

Country Name	Project for Reinforcement of Custom Functions at the Haiphong Port
Socialist Republic of Viet Nam	

I. Project Outline

Background	In Viet Nam, 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 addition, it is also necessary for Viet Nam to introduce anti-terrorism measure and safety inspection of international cargos responding to anti-terrorism moves in the United States. Specifically, there was a pressing need to introduce the ASEAN Single Window System ¹ in Vietnam, and to achieve the target of standardized custom clearance procedures determined by the World Customs Organization (WCO) and ASEAN. However, due to budgetary constraints, the necessary container inspection facilities and equipment were not installed at ports in the country, which made it difficult to check the illegal import and export goods. Therefore, the improvement of customs inspection method and reduction in container inspection time became the most urgent task in Viet Nam.				
Objectives of the Project	To improve the customs inspection capability for handling both import and export container cargoes and security and anti-terrorism measures at Haiphong Port by introducing X-ray inspection equipment and facility for inspection.				
Outputs of the Project	<ol style="list-style-type: none"> 1. Project sites: Hai Phong Port, Hai Phong City 2. Japanese side <ul style="list-style-type: none"> • Large scale X-ray inspection equipment: 1 system • Facility for X-ray inspection equipment <ul style="list-style-type: none"> ➢ Container cargo inspection station for X-ray equipment installation and operation ➢ Office building 3. Vietnamese side: <ul style="list-style-type: none"> • Land for the facilities • Soil improvement and pavement • Construction of visual inspection facility warehouse and others • Installation of safety measures • Utilities (water supply, electricity, telephone, sewage) 				
Ex-Ante Evaluation	2008	E/N Date	September 2009	Completion Date	February 2011
Project Cost	E/N Grant Limit: 861 million yen, Actual Grant Amount: 440 million yen				
Implementing Agency	General Department of Vietnam Customs (GDVC), Ministry of Finance				
Contracted Agencies	Japan Marine Science Inc., Nakano Corporation, Sojitz Corporation				

II. Result of the Evaluation

1 Relevance	<p>This project has been highly consistent with Vietnamese development policy “to modernize and strengthen the custom’s inspection capacity” as set in the policy documents including the Modernization Plan for Customs Innovation and Development (2003) and the Development Plan of Vietnam Custom by 2020, and development needs “to improve the customs inspection method for reinforcement of security and anti-terrorism measures” at the time of both ex-ante and ex-post evaluation. It is also consistent with the Japan’s Country Assistance Policy for Vietnam (2009) with the priority area of promotion of economic growth and strengthening international competitiveness at the time of ex-ante evaluation as well as the latest Policy (2012) at the time of ex-post evaluation.</p> <p>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 Hai Phong Port by introducing X-ray inspection equipment.”</p> <p>The project has realized to improve customs inspection efficiency and customs inspection capacities at Hai Phong Port to some extent. As long as the containers inspected by X-ray equipment concerned, the inspection time per container was reduced from 60-120 minutes/container by manual inspection in 2007 to 15-20 minutes/container by X-ray inspection in 2012 and 2014. The facility has been well utilized for daily inspection and there were 270 operational days in 2013, which were almost all days except national holidays and repair period. Also no cargoes inspected by X-ray equipment were reported as damaged by the weather conditions in 2012 and 2014 since the X-ray equipment enabled the non-destructive inspection.</p> <p>It was confirmed that the number of container for customs procedures at Hai Phong Port increased from 522,600 TEU (Twenty-Foot Equivalent Unit) to 895,854 TEU between 2007 and 2012. On the other hand, the 2012 actual values of the inspection ratio, and the number of containers to be inspected were lower than the 2007 actual values before the project</p>

¹ The ASEAN Single Window (ASW) is a regional initiative that connects and integrates National Single Windows (NSW) of Member States, which embodies countermeasures of the General Custom Bureau of the World Customs Organization (WCO), the World Trade Organization (WTO), and ASEAN. The ASW objective is to expedite cargo clearance within the context of increased economic integration in ASEAN.

implementation (see the chart of quantitative effects below). For the purpose of the trade facilitation, GDVC has reduced the inspection ratio around 10% per year by applying criteria for risk management and VNACCS/VCIS². According to GDVC, the container inspection by X-ray equipment, which mainly applied for the red channel container cargoes, i.e. export and import commodities required the customs declaration and tax payment, counts 20% of total number of containers to be inspected in Hai Phong Port at the time of ex-post evaluation. The rest of 80% of containers to be inspected in Hai Phong Port still depend on the manual inspection.

Regarding the number of locations for container inspection in Haiphong Port, it was planned that the existing inspection sites in 5 locations would be integrated to one location to increase efficiency of container inspection after the project completion. However, they remained in 5 locations in 2012 and 2014 because the total number of containers handled at the Hai Phong Port has increased and the manual inspection is still required under the limitation of X-ray inspection capacity.

As for the virtue of the X-ray facility, the project has realized the improvement of security and anti-terrorism measures at Hai Phong Port. The Hai Phong Port Customs could detect 46 cases of smuggled machines and weapons such as ivory hidden in ox's horns or coal, knife and swords mixed with miscellaneous goods, etc. in 2012 by X-ray inspection although it was difficult to compare the situation before and after the project implementation due to lack of information in 2007. According to GDVC, in connection with risk management, the X-ray system has helped to facilitate the management of flow of explosive and weapons for import and export which is considered one of the measures towards security control and anti-terrorism management.

Since March 2013, GDVC introduced another mobile X-ray equipment in Hai Phong Port with the financial support of Vietnamese Government, and two X-ray inspection equipment are being operated at the time of ex-post evaluation.

As for the impacts, according to the interview results with GDVC, they consider that the project has facilitated the promotion of import and export activities in the Northern Vietnam, and also the project has contribute to the early realization of "ASEAN Single Window" to some extent because the introduction of X-ray equipment is one of the initial steps for early realization of "ASEAN Single Window." No negative impact on natural environment was observed, and the land acquisition and resettlement of 14 households were appropriately conducted according to the related Vietnamese law and regulations.

The project reduced the inspection time per container by X-ray facility and the facility is well utilized in the daily inspection as the better security and anti-terrorism measures. On the other hand, the integration of inspection sites has not been achieved.

Therefore, effectiveness/impact of this project is fair.

Quantitative Effects

Indicators	(Before the Project) 2007 Actual	(After the Project) 2012 Planned	(After the Project) 2012 Actual	(Ex-Post Evaluation) 2014 Actual ^(Note 1)
Indicator 1 Inspection time per container (minutes/container)	60-120 ^(Note 2)	15-20	15-20	15-20 ^(Note 3)
Indicator 2 No. of location for container inspection in Haiphong Port	5 locations	Integrated into one (1) location	5 locations	5 locations
Supplemental information 1 ^(Note 4) No. of cargo damaged case due to weather condition (no. of case/year)	N.A.	Reduced to zero (100% safety)	Reduced to zero (100% safety)	Reduced to zero (100% safety)
Supplemental information 2 No. of container handled at Haiphong Port (TEU) ^(Note 5)	780,000	940,000 (2009) ^(Note 7)	1,132,403	803,671
Supplemental information 3 No. of container for customs procedures at Haiphong Port (TEU)	522,600	629,800 (2009)	895,854	386,940
Supplemental information 4 Inspection ratio (%) (Average inspection ratio of import and export) ^(Note 6)	49	49 (2009)	18	12.37
Supplemental information 5 No. of containers to be inspected (TEU)	256,074	308,602 (2009)	161,253	47,864
No. of containers inspected by the X-ray (average 20% of the No. of containers to be inspected)	N.A.	N.A.	32,250	9,572
Supplemental information 6 No. of cases that the smuggle machines and weapons are detected	N.A.	N.A.	46	18

Source: Implementation review study (2009) and GDVC.

Note 1: The actual data in 2014 covers 4 months from January to April 2014.

Note 2: Inspection time by manual inspection

Note 3: Inspection time by X-ray facility

Note 4: It was expected that cargo damage due to weather condition could be reduced by switching from the present outdoor manual container inspection to the non-destructive inspection.

Note 5: TEU: Twenty-Foot Equivalent Unit, a unit of container handling. 1 TEU is 5.9m x 2.3m x 2.3m

Note 6: Inspection ratio = No. of containers to be inspected / No. of container for customs procedures.

Note 7: Since the implementation review study (2009) of this project is prepared based on the basic design report (2007-2008), the target figures for supplemental information 2-5 only available in 2009.

3 Efficiency

² VNACCS/VCIS (Viet Nam Automated Cargo Clearance System/Vietnam Customs Information System) is an electronic system which enables import and export companies as well as GDVC officials to apply necessary procedures, investigate and approve online.

Both the project cost and period were within the plan (ratio against the plan: 51% and 90%). The reason for considerable reduction in the project cost was due to the result of competitive bidding, but this did not affect the quality of project outputs. Therefore, efficiency of this project is high.

4 Sustainability

The operation and maintenance (O&M) of the project facilities have been carried out by Hai Phong Customs under GDVC. Hai Phong Customs established X-ray Inspection Center and conducts routine maintenance of X-ray equipment. The major maintenance which cannot be handled by Hai Phong Customs is outsourced to the private service providers. The private service providers provide the maintenance services every six months based on the contract. At the time of ex-post evaluation, there are 428 staff of Hai Phong Customs, in which 18 staff are working for X-ray Inspection Center. The exiting number of staff for O&M of X-ray equipment is sufficient.

Regarding the technical aspect, the appropriate training systems for O&M staff is established. For example, the initial training on O&M of X-ray equipment is provided to O&M staff by the engineers of the X-ray equipment manufacturer. Also follow-up training has been provided to new staff by experienced staff under training of trainers (TOT) and on the job training (OJT). The O&M Manuals and guidelines have been utilized among concerned O&M staff. The O&M staff have sufficient knowledge and skills for adequate operation of X-ray equipment.

As for the financial aspect, Hai Phong Customs has received the sufficient O&M budget for X-ray equipment from GDVC. For example, 1,011 million Vietnam Dongs were allocated for O&M budget for X-ray equipment in 2013 and 2014 respectively.

Regarding the current status of operation and maintenance, Hai Phong Port has been conducting routine and periodic maintenance including daily, weekly, quarterly, half-year maintenance appropriately. Some technical problems took place for X-ray equipment and the operation of X-ray equipment was suspended for one month in 2013. However, the necessary actions were taken by Hai Phong Customs, and the X-ray equipment is being operated properly at the time of ex-post evaluation. The procurement of spare parts is appropriately managed by Hai Phong Customs though the process takes time since all spare parts are not available in Viet Nam.

From these findings, it is considered that the project has no problem in above all aspects of the O&M agency, therefore, sustainability of the project is high.

5 Summary of the Evaluation

The project has partially achieved its objectives, "to improve the customs inspection capability for handling both import and export container cargoes at Hai Phong Port by introducing X-ray inspection equipment". After the introduction of X-ray inspection equipment, the expected project effects such as (i) reduction in inspection time of import and export container cargoes, (ii) reduction in damage on contained goods, and (iii) improvement in reinforcement of security and anti-terrorism measures at Hai Phong Port were realized. However, the five inspection sites were not integrated to one site as planned. As for the impacts, it is considered that the project would contribute to the early realization of "ASEAN Single Window". Therefore, effectiveness/impact of this project is fair.

Regarding sustainability, no problem was observed in all aspects of the O&M agencies therefore, sustainability of the project is high.

In light of the above, this project is evaluated to be highly satisfactory.

III. Recommendations & Lessons Learned

Lessons learned for JICA

Regarding with the indicator 2, number of location for container inspection in Haiphong Port, the integration of inspection sites from five to one has not been achieved at the time of ex-post evaluation. The Hai Phong port is composed of several different ports. The integration of inspection sites is considered to require a large operational change in the port. The assumption and feasibility of the integration could have been considered more carefully at the time of project planning.



The X-ray facility room



The screen of cargo inspection at the time of site survey