review, delay of launching WGs almost a year after the original plan caused almost all the planned activities lagged behind. To catch up, the Project was forced to speed up many of its activities, which may have resulted in less time devoted to the supervision of local consultant activities and the involvement of concerned ministries.

Among the electronic devices procured in this Project, four PCs, a multifunction machine, and a printer have all been efficiently utilized at the office of the CMEA, especially for the construction of the database.

(4) Impact 【Fair】

It is found some positive reactions from private importers and exporters that they are highly appreciated the activities of the Project. Especially, the reputation of the web-based database of trade-related regulations is high. The number of the access to the web site (more than 13,000/month)

indicates how widely outputs of the project are shared not only within Indonesia, but also all over the world. In this regard, the impact of the Project is already emerging to some extent through project activities.

Since expected achievement of the project purpose during the project period is partial, it is still in the process of achieving overall goal. However, as it is found encouraging leadership by CMEA and enthusiasm of the other ministries for making attractive trade environment for private importers and exporters, further positive impact can be expected in the future.

There have been no unexpected negative impacts generated by the activities of the Project.

(5) Sustainability 【Fair】

In order to ensure the sustainability of this project outputs, it is necessary to establish the monitoring structure of streamlining of trade-related regulations and simplification of trade-related procedures, and the maintenance structure of the trade-related database. The level of commitment of CMEA to establish systematic mechanism and its initiatives to facilitate trade-related ministries are high although sustainability of the project is somehow still unclear.

The Indonesian government has been promoting INSW, and trying to streamline overlapping and conflicting trade-related regulations and procedures. If the activities for the reform of trade-related regulations supported by the Project are integrated into the national single window (NSW) initiative and the work of a new NSW entity, the efforts toward more efficient trade-related administration are likely to be sustained in the future.

3-3 Factors that promoted realization of effects

(1) Factors concerning to Planning

The support from the Japanese Customs, for instance, the dispatch of the long-term expert and lecturers from the Japanese Customs, and conducting the counterpart training courses in Japan, etc. has contributed to the achievement of the Outputs.

(2) Factors concerning to the Implementation Process

Since the beginning of the Project, the Deputy Minister of CMEA has been initiating his strong leadership in implementing the Project, especially in encouraging the participation of the staff of trade-related ministries into the Project. This is essential in making recommendations regarding the reforms of trade-related regulations, and therefore, his leadership has been a key factor that promoted realization of effects.

As a result of the consideration of the Project team, it was found that some agendas and stakeholders with regard to output 1 and 2 were common so that the working groups of 1 and 2 were integrated into one working group. It has contributed to shortening and facilitating two discussions on two outputs.

3-4 Factors that impeded realization of effects

(1) Factors concerning to Planning

- The original project design which assumed that establishment of WG automatically contributes to involvement of trade-related ministries was not realistic. Analysis of the possibility of functionalization of WG could have been done deeper at the time the Project was designed.

(2) Factors concerning the Implementation Process

- While there is ownership of CMEA, there is limited ownership by the other trade-related ministries, and it caused major factors that constrained the effective implementation of the Project activities.
- The launch of WGs, as well as that of JCC, was the precondition of the start of most activities of the Project, except the collection of trade-related laws and regulations and the construction of database. The delay of the establishment of the WGs was a major factor that impeded realization of many activities of the Project.

3-5 Conclusion

In accordance with the conclusion of the Mid-term Review, the Project focused its activities on making recommendations on license-related regulations and procedures, developing practical tools such as web-based database (“Trade-Related Rulebook”) and the manual (“Guide for Import-Export License Procedures”), and conducting comparative trade policy studies (Reports and collected information will be compiled as the “Source Book”). These activities are successfully implemented, and most of the outputs are expected to be achieved by the end of the Project. Although the achievement of the original project purpose at the time of the evaluation is partial, it can be concluded that outputs accomplished by the Project are meaningful. To utilize those outputs and establish attractive environment for importers and exporters, initiatives of CMEA to facilitate concerned ministries is essential. With regard to the database, it is critical to have systematic mechanism of collecting new laws and regulations from the trade-related ministries for sustainable management.

3-6 Matters Discussed

(1) Recommendations by the Team

- Although the Project has made best effort to introduce the revised database to the public, it is recommended to enhance public awareness since it is recognized by still limited number of stakeholders. Provision of links of the database to each ministry’s websites should be considered.
- It is essential that CMEA establishes monitoring mechanism to follow up actions taken by each trade-related ministry which are conducted based on the recommendations of the Project.

3-7 Lessons learned

- It is important to utilize fact-based information to gain involvement from concerned stakeholders. In the case of the Project, revised web-based database of laws and regulations was highly appreciated by most of the stakeholders concerned. Not only as a practical tool for the end users, it can be used to understand the comprehensive picture of complexity of laws and regulations. Moreover, the matrix of trade license procedures of each good that shows how complicated they

are, gained good reputation from concerned ministries. Preparation of such fact-based information and sharing the existing situation are the significant first step to involve concerned stakeholders.