

Country Name	Project for Promoting E-customs in Vietnam
Socialist Republic of Viet Nam	

I. Project Outline

Background	<p>In order to establish an attractive investment and business environment, Viet Nam had promoted modernization of customs administration through establishment of the national single window as well as streamlining of customs procedures and their harmonization with international standards. General Department of Vietnam Customs (GDVC) had been streamlining laws and regulations and developing necessary human resources, while positioning establishment of an Information Technology (IT) system as an important strategy to achieve modernization of customs administration. Under these circumstances, GDVC requested the Japanese government to implement a grant aid project to establish the Customs IT system in Viet Nam modelled after the Japanese Customs IT system, namely the Nippon Automated Cargo and Port Consolidated System (NACCS) and the Customs Intelligent Database System (CIS). In parallel with the implementation of the grant aid project, GDVC also requested to implement a technical cooperation project to develop legal and operation and maintenance (O&M) systems and human resources required for introducing the Customs IT system, i.e. Viet Nam Automated Cargo Clearance System (VNACCS)/ Viet Nam Customs Intelligence System (VCIS).</p>										
Objectives of the Project	<p>Through establishing necessary laws and regulations, structure to operate and maintain VNACCS/VCIS, proper information security policy/mechanism and structure to issue advance rulings timely and uniformly, and developing knowledge and skills of GDVC officials and the private sector necessary for using VNACCS/VCIS, the project aimed at establishing necessary environment for operating and maintaining VNACCS/VCIS, thereby promoting trade facilitation in Viet Nam.</p> <ol style="list-style-type: none"> Overall Goal: Trade facilitation in Viet Nam is further promoted. Project Purpose: Necessary environment for operating and maintaining VNACCS/VCIS is established. 										
Activities of the Project	<ol style="list-style-type: none"> Project Site: Hanoi Main Activities: (1) Revise relevant laws and regulations related to VNACCS/VCIS; (2) Train instructors in charge of explanation to customs users, organize explanatory meetings for customs users and management level, and develop business processing guidelines for customs users; (3) Develop the draft roadmap for introducing the national single window, establish necessary O&M structure including user's help desk and assigning technicians for administration of the system, and develop a Customs ICT master plan to 2020; (4) Conduct an explanatory meeting for users in the private sector and banks and develop business processing manuals for these users; (5) Develop necessary information security policy/mechanism and information security manual; (6) Organize seminars/workshops for Post-Clearance Audit (PCA) officers and update implementing guidelines for PCA; and (7) Update implementing guidelines for advance rulings etc. Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Japanese Side</td> <td style="width: 50%;">Vietnamese Side</td> </tr> <tr> <td>1) Experts: 31 persons</td> <td>1. Staff Allocated: 89 persons</td> </tr> <tr> <td>2) Trainees Received: 16 persons</td> <td>2. Project office and facilities</td> </tr> <tr> <td>3) Local operation cost</td> <td>3. Local operation cost</td> </tr> </table> 			Japanese Side	Vietnamese Side	1) Experts: 31 persons	1. Staff Allocated: 89 persons	2) Trainees Received: 16 persons	2. Project office and facilities	3) Local operation cost	3. Local operation cost
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Project Period	April 2012 – July 2015 (Extension Period: April-July 2015)	Project Cost	(ex-ante) 481 million yen, (actual) 342 million yen								
Implementing Agency	General Department of Vietnam Customs (GDVC)										
Cooperation Agency in Japan	Ministry of Finance, NTT DATA Corporation, IC Net Limited, NACCS Center, Tokyo Co., Ltd.										

II. Result of the Evaluation

<Special Perspectives Considered in the Ex-Post Evaluation>

- [Evaluation of Project Purpose Indicator 2] Regarding the Indicator 2 (The number of claims against customs procedure handled by the customs authority decreases.), the number of claims increased from 2012 to 2014. However, according to the Terminal Evaluation Report, the number of claims included general claims made to GDVC, not only about VNACCS, and the introduction phase of any new system tends to result in an increase in claims as users are not used to the new system. On the other hand, according to the chairperson of the Japan Business Association in Vietnam (JBAV), while there was a confusion when VNACCS was first introduced, most VNACCS-related issues encountered by companies were dissolved over time and VNACCS was evaluated highly by private companies by the time of project completion. The Indicator 2 was evaluated based on the above fact at project completion, and the continuation status of the indicator was evaluated based on whether the number of claims against customs procedure, particularly related to VNACCS/VCIS, has decreased after project completion.

1 Relevance

<Consistency with the Development Policy of Viet Nam at the Time of Ex-Ante Evaluation and Project Completion>

The project was consistent with Viet Nam's development policy such as "improvement of business environment and national competitiveness" and "modernization of customs administration" as set forth in the "Socio-Economic Development Strategy (2011-2020)", the "Five-year Socio-Economic Development Plan (2011-2015)" and the "Customs Development Strategy until 2020" (issued in 2011) at the times of both ex-ante evaluation and project completion.

<Consistency with the Development Needs of Viet Nam at the Time of Ex-Ante Evaluation and Project Completion>

The project was consistent with Viet Nam's development needs for capacity development of Viet Nam Customs officers and companies to effectively use VNACCS/VCIS, at the times of both ex-ante evaluation and project completion.

<Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation>

The project was consistent with Japan's ODA policy as stated in the "Country Assistance Program for Viet Nam" (2009), which included "promotion of economic growth and strengthening of international competitiveness".

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was achieved by the time of project completion. The total number of import and export declarations made during April 2014 and March 2015 was 6.3 million, of which approximately 99% was made through VNACCS (Indicator 1). The number of claims against customs procedures increased from 2012 to 2014 (296 claims in 2012, 352 claims in 2013, and 354 claims in 2014). However, as stated above, the number of claims included general claims made to GDVC, not only about VNACCS, and according to officials of customs branches and some companies, VNACCS was overall evaluated highly, as it significantly increased work efficiency of their operations. The chairperson of JBAV also stated that while there was a confusion when VNACCS was first introduced, most VNACCS-related issues encountered by companies were dissolved over time and VNACCS was evaluated highly by private companies by the time of project completion (Indicator 2). The capacity utilization rates¹ of VNACCS and VCIS were both 99.9% at project completion (Indicator 3).

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project effects have mostly continued to the time of ex-post evaluation. The rate of declared number through VNACCS among the total declared number of imports and exports has been over 96% since project completion, as shown in the table below (Indicator 1). However, the number of claims against customs procedure, particularly related to VNACCS/VCIS, handled by the customs authority has increased since project completion, as shown in the table below. The main reason is, while policies and regulations on customs have been changed and updated regularly (such as the Decree No.59/2018/ND-CP and the Circular No.39/2018/TT-BTC on changes in the procedures for submission of electronic documents), such changes have not been reflected timely on VNACCS/VCIS, which has resulted in difficulties in operating and using the system and hence, claims against the system have also increased (Indicator 2). The capacity utilization rates of VNACCS and VCIS has been over 97% including hours of periodical maintenance since project completion², as shown in the table below (Indicator 3).

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been achieved by the time of ex-post evaluation. For Simplified Examination (i.e. goods with low risk and green channeling), time from when an enterprise registers the customs clearance until the clearance decision is made automatically is 0 second, as enterprises do not have to present documents for customs officers to check, and the inspection and customs clearance is performed automatically on VNACCS. For Document Examination, time required has also largely been reduced compared with before project implementation, which was one hour to two hours at maximum. However, as shown in the table below, time for checking documents and physical inspection at yard slightly increased in 2017 and 2018. The main reason is, some imported goods have changed compared to previous years according to enterprises' import and export demands which result in the increasing complexity of customs records. More efforts of GDVC to keep up with the change of the economy is needed. (Indicator 1)The target for the efficiency score of the clearance process indicator (one of Logistics Performance Index of the World Bank statistics) has mostly been achieved, as shown in the table below (Indicator 2). All the related Ministries have been connected to the national single window portal by the time of ex-post evaluation (Indicator 3).

<Other Impacts at the time of Ex-post Evaluation>

No negative impact on natural environment has been observed and no land acquisition or resettlement has been occurred under the project.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is high.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results				
(Project Purpose) Necessary environment for operating and maintaining VNACCS/VCIS is established.	1. The rate of declared number through VNACCS reaches 80% of the total declared number of imports and exports.	Status of the Achievement: achieved (continued)				
		(Project Completion) Approximately 99% of the total import and export declarations was made through VNACCS.				
		(Ex-post Evaluation) Over 96% of the total import and export declarations has been made through VNACCS.				
		(Unit: 1,000)				
		Year	Number of Import Declarations in Total	Of which, Number of Import Declarations through VNACCS	Number of Export Declarations in Total	Of which, Number of Export Declarations through VNACCS
		2015	4,350	4,279 (98.4%)	4,160	4,128 (99.2%)
2016	5,043	4,872 (96.6%)	4,757	4,690 (98.6%)		
2017	5,893	5,725 (97.1%)	5,417	5,354 (98.8%)		
2018	6,244	6,114 (97.9%)	6,001	5,968 (99.5%)		
Till July 2019	3,689	3,656 (99.1%)	3,764	3,750 (99.6%)		

¹ The capacity utilization rates of VNACCS and VCIS are calculated as follows. The capacity utilization rate = [(total hours) - (total hours of system suspension)] / (total hours) x 100

² There has been no system suspension due to system errors or other issues since project completion.

	2. The number of claims against customs procedure handled by the customs authority decreases.	<p>Status of the Achievement: achieved (not continued)</p> <p>(Project Completion) While the number of claims against customs procedures increased from 2012 to 2014, they included general claims made to GDVC, not only about VNACCS. According to officials of customs branches, some companies and the chairperson of JBAV, VNACCS was overall evaluated highly.</p> <p>(Ex-post Evaluation) The number of claims has increased after project completion in absolute amount but been kept at quite stable number in terms of percentage.</p> <table border="1" data-bbox="662 280 1492 492"> <thead> <tr> <th>Year</th> <th>Number of claims against customs procedure handled by the customs authority</th> <th>Number of customs declaration</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3,637</td> <td>8,510,000</td> <td>0.04%</td> </tr> <tr> <td>2016</td> <td>6,880</td> <td>9,800,000</td> <td>0.07%</td> </tr> <tr> <td>2017</td> <td>7,032</td> <td>11,310,000</td> <td>0.06%</td> </tr> <tr> <td>2018</td> <td>4,474</td> <td>12,245,000</td> <td>0.04%</td> </tr> <tr> <td>Till August 2019</td> <td>3,920</td> <td>7,453,000</td> <td>0.05%</td> </tr> </tbody> </table>	Year	Number of claims against customs procedure handled by the customs authority	Number of customs declaration	Percentage	2015	3,637	8,510,000	0.04%	2016	6,880	9,800,000	0.07%	2017	7,032	11,310,000	0.06%	2018	4,474	12,245,000	0.04%	Till August 2019	3,920	7,453,000	0.05%																								
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	3. VNACCS/VCIS is maintained and managed properly and targeted capacity utilization at 99.9% is attained.	<p>Status of the Achievement: achieved (continued)</p> <p>(Project Completion) The capacity utilization rates of VNACCS and VCIS were both 99.9%.</p> <p>(Ex-post Evaluation) The capacity utilization rates of VNACCS and VCIS has been over 97% including hours of periodical maintenance since project completion.</p> <table border="1" data-bbox="662 660 1292 840"> <thead> <tr> <th>Year</th> <th>Capacity utilization rate of VNACCS</th> <th>Capacity utilization rate of VCIS</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>98.8%</td> <td>99.9%</td> </tr> <tr> <td>2016</td> <td>97.6%</td> <td>99.9%</td> </tr> <tr> <td>2017</td> <td>98.0%</td> <td>99.9%</td> </tr> <tr> <td>2018</td> <td>98.7%</td> <td>99.9%</td> </tr> <tr> <td>Till July 2019</td> <td>99.4%</td> <td>99.9%</td> </tr> </tbody> </table>	Year	Capacity utilization rate of VNACCS	Capacity utilization rate of VCIS	2015	98.8%	99.9%	2016	97.6%	99.9%	2017	98.0%	99.9%	2018	98.7%	99.9%	Till July 2019	99.4%	99.9%																														
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(Overall Goal) Trade facilitation in Viet Nam is further promoted.	<p>1. Reduce the amount of time required for customs clearance to 3 minutes for Simplified Examination (from declaration to permission), to 15 minutes for Document Examination (from start screening to completion of examination).</p> <p>2. Indicators of efficient trade processing are improved.</p> <p>3. Several ministries concerned participates national single window.</p>	<p>(Ex-post Evaluation) achieved</p> <p>The target has been mostly achieved, though time for checking documents and physical inspection at yard slightly increased in 2017 and 2018.</p> <table border="1" data-bbox="662 929 1532 1176"> <thead> <tr> <th>Year</th> <th>Amount of time required for customs clearance for Simplified Examination (for both import and export) (average)</th> <th>Amount of time required for customs clearance for Document Examination (for import) (average)</th> <th>Amount of time required for customs clearance for Document Examination (for export) (average)</th> </tr> </thead> <tbody> <tr> <td>Target</td> <td>3 minutes</td> <td colspan="2">15 minutes</td> </tr> <tr> <td>2015</td> <td>0 second</td> <td>14 minutes 21 seconds</td> <td>4 minutes 12 seconds</td> </tr> <tr> <td>2016</td> <td>N/A</td> <td colspan="2">N/A</td> </tr> <tr> <td>2017</td> <td>0 second</td> <td>15 minutes 34 seconds</td> <td>5 minutes 35 seconds</td> </tr> <tr> <td>2018</td> <td>0 second</td> <td>19 minutes 48 seconds</td> <td>8 minutes 41 seconds</td> </tr> </tbody> </table> <p>(Ex-post Evaluation) achieved</p> <p>The target of the efficiency score of the clearance process indicator (one of Logistics Performance Index of the World Bank statistics) has been mostly achieved.</p> <table border="1" data-bbox="662 1265 1364 1422"> <thead> <tr> <th>Year</th> <th>Target Score</th> <th>Actual Score</th> <th>Actual Rank of Viet Nam</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>-</td> <td>2.68</td> <td>53 out of 155</td> </tr> <tr> <td>2012</td> <td>-</td> <td>2.65</td> <td>63 out of 155</td> </tr> <tr> <td>2014</td> <td>-</td> <td>2.81</td> <td>61 out of 160</td> </tr> <tr> <td>2016</td> <td>3.00</td> <td>2.75</td> <td>64 out of 160</td> </tr> <tr> <td>2018</td> <td>-</td> <td>2.95</td> <td>39 out of 160</td> </tr> </tbody> </table> <p>(Ex-post Evaluation) achieved</p> <p>All the related Ministries and other institutions have been connected to the national single window portal. Such Ministries and institutions include: Ministry of Finance; Ministry of Transport; Ministry of Industry and Trade; Ministry of Agriculture and Rural Development; Ministry of Natural Resources and Environment; Ministry of Health; Ministry of Information and Communications; Ministry of Culture, Sports and Tourism; Ministry of National Defense; Ministry of Public Security; Vietnam Chamber of Commerce and Industry; and State Bank of Viet Nam.</p>	Year	Amount of time required for customs clearance for Simplified Examination (for both import and export) (average)	Amount of time required for customs clearance for Document Examination (for import) (average)	Amount of time required for customs clearance for Document Examination (for export) (average)	Target	3 minutes	15 minutes		2015	0 second	14 minutes 21 seconds	4 minutes 12 seconds	2016	N/A	N/A		2017	0 second	15 minutes 34 seconds	5 minutes 35 seconds	2018	0 second	19 minutes 48 seconds	8 minutes 41 seconds	Year	Target Score	Actual Score	Actual Rank of Viet Nam	2010	-	2.68	53 out of 155	2012	-	2.65	63 out of 155	2014	-	2.81	61 out of 160	2016	3.00	2.75	64 out of 160	2018	-	2.95	39 out of 160
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Source: Terminal Evaluation Report, questionnaire survey and interviews with GDVC, Ex-Post Evaluation Results of the Project for E-Customs and National Single Window for Customs Modernization (the grant project, ex-post evaluation was conducted in 2019), Global Rankings of Logistics Performance Index, the World Bank statistics

3 Efficiency

While the project cost was within the plan, the project period exceeded the plan (ratio against plan: 71%, 111%, respectively). The project period was extended, since it was judged necessary to monitor the use of VNACCS/VCIS for at least one year after the installation. The outputs of the project were produced as planned. Therefore, the efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

The needs for modernization of customs administration are stated in the “Customs Development Strategy until 2020”, the “Decision No.1614/QD-BTC on plan for reform, development and modernization of customs in the period of 2016-2020”, the “Decision No.448/QD-TTg on approval of the strategy for customs development through 2020” and so on.

<Institutional Aspect>

The Department of Information Technology and Customs Statistics in GDVC, which is comprised of 116 staff in total, is responsible for O&M of VNACCS/VCIS. Within the department, there is a specialized force called the IT System Operation Team, which has five staff whose working shifts are designed to assure 24 hours per day and seven days a week on duty to keep constant operation of the system. In addition, there are 387 staff at local customs branches supporting the operation of the system. According to GDVC, the number of staff is

sufficient to properly operate and maintain the system, as seen in the high capacity utilization rates of the system shown above.

<Technical Aspect>

Most staff for whom the skills were transferred under the project have continued working at GDVC. According to GDVC, the skill level of staff of GDVC is generally sufficient, as VNACCS/VCIS has been operated stably without major system suspension. However, it takes time for customs officers who are newly assigned to get used to dealing with VNACCS/VCIS, and thus more trainings for them would be needed. As for trainings, from 2016 to 2019, the Post Clearance Audit Department in GDVC conducted 10 training courses on PCA, in which more than 615 customs officers at the headquarter and local branches participated. In addition, the consultant of this project, i.e. NTT DATA Corporation, conducted the training on O&M of VNACCS/VCIS in October to December 2017 and January 2018, in which 24 GDVC staff participated. Manuals for using VNACCS/VCIS produced under the project have been continuously utilized, and VNACCS/VCIS has been properly maintained by a vendor based on the two-year contract. However, it has been observed that discussions on hardware renewal, which should be undertaken as soon as possible, between GDVC and the O&M vendor have faced certain difficulties due to, mainly, the different perceptions on reasonable financial requirements between two sides. If it is not resolved, smooth and proper system operation may be in danger.

<Financial Aspect>

The Ministry of Finance has allocated certain amount of budget for O&M of VNACCS/VCIS, which was 126 billion VND from 2015 to 2017 and 111 billion VND from 2017 to 2019. The budget amount is considered to be sufficient to properly operate and maintain the system, as seen in the high capacity utilization rates of the system shown above.

<Evaluation Result>

In light of the above, some problems have been observed in terms of the technical aspect of the implementing agency. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

The project had achieved the Project Purpose at project completion, and it achieved the Overall Goal at ex-post evaluation: the rate of declared number through VNACCS and the capacity utilization rates of VNACCS/VCIS were as high as 99% at project completion. Moreover, the amount of time required for customs clearance was largely reduced and the efficiency score of the clearance process indicator was improved at ex-post evaluation. Regarding the sustainability, some problems were observed such as the lack of skills of newly assigned customs officers and difficulties to conclude a contract on hardware renewal between GDVC and the O&M vendor, while no particular problem was observed on the policy, institutional and financial aspects. Regarding the efficiency, the project period exceeded the plan.

Considering all of the above points, this project is evaluated to be satisfactory.

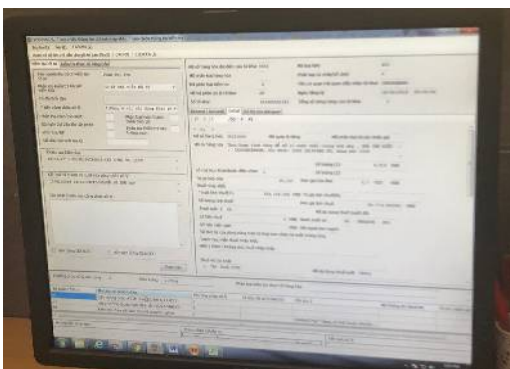
III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

- As stated above, the number of claims against customs procedure has increased since project completion, due to changes of policies and regulations on customs having not been reflected timely on VNACCS/VCIS. Thus, it is advised for GDVC to timely reflect changes of policies and regulations in the system.

Lessons Learned for JICA:

- As stated above, the project was implemented to prepare for the introduction of VNACCS/VCIS and supplement and assure smooth O&M of VNACCS/VCIS developed in the grant aid project. The grant aid project involved several non-governmental entities (consultants and vendors). These non-governmental entities hold the system knowhow and may follow market rules which include profit maximization, and an issue of “information asymmetry” (information gaps between GDVC and non-governmental entities) has occurred. Consequently, discussions on hardware renewal of VNACCS/VCIS are facing difficulties for contract conclusion and risks on system sustainability. Thus, when involving non-governmental entities in similar future projects, risks on system sustainability caused by “information asymmetry” should be analyzed carefully, and a mitigation plan would need to be prepared in advance.



Operation screen of the VCIS



Customs counter (Saigon Hi-Tech Park Customs Branch)