

**PAGE 4: (B.1) YOUR CASE STORY: TITLE AND DESCRIPTION****Q1: TITLE OF CASE STORY (Maximum 50 words)**

A fast, secure track for international trade

Q2: CASE STORY ABSTRACT (Maximum 150 words)

Cross-border threats and illicit activities have caused risk factors to arise in trade transactions. Both the public and the private sectors are negatively affected by security shortcomings, and both benefit from increases in legitimate trade flows. The World Customs Organization aims to create public-private partnerships through collaborative programmes such as the Authorized Economic Operator (AEO) programme, a tool for internationalization and improved business competitiveness using a universally recognized accreditation that confers customs benefits at the source and at the destination, provided a Mutual Recognition Agreement is in place. The IDB has been helping Latin American and Caribbean countries define and implement the AEO programme in their customs administrations so as to achieve more secure trade, improved competitiveness, and increased integration in regional and global markets.

Q3: LONG DESCRIPTION OF THE CASE STORY (Maximum 1,000 words) This could include information, for example, about the origin of the project or programme, how it was designed, who executed it, what it sought to achieve and how it was delivered and managed. The text should focus on the project or programme inputs e.g. the financial, human, and material resources used for the project or programme.

Imagine that the organization where you work has seen its transaction volumes rise without interruption for the past 20 years. Imagine as well that it has had to take on new responsibilities to meet its customers' needs. And now, on top of that, imagine that there has been no increase in your organization's human and financial resources, despite its greater workload and new responsibilities.

How would you handle this situation? There is no easy answer, but this is basically the reality being faced by customs administrations. It has been brought about largely by the unprecedented increase in international trade, which has grown six fold over the past 20 years (expanding at an annual rate of 5.5% during that period), and by the need to simplify procedures and provide for the security of goods and passengers. And of course we must not forget the administrations' traditional revenue collecting role.

The World Customs Organization created the AEO programme in order to meet this challenge and contend with the difficulties of balancing security and facilitation. The programme promotes partnerships between customs administrations and the private sector in order to facilitate supply chains comprising producers, carriers, importers, exporters, customs brokers and ports, among others, and to ensure those supply chains are secure. The partnerships provide for priority handling of the goods of enterprises that have a solid record of customs and tax compliance and that also meet the specific security requirements for their business sectors. These include physical security requirements with respect to means of access, work spaces, computer systems, cargo transport and storage processes, and an enterprise's employees and affiliated companies, among others.

AEO certification offers private-sector enterprises a wide variety of benefits that lead to time and cost savings and translate into increased competitiveness in international markets. These benefits include priority clearance of goods, fewer physical inspections, express-lane authorization,

eligibility for simplified customs procedures, and the ability to carry out relevant checks at the operator's offices, as well as advantages relating to deferred tax payment.

These benefits can be seen in the experiences of enterprises such as the automaker Ford, which has improved the logistical side of its operations through reduced customs inspections and faster border crossings. Business managers such as Igor Rodríguez Duran – head of customer service and international logistics at Brugal & Co., S.A. in the Dominican Republic, a firm that is active in 32 international markets, importing some 1,200 containers of raw materials annually for the production of rum and exporting 800 containers of the finished product – have also benefited from the programme. "AEO certification allows us to use the express lane in ports, which considerably shortens our port operations by an average of two hours, and we save US\$25.00 in customs formalities and inspections for each container that is not inspected", he said. "It has also enabled us to strengthen our supply-chain security standards and, as a result, provide better service to customers in the different markets where our brand is present".

Cristian Ramón Apodaca, divisional manager for administration, accounting and human resources at the electronics manufacturer PIMS, S.A. in Mexico, said, "Thanks to our AEO certification, our parent company chose our factory for the manufacture of a new product line over factories in China and Thailand that did not have the certification". He said that this led to the creation of skilled jobs, improvements in infrastructure and better relationships with suppliers.

These views are corroborated by data from a recent IDB survey of AEO enterprises in the region, in which:

- 91% of enterprises said that security in their logistics chains had improved considerably.
- 65% said that physical inspections and clearance times had decreased.
- 72% indicated that their dealings with customs administrations had improved.

From the perspective of customs administrations, the AEO programme enables them to optimize the way they manage their financial and human resources by focusing on the highest-risk operators and customs transactions. The programme also leads to greater efficiency on the part of customs authorities and helps them save time and reduce costs, as noted by Costa Rican Customs Director Rafael Bonilla Vindas.

The AEO programme has grown significantly around the world over the last five years, with more than 50 countries participating, including ten in Latin America and the Caribbean: Argentina, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Peru, the Dominican Republic and Uruguay. Several other customs administrations have made significant progress in developing their programmes (Bolivia, Brazil, Chile, Ecuador and El Salvador), and more than 400 enterprises have been certified.

Mexico has also signed two Mutual Recognition Agreements (MRAs), with Korea and the United States, to enable the private sector to reap these customs benefits at both the source and the destination. This facilitates logistics chains and ensures their security, from end to end.

The receptiveness of customs administrations and enterprises to the AEO programme and the programme's positive impact on competitiveness and regional integration have strengthened the IDB's commitment, undertaken in 2009, to support the programme financially and technically, through technical assistance programmes, internships, training and support in MRA negotiations, and to thereby contribute to the creation of a world where doing business internationally is easier and more secure for everyone.

Q4: Please add here web links to project/programme materials.

Testimonial of José Alberto Méndez, value chain security specialist for Ford in Mexico:
<https://www.youtube.com/watch?v=XCiFpx2XBD8>

Testimonial of Rafael Bonilla Vindas, Director of Costa Rican Customs:
<https://www.youtube.com/watch?v=XCiFpx2XBD8>

Web page on the IDB's Integration and Trade Sector: <https://www.iadb.org/en/tign>

PAGE 5: (C.1) ABOUT YOU**Q5: YOUR CONTACT DETAILS**

Name: Sandra Corcuera
 Ministry/Institution/Organization: IDB
 Country: USA
 Email address: sandracs@iadb.org

Q6: FUNCTION

Other (please specify)
 Multilateral body

PAGE 6: (C.2) ABOUT THE CASE STORY**Q7: FUNDING PARTNER**
Tick the appropriate box(es)

Bilateral donor, multilateral
 organization, South-South partner

Q8: Additional information

In addition to the IDB, bilateral donors have also participated in the project by providing technical assistance. There has also been collaboration among customs administrations as part of the South-South cooperation framework.

Q9: START DATE OF PROJECT/PROGRAMME

2009

Q10: STATUS OF PROJECT/PROGRAMME

Ongoing

Q11: DURATION OR, IF ONGOING, EXPECTED DURATION OF PROJECT/PROGRAMME

3-5 years

Q12: COST OF PROJECT/PROGRAMME

Between US\$1 million and US\$5 million

Q13: Additional information

The project is being funded through several sources. The total cost is estimated at US\$2 million.

Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME

Grant

PAGE 7: (C.3) ABOUT THE CASE STORY**Q15: PROJECT/PROGRAMME TYPE**

Regional

Q16: SINGLE COUNTRY/CUSTOMS TERRITORY

Respondent skipped this question

Q17: REGION (If the region does not appear in the drop down menu, please enter manually)

Other (please specify)
 All IDB borrowing members in
 Latin America and the Caribbean

Q18: MULTI-COUNTRY (Enter all countries or customs territories)

All IDB member countries have had the opportunity to receive training in this area. Specifically, the following countries have received or are receiving technical assistance: the countries of the Pacific Alliance, the countries of Mesoamerica, Bolivia, Brazil, Ecuador, Jamaica, the Dominican Republic and Uruguay.

PAGE 8: (C.4) ABOUT THE CASE STORY

Q19: CASE STORY FOCUS
Tick the appropriate box(es)

REDUCING TRADE COSTS FOR MERCHANDISE
 GOODS

Customs reform

Other border agency reforms

Support for compliance with non-tariff measures
 (including standards)

Other (please specify):
 Improvements in the creation of strategic
 partnerships with the private sector, in logistics
 chain security and in trade facilitation

PAGE 9: (C.5) ABOUT THE CASE STORY

**Q20: HOW SUCCESSFUL WAS THE
 PROJECT/PROGRAMME**
Tick the appropriate box(es)

Successful

PAGE 10: (C.6) ABOUT THE CASE STORY

**Q21: WHAT WERE THE OUTPUTS
 OF THE PROJECT/PROGRAMME?**
Tick the appropriate box(es)

Officials trained
 Customs laws amended or updated
 Other border agency law updated
 New customs procedures
 New other border agency procedure
 New conformity assessment procedures or
 processes
 New animal health measures or processes
 New plant health measures or processes
 New quality assurance procedures or processes

Q22: Additional information
(maximum 300 words)

Respondent skipped this question

PAGE 11: (C.7) ABOUT THE CASE STORY

**Q23: WHAT WERE THE OUTPUTS
 OF YOUR PROJECT/PROGRAMME?**
Tick the appropriate box(es)

Reduction in ship dwell time
 Reduction in road haulier waiting times
 Reduction in airport cargo handling times
 Reduction in storage costs
 Reduction in customs clearance time
 Reduction in other border agency clearance
 time
 Reduction in cost of customs clearance
 Reduction in cost of other border agency
 clearance
 Increase in merchandise exports
 Increase in road haulage volumes
 Increase in airport cargo volumes

Q24: Additional information
(maximum 300 words)

Respondent skipped this question

PAGE 12: (C.8) ABOUT THE CASE STORY

Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME?
Tick the appropriate box(es)

Increase in foreign investment
Increase in employment
Export market diversification
Increase in consumer welfare

Q26: Additional information (maximum 300 words)

Respondent skipped this question

PAGE 13: (C.9) ABOUT THE CASE STORY

Q27: LESSONS LEARNT?
Tick the appropriate box(es)

Importance of good project design
Importance of alignment with national priorities
Importance of alignment between different development partners in programming
Importance of engagement by private sector
Importance of agreeing clear project implementation responsibilities
Importance of agreeing clear project monitoring and evaluation process and procedures
Importance of agreed accountability frameworks
Importance of attention to long-term sustainability
Importance of political will and commitment by project partner

Q28: Additional information (maximum 300 words)

Respondent skipped this question

Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK?
Tick the appropriate box(es)

M&E framework used
Ex-post evaluation
Impact assessment
