

Internal Ex-Post Evaluation for Grant Aid Project

conducted by Vietnam Office: May, 2014

Country Name	Project for Reinforcement of Customs Function at the Tan Cang Cat Lai Port of Ho Chi Minh City
Vietnam	

I. Project Outline

Background	<p>In Vietnam, the volume of container handlings at ports increased rapidly as the economic growth after introducing the open-door and market economy policies in 1990s. In Vietnam, the necessity to introduce anti-terrorism measure and safety inspection was growing responding to anti-terrorism moves in the United States. Specifically, there is a pressing need to introduce the ASEAN Single Window System in Vietnam, and achieve the target of standardized custom clearance procedures determined by WTO and ASEAN. However, due to budgetary constraints, the necessary container inspection facilities and equipment were not installed at Vietnamese ports, which made it difficult to check the illegal import and export goods. Therefore, improvement of customs inspection method and reduction in container inspection time became the most urgent task in Vietnam.</p>		
Objectives of the Project	<p>To improve the customs inspection capability for handling both import and export container cargoes at Tan Cang Cat Lai Port by introducing X-ray inspection equipment, thereby contributing to promote export and import of container cargoes in the southern part of Vietnam and to early realization of "ASEAN Single Window" ^(Note).</p> <p>(Note) The ASEAN Single Window (ASW) is a regional initiative that connects and integrates National Single Windows (NSWs) of Member States. The ASW objective is to simplify the trade related procedures within the context of increased economic integration in ASEAN.</p>		
Outputs of the Project	<ol style="list-style-type: none"> 1. Project Site: Tan Cang Cat Lai Port, Ho Chi Minh City 2. Japanese side: <ol style="list-style-type: none"> 1) Large scale X-ray inspection equipment (1 system) 2) Facility for X-ray inspection equipment 3) Container cargo inspection station for X-ray equipment installation and operation 4) Office building 3. Vietnam side: <ol style="list-style-type: none"> 1) Land for the facilities 2) Utilities (water supply, electricity, telephone, sewage) 		
E/N Date	October 15, 2008	Completion Date	February 28, 2010
Project Cost	E/N Grant Limit: 867 million yen, Contract Amount: 473 million yen		
Implementing Agency	Implementing Agency: General Department of Vietnam Custom(GDVC), Ministry of Finance Operating Agency: GDVC		
Contracted Agencies	Japan Marine Science Inc., Konoike Construction Co., Ltd., ITOCHU Corporation		
Related Studies	Basic Design Study: December 2007 – July 2008		
Related Projects (if any)	Japan's Cooperation: Project for Reinforcement of Custom Function at the Hai Phong Port (Grant aid, 2009-2011) Other Donors' Cooperation: None		

II. Result of the Evaluation

1 Relevance
<p>This project has been highly relevant with Vietnamese development policy ("to modernize and strengthen the custom's inspection capacity" in the Modernization Plan for Customs Innovation and Development (2003) and the Development Plan of Vietnam Custom by 2020), development needs ("to improve the customs inspection method for reinforcement of security and anti-terrorism measures"), as well as Japan's ODA policy for Vietnam with the priority area of institutional building, at the time of both ex-ante evaluation and project completion. Therefore, relevance of this project is high.</p>
2 Effectiveness/Impact
<p>The project has partially achieved its objectives "to improve the customs inspection capability for handling both import and export container cargoes at Tan Cang Cat Lai Port by introducing X-ray inspection equipment".</p> <p>Firstly, the inspection time per container has been reduced from 60-120 minutes/container in 2007 to 20-30 minutes/ container in 2010 and 2013, but it has not been reduced to 15-20 minutes/container, which was set as a target to be achieved in 2009. Secondly, there were no cargoes reported as damaged during the inspection by the weather conditions in 2010 and 2013 since the equipment enables the non-destructive inspection ^(Note 1). Thirdly, the number of containers handled at Tan Cang Cat Lai Port has increased from 1,519,558 TEU in 2007 to 2,488,470 TEU in 2010 and 2,470,000 in 2013. However, the following issues are confirmed at the time of ex-post evaluation. (1) The number of container for customs procedures at Tan Cang Cat Lai Port in 2010 and 2013 were less than the amount of 2007 (see the details in the chart below). The main reason for this was that many import and export cargos at Tan Cang Cat Lai Port have been transferred to other bond areas such as Industry Zones and Export Processing Zones, where the inspection of cargoes are conducted by the customs branch offices at each locally. (2) The number of containers inspected by X-ray inspection equipment remains at the limited level. In 2010, the amount of 10,684 TEU, which was 10% of inspected containers at Tan Cang Cat Lai Port, was inspected by the equipment. It</p>

is because the equipment started its operation in June 2010. For 2013, all inspection was manually conducted by the customs officers. It is because the X-ray inspection equipment has been out of service since July 2012 due to a series of problems related to software operating system, OCR, sensor and detector. According to the interview results with Ho Chi Minh City (HCM) Customs and local logistic companies, they recognized the project effects such as reduction in inspection time of import and export container cargoes, increase in the detection in damage on contained goods. Also although statistical data on the number of cases that the smuggle machines and narcotics are detected was not available, the customs officers perceived that the reinforcement of security and anti-terrorism measures at Tan Cang Cat Lai Port has improved after the introduction of X-ray system.

In sum, the project has realized to improve customs inspection efficiency and customs inspection capacities at Tan Cang Cat Lai to some extent by introducing the X-ray inspection equipment for container cargoes. However, due to frequent malfunction of operation of X-ray equipment, the expected project effects have not been fully materialized at the time of ex-post evaluation. Regarding the malfunctioned X-ray equipment, HCM Customs have arranged necessary budget to contract the five-year maintenance contract with the qualified maintenance company in order to restore the X-ray equipment. Further, based on the effectiveness of the container X-ray machine at Cat Lai, GDVC has procured additional 8 X-ray scanned machines in several types (fixed, mobile and throughput X-ray machines) in 2012 in the customs field, of which 1 throughput X-ray machine and 1 mobile container X-ray machine were installed at Cat Lai Port in addition to the X-ray equipment procured by the Project

As for the impacts, according to the interview results with GDVC, they consider that the project have been contributing to reduce the handling cost and to prevent the wrongdoings of customs officials during the goods inspection. It would also contribute to the early realization of "ASEAN Single Window". No land acquisition and resettlement of people was accosted with the project, and no negative impact on natural environment was observed.

Therefore, effectiveness/impact of this project is low.

Quantitative Effects

Indicator	Baseline value (2007)	Target value (2009)	Actual value (2010)	Actual value (2013)
Indicator 1 Inspection time per container (minutes/container)	60-120	15-20	20-30	20-30
Indicator 2 No. of cargo damaged case (no. of case/year)	N.A.	Reduced to zero (100% safety)	Reduced to zero	Reduced to zero
Reference data 1 ^(Note 2) No. of container handled at Tan Cang Cat Lai Port (TEU) ^(Note 3)	1,519,558	2,050,000	2,488,470	2,470,000
Reference data 2 ^(Note 4) No. of container for customs procedures at Tan Cang Cat Lai Port (TEU)	425,476	574,000	161,949	296,928
Reference data 3 ^(Note 5) No. of container inspected (TEU)	157,426	212,380	105,381	83,888

Source: Vietnam Customs.

(Note 1) Since 90% of the containers were manually inspected in 2010, there might be other contributing factors to this reduction.

(Note 2) No. of container handled at Tan Cang Cat Lai Port includes imported, exported and transshipped containers at the Port.

(Note 3) TEU: Twenty-Foot Equivalent Unit, a unit of container handling (1 TEU = 5.9m x 2.3m x 2.3m).

(Note 4) No. of container for customs procedures at Tan Cang Cat Lai Port means no. of exported and imported containers cleared at the Customs of Tan Cang Cat Lai Port.

(Note 5) No. of container inspected means no. of container that was actually inspected by the Customs among no. of container for customs procedures at Tan Cang Cat Lai Port

3 Efficiency

Both the project cost and project period were within the plan (ratio against the plan: 55% and 88%). The reason for significant reduction of actual project cost against planned cost was mainly caused by an appreciation of the yen against the US dollar. The outputs of the project were produced as planned. Therefore, efficiency of this project is high.

4 Sustainability

The routine operation and maintenance (O&M) of the project facilities have been carried out by HCM Customs under GDVC and major maintenance which cannot be handled by HCM Customs is outsourced to the private service providers.

Regarding the institutional aspect, X-ray Inspection Center was established as a district branch level organization of GDVC with the appropriate number of staff. Regarding the technical aspect, program/plan for the operation of the X-ray system as well as manuals/guidelines are regulated by specific decisions, official documents of GDVC and Vietnam Agency for Radiation and Nuclear Safety (VARANS) under the Ministry of Science and Technology (MOST). HCM Custom officers have sufficient knowledge and skills for adequate operation of X-ray equipment, but the accessibility to the maintenance service for X-ray equipment in case of breakdown is limited due to availability of qualified local maintenance service provider. Regarding the financial aspect, the X-ray related O&M budget has been allocated sufficiently. Regarding the current status of the project facilities, the operation of X-ray equipment has been suspended since July 2012 due to mechanical problems and availability of maintenance service in Vietnam. HCM Customs has arranged necessary budget and signed the five-year maintenance contract with the qualified maintenance company in order to restore the X-ray equipment.

Therefore, the project has some problems in the technical aspect as well as the current status of project facilities. Hence its sustainability is fair.

5 Summary of the Evaluation

The project has partially achieved its objectives of “to improve the customs inspection capability for handling both import and export container cargoes at Tan Cang Cat Lai Port by introducing X-ray inspection equipment”. After the introduction of X-ray inspection equipment, the expected project effects had been observed to some extent such as (i) reduction in inspection time of import and export container cargoes, (ii) increased in the detection in damage on contained goods, and (iii) improvement in reinforcement of security and anti-terrorism measures at Tan Cang Cat Lai Port. However, since the operation of X-ray equipment has been suspended since July 2012 due to mechanical problems and availability of maintenance service in Vietnam, the above project effects has not been fully materialized at the time of ex-post evaluation. As for the impacts, the project is considered to contribute to the early realization of “ASEAN Single Window”.

As for sustainability, the project has some problems in the technical aspect and the current status of project facilities since the problem of availability of qualified local maintenance service provider for X-ray equipment. For efficiency, both the project cost and project period were within the plan.

In light of the above, this project is evaluated to be unsatisfactory

III. Recommendations & Lessons Learned

Recommendations to implementing agency:

Lessons learned for JICA:

- In the grant aid project, the maintenance service for the equipment is out of the project scope. For the partner country, the maintenance cost for the specific equipment such as X-ray inspection equipment is a heavy financial burden. Also the accessibility of the qualified local maintenance service provider as well as procurement of spare parts is also a constraint in many developing countries. Therefore, JICA should be aware of these kinds of issues and support the partner countries in preparing the appropriate maintenance plan including after the guarantee period. Also the maintenance aspect should be paid more attention in specification and selection of equipment to be provided by the grant aid.



X-ray inspection equipment (1 system)



Facility for X-ray inspection equipment