

Country Name	Technical Cooperation Project for strengthening the effectiveness of Viet Nam Automated Cargo Clearance System (VNACCS)
Socialist Republic of Viet Nam	

I. Project Outline

Background	In order to establish an attractive investment and business environment, Viet Nam had promoted the modernization of customs administration through the 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 the establishment of an Information Technology (IT) system as an important strategy to achieve modernization of customs administration. Under these circumstances, upon the request of Viet Nam, the Japanese government had assisted through the grant aid ¹ to establish the Customs IT system modeled after the Japanese Customs IT system, namely the Nippon Automated Cargo and Port Consolidated System (NACCS) and the Customs Intelligent Database System (CIS) and with the technical cooperation project ² 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). It required some additional assistance for Viet Nam to stabilize and further enhance the effects of the established system.		
Objectives of the Project	Through (i) identifying the future utilization of VNACCS/VCIS, (ii) streamlining and enhancing the Post Clearance Audit (PCA), and (iii) strengthening of capacity development of customs officials on risk management (RM) in Viet Nam, the project aims to improve customs operations in line with more effective use of VNACCS/VCIS, thereby contributing to the enhancement of the trade facilitation. 1. Overall Goal: Trade facilitation is enhanced through further modernization of customs operations. 2. Project Purpose: Operations of customs administrations are improved in line with effective utilization of VNACCS/VCIS.		
Activities of the Project	1. Project Site: Viet Nam (All areas, mainly in Hanoi) 2. Main Activities: (1) Review the current utilization status of VNACCS/VCIS, (2) Identify issues to be updated, (3) Take possible actions to improve VNACCS/VCIS, (4) Review the current practice of PCA, (5) Upgrade the guidelines and manuals for the operation of PCA, (6) Conduct training for customs officials in PCA, (7) Identify the measure to improve the capacity on RM, (8) Conduct the trainings on RM for customs officials 3. Inputs (to carry out the above activities) <div style="display: flex; justify-content: space-between;"> <div> Japanese Side 1) Experts: 5 persons (long-term) 44 persons (short-term) 2) Trainees received: 38 persons 3) Local Cost </div> <div> Vietnamese Side 1) Staff allocated: 20 persons 2) Land and facilities: Project Office, meeting rooms, and training facilities. </div> </div>		
Project Period	(ex-ante) August 2015 to June 2018 (35 months) (actual) August 2015 to June 2018 (35 months)	Project Cost (Japanese side only)	(ex-ante) 243 million yen (actual) 366 million yen
Implementing Agency	General Department of Vietnam Customs (GDVC), Ministry of Finance		
Cooperation Agency in Japan	NA		

II. Result of the Evaluation

<Constraints on Evaluation>

- Some records/reports of this project are found missing. Therefore, the alternative source (data in the ex-post evaluation for a prior project) was referred.
- The COVID-19 pandemic disrupted various activities of the economy and daily life, which also increased complexity in customs operations and it was difficult to conduct the new survey under these hard circumstances. Therefore, the evaluation was conducted by utilizing the result of existing survey and available data.

<Special Perspectives Considered in the Ex-Post Evaluation>

[Evaluating the achievement of the Project Purpose and continuation status of the Project Effects]

- There is no numerical target set for indicator 1, "Time release is reduced". In this ex-post evaluation study, it is decided that the achievement level of the indicator is examined by reducing trend of time released. This judgmental standard is applied to examine the continuation status of project effects as well.
- To examine the continuation status of the project effects, on whether the operations of customs administration have been continuously improved in line with the effective utilization of VNACCS/VCIS, it is important to examine the utilization level of the VNACCS, as well as the implementation status of PCA. Therefore, in this ex-post evaluation, "Have (i) the utilization of VNACCS, and (ii) implementation of PCA been changed since 2018?" are used as supplementary information 1 and 2 respectively.

[Evaluating the achievement of the Overall Goal]

- There is no numerical target set for indicator 1, "Indicators of efficient trade processing are improved". In this ex-post evaluation study, it is decided that the achievement level of the indicator is examined by the improvement status of indicators of efficient trade processing, such as the International Logistics Performance Index (LPI).

1 Relevance/Coherence¹ Grant Aid: The Project for E-Customs and National Single Window for Customs Modernization (2012-2014)² Technical Cooperation: Project for Promoting E-customs in Vietnam (2012-2015)

[Relevance]

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

The project was consistent with the development policy of Viet Nam at the time of ex-ante evaluation. In the government resolution, “Key Roles and Solutions for Improving the Business Environment and National Competitiveness”, Resolution No. 19/NQ-CP dated March 18, 2014, the Vietnamese government set out to promote the improvement and simplification of administrative procedures and strengthen the transparency and accountability of administrative agencies, thereby improving the business environment and increasing national competitiveness. Administrative procedures also include customs operations, with the goal of shortening customs clearance procedures. In this connection, the Vietnamese government formulated the “Customs Modernization Strategy by 2020” and the “Customs Reform, Development and Modernization Plan (2011-2015)” to promote the reform and modernization of customs operations.

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

The project was consistent with the development needs to improve the operations of customs administrations in line with effective utilization of VNACCS/VCIS at the time of ex-ante evaluation as stated in “Background” above.

<Appropriateness of Project Design/Approach>

The project design/approach was appropriate. No problem attributed to the project design/approach was confirmed.

<Evaluation Result>

In light of the above, the relevance of the project is ③.³

[Coherence]

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

The project was consistent with “Japan’s Country Assistance Policy for the Socialist Republic of Viet Nam” (Dec. 2012). One of the three priorities of this policy was “Promotion of Economic Growth and Strengthening International Competitiveness” which stated that Japan supports Viet Nam to improve the market economy system, reform finance, and develop the industry and human resources. In addition, the project’s purpose is fixed with the Japanese policy called “Asia-Cargo High Way” which accelerates trade facilitation in Asia.

<Collaboration/Coordination with other JICA’s interventions>

Any collaboration/coordination between the project and JICA’s other intervention was not clearly planned at the time of ex-ante evaluation.

<Cooperation with other institutions/ Coordination with international framework>

Any cooperation/coordination with other donors, NGOs, universities, or international frameworks was not clearly planned at the time of ex-ante evaluation.

<Evaluation Result>

In light of the above, the coherence of the project is ②.

[Evaluation Result of Relevance/Coherence]

In the light above, the relevance/coherence of the project is ③.

2 Effectiveness/Impact

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

At the time of project completion, the Project Purpose “Operations of customs administrations are improved in line with effective utilization of VNACCS/VCIS” was partially achieved. In regard to Indicator 1 “Time release is reduced⁴”, the time spent for customs clearance for Simplified Examination (for both import and export) (average) was maintained “0” up to the project completion.⁵ On the other hand, the time release for the Custom Clearance for Document Examination for both Import and Export (average) were not reduced during the project period. This was caused by several factors, e.g. significant increase in the absolute amount of declaration forms, more sophisticated export goods, low quality of documents submitted by the exporter, effect of trade conflicts in export markets, which make customs officers have to pay more time to check. As for Indicator 2 “Satisfaction level on customs clearance is improved”, the percentage of enterprises facing difficulties in 2016 decreased compared to that in 2015, including checking records, physical goods check, tax exemption consideration, tax refund procedures, and tax debt. Since there were no negative opinions, it can be inferred that there was a certain level of satisfaction. According to officials of customs branches and some companies, VNACCS/VCIS was overall evaluated highly, as it significantly increased the work efficiency of their operations.

<Continuation Status of Project Effects at the Time of Ex-Post Evaluation>

By the time of the ex-post evaluation, the project effects have continued. The Simplified Examination for both imports and exports (average) have still maintained “0”. As for the Custom Clearance for Document Examination for Import, the time release has reduced by 19.7%, but for the Export, increased by 23.4%. The reasons for the increase for the Export are increasing complexity in export goods and intensified trade conflicts in exporting markets which require customs officers to pay more attention to the export dossiers. It was identified by the study that VNACCS has continuously been utilized. The declaration number through VNACCS to the total declared numbers of imports and exports revealed that the total number of declarations from 2018 to 2022 has increased for both imports and exports. Accordingly, the utilization of VNACCS for import and export has maintained high level (Supplementary Information 1). As for the PCA enhancement by the project, it has been affected by the COVID-19 and the Government policy that requires reduction of inspections to enterprises for improving business/investment environment and national competitiveness (Supplementary Information 2). As for the satisfaction of enterprises, according to the “Report on Satisfactory Level of Enterprises on Implementation of the Imports-Exports Procedures”⁶ conducted jointly by United States Agency for International Development (USAID), Viet Nam Chamber of Commerce and

³④ : very high, ③ : high, ② : moderately low, ① : low

⁴ During the project duration, no public report was available for the survey regarding time-release. Therefore, the indicator 1 was examined by the data used for the study of ex-post evaluation of technical cooperation project, “Project for Promotion E-customs in Vietnam (2012-2015)”.

⁵ 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.

⁶ The report was prepared by VCCI, Vietnam Customs and USAID based on the survey which aimed at collecting data-information from enterprises for the purpose of identifying measures for customs/tax modernization, assessment of the implementation of major tasks, measures on administrative reform, national single window, and improving business and investment environment, increasing national competitiveness in the field of taxation and customs. Questionnaires were sent to approximately 13,000 enterprises and about 3,500 responses were received.

Industry (VCCI) and GDVC in 2018 and 2020, the satisfaction of enterprises in regard to the methods of accessing information on customs administrative procedures in general has been slightly increased. Their satisfactions on feedback from officials in GDVC and Local Customs Departments have shown the positive trend during the period. The survey was not conducted for 2022 due to the effect of COVID-19.

<Status of Achievement of the Overall Goal at the Time of Ex-Post Evaluation>

At the time of ex-post evaluation, the Overall Goal “Trade facilitation is enhanced through further modernization of customs operations” has been mostly achieved as planned. As for Indicator 1, “Indicators of efficient trade processing are improved”, no data was available for the target year, 2021. The LPI for 2023 shows that, the overall LPI score slightly increased from 3.27 in 2018 to 3.3 in 2023. In regard to some of six key dimensions, the items of Customs in which efficiency of the clearance process is examined, the performance has slightly improved from 2018 to 2023. As for the Indicator 2, according to the “Report on Satisfactory Level of Enterprises on Implementation of the Imports-Exports Procedures” conducted jointly by USAID, VCCI and GDVC in 2018 and 2020, the ratio of enterprises who provided positive responses to the questionnaires slightly increased from 2018 to 2020 in terms of the quality of information provided by VNACCS and the service quality of custom officers. In terms of the facilitation level of procedures which is a complex and administrative process by nature, there was a small but positive trend identified.

<Other Impacts at the Time of Ex-Post Evaluation>

According to the officers of VCCI, it was confirmed that system-based (paperless) procedures and no-contact with customs officers during the process of customs declaration/clearance through VNACCS/VCIS contributed to promoting transparency.

<Evaluation Result>

In light of the above, the effectiveness/impact of the project is ③.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results	Source																																								
(Project Purpose) Operations of customs administrations are improved in line with effective utilization of VNACCS/VCIS.	Indicator 1: Time release is reduced.	<p>Status of the Achievement (Status of the Continuation): not achieved (achieved and partially continued) (Project Completion)</p> <p>• The achievement of this indicator was examined by applying the data extracted through the study under the Internal Ex-Post Evaluation for Technical Cooperation Project “Project for Promoting E-customs in Vietnam (2012-2015)”. The data were provided by Vietnam Customs earlier.</p> <p>The time spent for customs clearance for Simplified Examination (for both import and export) (average) for 2015 was “0” which was maintained till the project completion. On the other hand, the time release for the Custom Clearance for Document Examination for both Import and Export (average) were not reduced from the baseline (2015) up to the project completion (2018).</p> <p>(Ex-post Evaluation)</p> <p>• The Simplified Examination for both import and export (average) still maintained “0” after the project completion. As for the Custom Clearance for Document Examination for Import, the time release has been reduced after the project completion by 19.5% from 19 min. 48 sec (2018) to 15 min. 54 sec. (2022). However, for the Export, the time release has been increased by 23.4% from 8 min. 41 sec. (2018) to 10 min. 43 sec. (2022). The time increase was caused by several factors, e.g. more sophisticated export goods, low quality of documents submitted by the exporter, trade conflicts in export markets (anti-dumping investigation, Certificate of Origin issues), which make customs officers have to pay more time to check.</p> <table><tr><th>Items</th><th>Baseline 2015</th><th>2016⁽¹⁾</th><th>2017</th><th>Project completion on 2018</th><th>2019</th><th>2020</th><th>2021⁽²⁾</th><th>Ex-post Evaluation on 2022</th><th>Change from 2018 to 2022 (%)</th></tr><tr><td>1. Simplified Examination for (both import and export) (average)</td><td>0</td><td>NA</td><td>0</td><td>0</td><td>0</td><td>0</td><td>NA</td><td>0</td><td>0</td></tr><tr><td>2. Custom Clearance for Document Examination for Import (average)</td><td>14 min. 21 sec.</td><td>NA</td><td>15 min. 34 sec.</td><td>19 min. 48 sec.</td><td>17 min. 8 sec.</td><td>15 min. 42 sec.</td><td>NA</td><td>15 min. 54 sec.</td><td>-19.7%</td></tr><tr><td>3. Custom Clearance for Document Examination for Export (average)</td><td>4 min. 12 sec.</td><td>NA</td><td>5 min. 35 sec.</td><td>8 min 41 sec.</td><td>6 min. 45 sec.</td><td>9 min. 58 sec.</td><td>NA</td><td>10 min. 43 sec.</td><td>23.4%</td></tr></table> <p>Note: (1)Reasons for NA are unknown. (2) The data was not collected due to the effect of COVID-19.</p>	Items	Baseline 2015	2016 ⁽¹⁾	2017	Project completion on 2018	2019	2020	2021 ⁽²⁾	Ex-post Evaluation on 2022	Change from 2018 to 2022 (%)	1. Simplified Examination for (both import and export) (average)	0	NA	0	0	0	0	NA	0	0	2. Custom Clearance for Document Examination for Import (average)	14 min. 21 sec.	NA	15 min. 34 sec.	19 min. 48 sec.	17 min. 8 sec.	15 min. 42 sec.	NA	15 min. 54 sec.	-19.7%	3. Custom Clearance for Document Examination for Export (average)	4 min. 12 sec.	NA	5 min. 35 sec.	8 min 41 sec.	6 min. 45 sec.	9 min. 58 sec.	NA	10 min. 43 sec.	23.4%	Source: JICA documents, Questionnaires and Interview with Vietnam Customs
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	Supplementary Information 1: Utilization of VNACCS	<p>(Ex-post Evaluation)</p> <ul style="list-style-type: none">After the project completion up to the time of ex-post evaluation, total volume of declaration increased by 19.2% for import and by 30.7% for export. Under such circumstances, the utilization of VNACCS has maintained in an average of 95.1% of total volume of import declaration and 99.4% for export declaration. Declaration number through VNACCS to the total declaration number of imports and exports <table><tr><th>Items</th><th>2017</th><th>Project Completion 2018</th><th>2019</th><th>2020</th><th>2021</th><th>Ex-post Evaluation 2022</th><th>Change 2018 – 2022(%)</th></tr><tr><td>Total volume of import declaration</td><td>5,893</td><td>6,244</td><td>6,708</td><td>6,755</td><td>7,134</td><td>7,440</td><td>19.2%</td></tr><tr><td rowspan="2">Of which, number of imports declarations through VNACCS</td><td>5,725</td><td>6,114</td><td>6,545</td><td>6,512</td><td>6,737</td><td>7,072</td><td>15.7%</td></tr><tr><td>97.1%</td><td>97.9%</td><td>97.6%</td><td>96.4%</td><td>94.4%</td><td>95.1%</td><td>-</td></tr><tr><td>Total volume of export declaration</td><td>5,417</td><td>6,001</td><td>6,732</td><td>6,983</td><td>7,526</td><td>7,845</td><td>30.7%</td></tr><tr><td rowspan="2">Of which, number of export declaration through VNACCS</td><td>5,354</td><td>5,968</td><td>6,694</td><td>6,941</td><td>7,477</td><td>7,795</td><td>30.6%</td></tr><tr><td>98.8%</td><td>99.5%</td><td>99.4%</td><td>99.4%</td><td>99.3%</td><td>99.4%</td><td>-</td></tr></table>	Items	2017	Project Completion 2018	2019	2020	2021	Ex-post Evaluation 2022	Change 2018 – 2022(%)	Total volume of import declaration	5,893	6,244	6,708	6,755	7,134	7,440	19.2%	Of which, number of imports declarations through VNACCS	5,725	6,114	6,545	6,512	6,737	7,072	15.7%	97.1%	97.9%	97.6%	96.4%	94.4%	95.1%	-	Total volume of export declaration	5,417	6,001	6,732	6,983	7,526	7,845	30.7%	Of which, number of export declaration through VNACCS	5,354	5,968	6,694	6,941	7,477	7,795	30.6%	98.8%	99.5%	99.4%	99.4%	99.3%	99.4%	-	Source: Vietnam Customs
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	Supplementary Information 2: Implementation of PCA	<p>(Ex-post Evaluation)</p> <ul style="list-style-type: none">The number of PCA cases per year at the customs offices and the enterprises, and the amount of duties/taxes collected by PCA were shown below. Both PCA cases and the amount of duties/taxes collected by PCA have decreased after the project completion. This is partially due to the effects of the COVID-19 and the Government policy to reduce inspections or unnecessary procedures to the enterprise in several Resolution No.19/NQ-CP during 2014-2018 and Resolution No.02/ND-NQ since 2019 which aim at improving business/investment environment and national competitiveness. <table><tr><th>Items</th><th>2017</th><th>Project Completion 2018</th><th>2019</th><th>2020</th><th>2021</th><th>Ex-post Evaluation 2022</th><th>Change 2018 – 2022 (%)</th></tr><tr><td>The number of PCA cases per year at the customs office and the enterprises</td><td>8,990</td><td>6,320</td><td>4,673</td><td>1,827</td><td>2,012</td><td>3,043</td><td>-51.9%</td></tr><tr><td>The amount of duties/taxes collected by PCA (billion VND)</td><td>2,454</td><td>2,171</td><td>2,263</td><td>1,397</td><td>962</td><td>711</td><td>-67.2%</td></tr></table>	Items	2017	Project Completion 2018	2019	2020	2021	Ex-post Evaluation 2022	Change 2018 – 2022 (%)	The number of PCA cases per year at the customs office and the enterprises	8,990	6,320	4,673	1,827	2,012	3,043	-51.9%	The amount of duties/taxes collected by PCA (billion VND)	2,454	2,171	2,263	1,397	962	711	-67.2%	Source: Vietnam Customs																														
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	Indicator 2: Satisfaction level on customs clearance is improved.	<p>Status of the Achievement (Status of the Continuation): Mostly achieved as planned (Continued)</p> <p>(Project Completion)</p> <ul style="list-style-type: none">VCCI report⁷ showed that the percentage of enterprises facing difficulties in 2016 decreased compared to that in 2015, including checking records, physical goods check, tax exemption consideration, tax refund procedures, and tax not collecting. The number of claims included general claims made to GDVC decreased compared with that of before the project. According to officials of customs branches and some companies, VNACCS/VCIS was overall evaluated highly, as it significantly increased the work efficiency of their operations. <p>(Ex-Post Evaluation)</p> <ul style="list-style-type: none">According to “Report on Satisfactory Level of Enterprises on Implementation of the Imports-Exports Procedures” conducted in 2018 jointly among USAID, VCCI and GDVC, it seems that the satisfaction level in regard to the methods of accessing information on customs administrative procedures in general has been slightly increased. As for the access to the information on website of the local Custom Authority, the percentage of those who responded as “Satisfied”⁽³⁾, increased from 62.0% in 2018 to 73.1% in 2020. As for access to the National Trade Portal, 59% to 71.2%, Direct contact, 53.0% to 68.8% respectively.In regard to the feedbacks for questions from those officials, 50.0% of enterprises answered as “satisfied” toward GDVC and 59.0% toward Local Customs Department in 2018. In 2020, the percentage slightly increased to 63.0% and 72.0% respectively. The survey was not conducted in 2022. <p>Note: (3) “Satisfied” is the highest two selection criterion among five options in the questionnaire.</p>	Source: Vietnam Customs																																																						
(Overall Goal) Trade facilitation is enhanced through further modernization of customs operations.	Indicator 1: Indicators of efficient trade processing are improved.	<p>Status of the Achievement: Mostly achieved as planned</p> <p>(Ex-Post Evaluation)</p> <ul style="list-style-type: none">No data was available for the target year, 2021⁽⁴⁾. According to the LPI, the country improved from 2.95 in 2018 to 3.1 in 2023 for the Customs: Efficiency of the clearance, and the LPI overall score also slightly increased from 3.27 in 2018 to 3.3 in 2023. Viet Nam was ranked 43rd out of 139 countries in 2023 from 39th out of 160 countries in 2018. <table><tr><th>Indicators</th><th>Actual 2018</th><th>Actual⁽⁴⁾ 2021</th><th>Actual 2023</th></tr><tr><td></td><td></td><td></td><td></td></tr></table>	Indicators	Actual 2018	Actual ⁽⁴⁾ 2021	Actual 2023					Source : World Bank Data																																														
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⁷ Evaluation of Customs Administration Reform Procedures, satisfaction level of enterprises in 2016 issued by VCCI.

Source :
VCCI

3 Efficiency

Although the project period was as planned (the ratio against the plan: 100%) and the project cost considerably exceeded the plan (the ratio against the plan: 151%) The excess of the project cost is due to the added cost for IT expert team that was necessary to tackle some risks, such as hardware renewal process and security risk operation. Outputs were produced as planned.

	Project Cost (Japanese side only, yen)	Project Period (month)
Plan (ex-ante)	243 million yen	35 months
Actual	366 million yen	35 months
Ratio (%)	151%	100%

In the light above, the efficiency of the project is ②.

4 Sustainability

<Policy Aspect>

The VNACCS/VCIS was officially put into operation in 2014 and has contributed to customs automation and administrative modernization of the Government. After nearly 10 years of operation, with changes in the stage of socio-economic development, updates of legal documents, the requirements for state management on customs have changed. The VNACCS/VCIS has revealed some major shortcomings and limitations. Besides, due to expired hardware lifespan, extended warranty has to be arranged with the concerned supplier. The risk of almost no replacement equipment is increasing, which has caused risks to the operation of the system. The system's software currently has not met the new requirements arising in the state management of customs either.

Therefore, at present, the Government of Viet Nam (GOV) and Ministry of Finance (MOF) emphasize implementing digital customs on the basis of operation of the VNACCS/VCIS instead of supporting the ongoing operation of VNACCS/VCIS. Customs modernization, including the adoption of latest technology advancement e.g., big data and AI technology, is a consistent and firm policy of the Government, i.e. “the Decision No.628/QD-TTg of Prime Minister in 2022 on Strategy for customs development” by 2030 which aims at developing a centralized IT system for customs, and “Decision No.97/QD-BTC of MOF in 2021” on the new IT system for Digital Transformation in customs, with implementation is expected during 2021 – 2027. Vietnam Customs has obtained the approval from the Ministry of Finance for the investment policy (Decision No.1957/QD-BTC dated 15 September 2023). The Vietnam Customs is in the

process to develop (redesign) an IT system for Digital Customs (including software and hardware) based on operations of the VNACCS/VCIS and prepare to update the manuals.

<Institutional/Organizational Aspect>

There has been a specialized team (35 staffs) established under the Centre for Management and Maintenance of Customs IT system to operate and maintain VNACCS/VCIS. The team works 24 hours a day and 7 days a week to keep constant operation of VNACCS/VCIS. There is also a hotline (helpdesk) team with 8 staffs established and managed by Customs IT and Statistics Department to support customs officers as well as enterprises for the registration and operation of VNACCS/VCIS. At local custom level in many provinces, there is a team to assist the operation of VNACCS/VCIS as well. Furthermore, connection with suppliers, local vendors and concerned organizations on VNACCS/VCIS have been established. However, it is unclear what the future structure will look like as customs becomes increasingly digitalized.

<Technical Aspect>

VNACCS/VCIS has not been upgraded due to difficult commercial negotiation between Vietnam Customs and the system developer. However, GDVC has obtained the approval from MOF to redesign the system (Decision No.1957/QD-BTC dated 15 September 2023). The new system (both hardware and software) is supposed to continue the function of automated centralized customs clearance as VNACCS/VCIS and incorporate stage-of-the-art technology e.g. AI and big data. As for the staff training, IT Department is responsible for the development of training materials, programs related to technical skills and IT knowledge. Accordingly, IT Department and Vietnam Customs School have organized training courses. Because VNACCS/VCIS has not been upgraded, all manuals/guidelines and training materials developed by the project as well as other JICA funded projects are still being used.

<Financial Aspect>

In order to maintain the system including the partial hardware renewal and O&M service, the state budget has been secured until 2025, but after that it is undecided. Discussions on system upgrade have been going on between Vietnam Customs and potential system developers. MOF approved “Decision No.1957/QD-BTC”, for which a necessary budget for the development of the IT system has been prepared.

<Environmental and Social Aspect>

No issues with the environmental and social aspects caused by this project have been observed, and it has not been necessary to take any countermeasures.

<Evaluation Result>

In light of the above, some problems have been observed in terms of the policy, institutional/organizational, technical and financial aspects of the implementing agency. Therefore, the sustainability of the project effects is ②.

5 Summary of the Evaluation

The project partially achieved to improve the operations of customs administrations in line with effective utilization of VNACCS/VCIS. After the project completion, project effects have continued. Thus, by the time of ex-post evaluation, the Overall Goal to enhance trade facilitation through further modernization of customs operations was mostly achieved as planned. As for sustainability, some problems have been observed in terms of policy, institutional/organizational, technical and financial aspects of implementing agency. As for efficiency, project cost considerably exceeded the plan.

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

III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

- 1) In the case of VNACCS/VCIS, more than 10 years have passed since its introduction, the hardware has reached the end of its life, the current system has not been replaced, and the operational risk is high. Based on the status of the system, Implementing Agency should work closely with suppliers and consider migrating to the next system in advance.
- 2) As stated above, based on VNACCS/VCIS, GOV is in the process of introducing a digital customs system to strengthen the custom regime based on VNACCS/VCIS. The expertise and experience accumulated through this project which aimed to improve the efficiency of customs operations can be applied to any IT system and will serve as the foundation for further improvements in customs procedures and systems. Therefore, it is recommended that GOV continue to fully utilize the knowledge and technology acquired through the project based on the stable operations and utilization of the VNACCS/VCIS.

Lessons Learned for JICA:

- 1) In any JICA's technical cooperation projects related to IT systems, there is a possibility for the policy changes of the partner countries and the replacements of IT system due to changes in the stage of socio-economic developments and the progress of technological innovation. In formulating and implementing future technical cooperation in the field of IT systems, it is necessary to carefully analyze and respond to the state of development of technological innovations in partner countries and the impact of possible external factors, such as the system's overload due to the increased usage.
- 2) In IT system-related projects, especially those where the Japanese side provides financial assistance for the introduction of hardware in conjunction with the project, considering the principle that the work and budget for updating and modifying hardware, middleware, and software are the responsibility and burden of the other party, sustainability issues will inevitably arise. Therefore, it is necessary not only to assess the financial and technical implementation capabilities before implementing the project, but also to clarify the scope, schedule, and responsibilities of the other party (especially the budget required for various modification work and procurement of equipment) for various modification work required as the responsibility of the other party after the project ends. It is necessary to encourage the other party's government to secure the implementation budget and ownership for these, and to devise ways to avoid increasing future dependency as much as possible. Also, due to the remarkable speed of technological innovation, if the implementing agency does not have the know-how for system development and design, it is necessary to thoroughly discuss measures to prepare for future modifications among the stakeholders during project formation and implementation.



Server center of VNACCS/VCIS



Support center of VNACCS/VCIS