

**Government of the People's Republic of China  
United Nations Development Programme (UNDP)**

**Draft Project Document**

**China Customs Modernization  
for Trade Facilitation and Equitable Development**

In order to effectively implement the 11<sup>th</sup> Five-year Economic-Social Development Programme and to build an all-round XiaoKang (well-off) Society in China, a crucial task facing China today is to find the most modern and cost-effective way to efficiently achieve the goal of promoting broad, equitable economic and social development.

One path to this goal is through the broad-based facilitation of trade. The project will support the goal through two dimensions: (1) further improve the legal and policy environment on a national basis with transparency, uniformity, consistency and accountability. (2) further enhance trade facilitation through a number of capacity building initiatives.

These reforms will significantly enhance trade-related economic development at national level, with particular benefits to small- and medium-sized businesses and businesses in Western, Northeastern and other remote regions, which were often unable to fully reap the benefits from past customs modernization efforts. Furthermore, these changes will promote the complementary Chinese Government and UNDP goals of rule of law, social and economic sustainable development.

**UNDAF Outcome:**

Social and economic policies are developed and improved to be more scientifically based and human centered for sustainable and equitable growth.

**Country Programme Outcome/Indicators:**

National efforts to lead and manage Xiaokang/MDG implementation supported through a variety of instruments and capacity building initiatives.

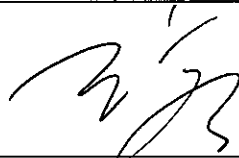
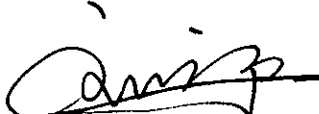
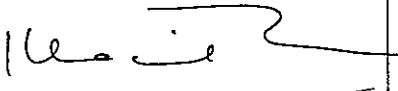
**Country Programme Output/indicators:**

Policy oriented research on emerging poverty challenges developed and disseminated to key stakeholders.

**Government Coordinating Agency and Implementing Partner:** China International Center for Economic and Technical Exchanges (CICETE)

**Government Cooperating Agency:** The General Administration of Customs of China (CGA)

<p>Programme Period: 2006-2010          Programme Component: Achieving the MDGs and reducing human poverty          Project title: Duration: 2006-2010          Management Arrangements: National Execution</p>	<p>Budget (US\$)                      25,300,000</p> <p>Allocated Resources</p> <ul style="list-style-type: none"> <li>• Government                      23,000,000</li> <li>• UNDP TRAC                      2,300,000</li> <li>• Additional Local</li> </ul>
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Agreed by:	Signature	Date
Government Coordinating Agency and Implementing Partner (CICETE):		19/6. 2006
Government Cooperating Agency (CGA):		2006. 6. 19.
UNDP:		26/6

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## **PART I: SITUATION ANALYSIS**

China is widely recognized for its impressive record of economic growth and for its success in reducing absolute poverty since the initiation of strategic reforms in 1979. China has been the world's fastest growing economy over the past two decades, with real GDP growth at an average rate of 9.4% annually and per capita incomes rising threefold. In the Human Development Index (HDI) ranking, China has climbed 20 places to reach a ranking of 85<sup>th</sup> among 177 countries since 1990. The country has demonstrated a development trend viewed through the HDI from 0.558 in 1980 to 0.755 in 2003 (UNDP HDR 2005). China has made massive achievements in poverty relief in the past 25 years. Measured in accordance with China's national poverty level standard, the number of absolute rural poor dropped from 250 million in 1978 to 29 million in 2003. If poverty line of PPP\$ 1/day is applied, China's rural poverty population dropped from 280 million in 1990 to 85.176 million in 2003 (UNDP China HDR 2005). The government's long term commitment to reform and development has been a key feature in the transformation of China. By 2003, it had reached an annual per capita income of US \$1100.

One reason for the above mentioned achievements is the substantial increase of international trade volume and revenue collected by China Customs which greatly contributed to the social and economic development in China. China's import and export volume totaled US\$1.42 trillion in 2005, registering a 23.2 percent year-on-year increase. Total foreign direct investment reached US\$60.3 billion, and the country's foreign exchange reserves totaled US\$818.9 billion at the end of 2005. It is estimated that China will increase its total volume of trade in goods and services to US \$2.3 trillion and \$400 billion, respectively, by the year 2010. Much of this economic growth has been and will continue to be closely tied to the open trade and investment regimes of the major economies of the world. Exports account for over 40 percent of China's gross domestic product, and China has depended on the growth of its export sector to spur modernization of its economy and support improved standards of living.

Major Challenges also remain. There are sharp variances in the levels of development among China's 31 provinces, as well as the autonomous regions and municipalities. Regional differences create uneven capacities of customs between east and west in China. Imbalanced capacities within China Customs system not only weaken the uniformity and consistency of the Customs law and regulations but also create obstacles for the local economic and social development especially in western and northeast region of China. China also faces great pressure to create sufficient employment opportunities to ensure stable social and economic development. There is a high need for policies to stimulate SMEs development, especially for SMEs in the western region to obtain more preferential policies and support from China Customs to participate in and benefit from the international trade.

With an anticipated 80 percent increase in trade in goods in the next five years, China Customs will face great challenges to cope with the compliance and trade efficiency mandates with its current workforce if efficiency of trade management are not further increased.

support with three phases project from 1990 to 2005. The first phase project (1990-1995) assisted China Customs in formulating concepts and strategy of customs modernization by a series of studies and researches. Second phase project (1996-2000) started establishing modern customs by improving customs legislation, system automation and transparency, increase client focus and capacity building for Customs officials for better integrity and accountability. Third phase aimed at putting (2001-2005) customs modernization and reforms into the WTO framework. Amendment of customs legislation was amended according to WTO requirements. Capacity building for Customs officials was conducted for better understanding of WTO rules and regulations. China Customs automation systems were further upgraded and integrated at national level.

With the three phases' UNDP projects, China customs has made enormous progress in customs modernization in recent decades. This progress has manifested itself in four primary areas:

- Legal reform for making rational rules meeting national needs and international standards and ensuring regulatory transparency, uniformity, consistency and accountability;
- Procedural and formality reform for simplification;
- Information technology and automation for trade facilitation and compliance;
- Capacity building for compliance and professionalism

As shown in the evaluations of the three previous UNDP projects the CGA has made commendable progress in broadening its knowledge of international trade norms and national laws and regulations. It has also strengthened its relations with the international Customs community, has made significant strides in adopting international Customs standards, and has begun to reform its legal norms and establish a national information technology system. The CGA also established the Customs automation system and E-Port project, and conducted training of various Customs officials. Direct results of these efforts are increased volumes of trade and revenue, escalated speed of Customs clearance, improved monitoring of Customs fraud, and increased accountability of customs officers and officials.

#### Lessons Learned:

With the successful implementation of the previous UNDP projects focused on China Customs modernization, China Customs has demonstrated significant benefits directly traceable to UNDP and other bi- and multilateral assistance. Significant groundwork has been laid and numerous tasks have been undertaken to improve the legal system and to build capacity. While recognizing the successes achieved in most areas, important lessons still can be learned from the previous projects in order to enhance the effectiveness and efficiency of implementation of this project.

1. While customs automation, trade facilitation and other technical renovations are critical for China Customs Modernization, China Customs should dedicate more resources to institutional changes which can develop a more efficient customs administrative structure with and adjust its allocation of personnel and resources to enable implementation of the rule of law, regulatory reform, and social development across China;

cooperation between China Customs and trade community need to be strengthened in order to improve both trade facilitation and compliance.

- In line with the requirements in the WCO Framework of Standards to Secure and Facilitate Global Trade and the Emergency Management Guidance of the Chinese Government, CGA has a significant role in the security and emergency responsiveness areas. In this regard it has limited experience and knowledge on the activities that may be required to support this mandate. The CGA must quickly establish avenues of cooperation and communication with other Customs administrations which are signatories to the WCO Framework in order to assimilate the best practices and establish an information-sharing network. The CGA should also implement a coordination mechanism with other government agencies within China, develop processes and procedures, and issue guidance to make sure a sound emergency responsiveness mechanism is developed and implemented.
- With fast pace of China Customs modernizations and reforms Customs officials and staff are facing great pressure to develop their capacities to fulfill their responsibilities for trade facilitation and compliance in line with the global standard.
- In response to the increased pressure from both trade facilitation and compliance China Customs need to strengthen risk management centered administration system.

2. With the 11<sup>th</sup> Five-year Programme China Customs needs to develop strategy for both economic and social development.

- SMEs' have contributed significantly to economic and social development and are the main source of employment opportunities in China. However SMEs are facing great challenges from the competition of multinational companies especially after China's entry into the WTO. Customs modernization needs to expand the benefits to the SMEs to encourage their development in domestic and international market ;
- Regional differences create uneven capacities of customs between east and west in China. Imbalanced capacities within China Customs system not only weaken the uniformity and consistency of the Customs law and regulations but also create obstacles for the local economic and social development especially in western and northeast region of China.

Many challenges still remain ahead of the CGA for its modernization; but there are also many opportunities upon which they can capitalize. In line with the 11<sup>th</sup> Five-year Programme further refinement of their legal framework, a stronger rule-making procedure coupled with adequate HQ staffing, continued upgrading of transparency and uniformity in operations, designing strategies for the use of trade modernization as a tool for equitable and balanced development, nationwide integration of the information technology system, and implementation of compliance programs are important opportunities for China Customs to reform and modernize itself in order to contribute to development towards an all-around XiaoKang Society in China. China Customs needs to continue to follow through on its modernization efforts, based on the knowledge gained through the previous projects and to be gained through this project.

- (7) without prejudice, fully support SMEs and the trade facilitation and development in western, northeastern and other remote regions.

## **II.b. PROGRAMME STRATEGY**

The programme interventions are two folds.

First outcome is to support policy development. China Customs will identify areas in Customs laws and policies for improvements according to WTO framework and WCO Framework of Standards to Secure and Facilitate Global Trade and prepare for the next round of revisions, which will include codification of the Customs Law of China. The new customs law legislative proposal and 21 regulations will be completed.

Consistency and uniformity of laws and regulation implementation will be enhanced by establishing unified national standard.

China Customs will open a dialogue with the regulated parties to seek the input that will allow it to make informed decisions on policies and regulations. An advisory committee consisting of representatives from the various segments of the trade community will be established as a means for communicating thoughts and ideas on customs modernization. This committee will enhance the openness and transparency of and the public access to China Customs' decision making process in order to ensure that only reasonable and necessary regulations are enacted and compliance with regulations is feasible.

Second outcome is to support capacity building. This outcome has two aspects:

1. Capacity development for China Customs staff and trade communities with both technical training and training of trainers.
2. Institutional and system development with customs business process re-engineering and equipment procurement.

This project will achieve synergy between the two aspects so that China Customs will obtain a sound rhythm for its reforms and modernization.

Through UNDP platform China Customs will continue to build its capacities by introducing international best practices and knowledge.

There are five goals for the capacity building:

- Trade Facilitation
- Customs Compliance Programs and Risk Management
- Supply Chain Security and Port Emergency Responsiveness
- Professionalism
- Strategy on both economic and social development

### Trade facilitation

efficient and fair resolution of disputes, and makes service to the trade and the government more rewarding.

In this regard, China Customs and the trade community in China both need to increase their investments in systematic training on customs and trade issues. The laws and regulations, trade procedures and compliance, automated systems and international trade and business transaction will be the essential topics around which training programs for Customs officials and the trade community will be designed. Targeted Customs officials will be the first to receive training with that training including not only a review of the substantive areas of training but also instruction on how to provide training. Those officials will then be used to conduct training of other Customs officials, thereby increasing and diversifying the knowledge base within China Customs. Once this has been completed, an outreach effort to the trade community will be undertaken, utilizing both targeted training programs and participation at various conferences/trade fairs and other organized events to ensure that compliance, transparency and integrity over the import and export process is improved. And gender perspective will be considered for the trainee selection in order to ensure sufficient women participation from China Customs and trade communities.

### Economic and Social Development

The CGA will adjust its policies not only focus on economic development but also on the social development. SME development and Customs development in western, northeastern and other remote regions will not only be mainstreamed into all the above mentioned objectives but also will have the following specific targets in the project.

SMEs development strategy will be formulated to guide the next stage reform of China Customs. International best practices and experiences from customs in other countries to encourage SMEs development will be introduced through this project in order to assist the China Customs in formulating policies for SMEs development in China. Tailor made services will be designed and provided to SMEs which will reduce their customs transaction cost and encourage their development in domestic and international market. Trainings and advocacies will be conducted for SMEs in order to inform SMEs on new services for them and on how to access and utilize the service to enhance their development.

Development strategy for the Customs in different regions, especially for remote and western, northeastern and other remote regions of China will be formulated and implemented. Training programme will be designed accordingly to push forward the local customs development.

### **II.c. INTENDED BENEFICIARIES:**

Two sets of target beneficiaries will benefit from this project.

#### *a) Primary Beneficiaries*

China Customs and its staff in the CGA, Customs districts and Customs ports will be



## **2. Customs to Business partnership**

The Customs will also strengthen partnerships with the private sector by establishing cooperation mechanisms with business associations, chambers of commerce and professional service providers and organizations in order to provide better services to business, to mitigate risks and to promote corporate social responsibilities. This partnership pillar will also serve as a vehicle for providing private sector input to CGA in the development of regulations and procedures, provide CGA with a channel for communicating information to the private sector, and provide the trade community an avenue for education in compliance.

## **3. Partnership with Other Government Agencies**

In implementing its modernization agenda, including the “single window” concept and the integrated port administration and automation system, the participation of other government agencies will be essential. In particular, China Customs will assist the Office for Public Servant and the Ministry of Personnel to adjust the allocation of human resource between the Customs HQ and the customs districts and reorganization of duties and obligations for relevant government agencies in port management so as to simplify trade and customs procedures and to provide a “one-stop shop” providing integrated trade-related services to the enterprises.

## **4. Partnership with other Organizations of the International Community**

China Customs recognizes that, in the process of implementing the programme, the necessity of the partnership with other organizations of the international community such as EU, OECD, UNCTAD, World Bank etc. to learn professional expertise and experience and lessons of the research and studies conducted by them.

## **5. Communication strategy**

Regular communication mechanism with other government agencies and trade communities will be establish to communicate China Customs reform progress and to enhance cooperation.

Regular advocacies will be conducted to introduce the project achievements to the general public.

- II. Unified, national standards, ruling programme and internal advice for laws and regulations implementation established;
- III. Training on new legislation, policies and implementation mechanism conducted for China Customs staff and trade community.

### **Output 1.3 – Communication with stakeholders enhanced**

#### **Targets:**

- I. Mechanism established to communicate legislative proposals, new laws and regulations and development strategies to the key stakeholders.
- II. Workshops held for consultations and trainings.
- III. Communication and cooperation mechanism with customs in other countries established in order to enhance knowledge exchange and cooperation under WCO and WTO framework.
- IV. Knowledge exchange and communication with UNDP ‘Silk Road’ project and other relevant projects will be strengthened and cooperation opportunities will be identified to further enhance trade facilitation and security in China.

### **Outcome 2: Enhanced capacity for China Customs modernization with particular attention to customs development in western, northeastern and other remote regions in China and customs services provided to SMEs in China.**

#### *Outcome Indicators:*

In capacity building, the project will contribute to China Customs modernization and the nation’s economic and social development in the following aspects: (1) by improving the Customs Automation Environment, Customs formalities will be accelerated and small and medium size enterprises will also benefit from trade development with more favorable services; (2) by establishing advanced compliance program, risk management, business cost and administration cost for customs and trade compliance will be lowered and customs revenue will be protected; (3) by streamlining port security emergency responsiveness mechanism, the nation’s security interest and social stability will be protected; (4) by upgrading of professionalism of the customs staff will advance the overall service of the customs administration to be provided to the public and private sectors; (5) development strategy for the Customs in different regions, especially for remote and western, northeastern and other remote regions of China will be formulated to guide the next stage of reform within CGA.

### **Output 2.1 - Institutional arrangements redesigned for further trade facilitation**

#### **Targets:**

- I. Rearranged segregation of duties among relevant government agencies to simplify trade and customs procedures of the Customs and other agencies by working with the State Commission on Development and Reform and the Office for Public Sector Reform;
- II. Customs automation system upgraded into an integrated nationwide system;

**Output Target 2.6 - Customs Support strengthened for International Trade in the western, northeastern and other remote regions**

**Targets:**

- I. In order to enhance consistency of implementation of laws and regulations, development strategy for the Customs in different regions, especially for western, northeastern and other remote regions of China, be formulated to guide the next stage reform within CGA.
  
- II. Training programs, especially for Customs field offices in western, northeastern and other remote regions of China developed and implemented in accordance with development strategies formulated.

**Output Target 2.7 - Customs support strengthened for international trade of SMEs**

**Targets:**

- I. Development strategy of Customs for SMEs formulated to guide the next stage of reform within CGA.

<p>Specific indicators are as follows:</p> <ol style="list-style-type: none"> <li>1. The new customs law legislative proposal and 21 regulations completed.</li> <li>2. Unified national standards for laws and regulations implementation established.</li> <li>3. Mechanism established to communicate legislative proposals, new laws and development strategies to the key stakeholders.</li> </ol>			
<p><b>Partnership Strategy:</b></p> <p>Please refer to Part II.e. for detailed partnership strategy.</p>			
Intended Outputs	Output Targets for (years)	Indicative Activities	Inputs US\$ (nature of cost)
<p>1.1 The new customs law legislative proposal and 21 regulations completed</p>	<p><u>2006-2010 target:</u> Research, design and draft amendments to and codify the Customs law and foreign trade laws, regulations completed</p>	<p>1.1.1 By the end of 2008, 10 international consultants and 10 local consultants specialized in Customs and international trade law will be engaged for 1 month to produce reports on "China Customs and Trade Law Reform: Trade Facilitation and Compliance", regarding various laws and regulations, the reports will be completed and disseminated in English and Chinese versions. (UNDP: US \$170,000)</p> <p>1.1.2 By the end of 2009, 5 groups (30 individuals) of governmental and congressional officials will be sent for observation, review, study and fellowship, reports on the best practices customs and trade laws of the countries. (UNDP: US \$120,000)</p> <p>1.1.3 By the end of 2009, 10 customs officials will be sent abroad for one-month training on customs laws, regulations and WCO Framework and the Revised Kyoto Convention. (UNDP: US \$60,000)</p> <p>1.1.4 Based upon the reports from the international consultants and the local consultants, China Customs will produce a comprehensive report and legislative proposals on Customs and trade laws regulations reform and submit it to the State Council and the National People's Congress.</p>	<p><b>2,231,000</b></p> <p>350,000 170,000 (70,000 + 100,000) Travel expenses and service fee</p> <p>120,000 Travel expense</p> <p>60,000 Travel Expense</p>

<p><b>OUTCOME II: Enhanced capacity for China Customs modernization with particular attention to customs development in western, northeastern and other remote regions in China and customs services provided to SMEs in China.</b></p>		
<p><b>Outcome Indicators:</b></p> <p>In capacity building, the project will contribute to China Customs modernization and the nation's economic and social development in the following aspects: (1) by improving the Customs Automation Environment, Customs formalities will be accelerated and small and medium size enterprises will also benefit from trade development with more favorable services; (2) by establishing advanced compliance program, risk management, business cost and administration cost for customs and trade compliance will be lowered and customs revenue will be protected; (3) by streamlining port security emergency responsiveness mechanism, the nation's security interest and social stability will be protected; (4) by upgrading of professionalism of the customs staff will advance the overall service of the customs administration to be provided to the public and private sectors; (5) development strategy for the Customs in different regions, especially for remote and western, northeastern and other remote regions of China will be formulated to guide the next stage of reform within CGA.</p>		
<p><b>Partnership Strategy:</b></p>		
<p>Please refer to Part II.e. for detailed partnership strategy</p>		
<p><b>Intended Outputs</b></p> <p>2.1 Institutional arrangements redesigned for further trade facilitation</p>	<p><b>Output Targets for (years)</b></p> <p>2006-2010 targets: I. Rearranged segregation of duties among relevant government agencies to simplify trade and customs procedures of the Customs and other agencies by working with the State Commission on Development and</p>	<p><b>Indicative Activities</b></p> <p>2.1.1 To identify, select and purchase computer hardware and software for the projects, as outlined in the List of Equipment attached to this document (Chinese Government: US\$ 17,000,000)</p> <p>2.1.2 40 customs technicians will be trained for equipment use and maintenance (Chinese Government: US\$ 200,000)</p> <p>2.1.3 By the end of 2010, 5 local consultants and 10 international consultants will be engaged for 1 month to work with China Customs.</p>
		<p><b>Inputs</b></p> <p>350,000 (17,200,000)</p> <p>17,000,000 Government Cost Sharing for equipment</p> <p>200,000 Government Cost Sharing for training</p> <p>160,000 (70,000+)</p>

	<p>compliance assessment and compliance measurement methodologies employed to China Customs and trade Community;</p> <p>III. Trade statistics analyzed, areas of risk identified and early alert mechanism established;</p> <p>IV. Internal monitoring and assessment of law implementation and enforcement for compliance and accountability developed and improved;</p>	<p>2.2.3 By the end of 2010, 5 local consultants and 10 international consultants will be engaged for 1 month to work with China Customs. (UNDP: US\$160,000)</p> <p>2.2.4 By the end of 2009, 5 groups (30 individuals) of governmental and congressional officials will be sent for observation, review, study and fellowship, reports. (UNDP: US \$120,000)</p> <p>2.2.5 By the end of 2009, 10 customs officials will be sent abroad for one-month training. (UNDP: US \$70,000)</p>	<p>160,000 (70,000+ 90,000) Travel expense and service fee</p> <p>120,000 Travel expense</p> <p>70,000 Travel expense</p>
<p><b>2.3 Crisis management and emergency responsiveness strengthened</b></p>	<p><u>2006-2010 targets:</u></p> <p>I. A crisis management program and a crisis management team established,</p> <p>II. Best practices from Customs in developed countries introduced</p> <p>III. Equipment and systems upgraded for crisis management in order to secure trade, supply chain and social stability.</p>	<p>2.3.1 By the end of 2010, 5 local consultants and 5 international consultants will be engaged to work with China Customs. (UNDP: US\$63,000)</p> <p>2.3.2 By the end of 2009, 3 groups (20 individuals) of governmental and congressional officials will be sent abroad for observation, review, study and fellowship, reports. (UNDP: US \$30,000)</p>	<p>93,000</p> <p>63,000 (33,000 + 30,000) Travel expense and service fee</p> <p>30,000 Travel expense</p>
<p><b>2.4 Professionalism</b></p>	<p><u>2006-2010 targets:</u></p> <p>Training provided to the</p>		<p>102,000</p>

	<p>the China Customs and trade community to raise the awareness of accountability and corporate social responsibilities</p>		
<p><b>2.6 Customs support strengthened for International Trade in the western, northeastern and other remote regions</b></p>	<p><b>2005-2006 targets:</b> I. In order to enhance consistency of implementation of laws and regulations, development strategy for the Customs in different regions, especially for western, northeastern and other remote regions of China, formulated to guide the next stage reform within CGA.</p> <p>II. Training programs, especially for Customs field offices in western, northeastern and other remote regions of China developed and implemented in accordance with development strategy formulated.</p>	<p>2.6.1 By 2008, ear-marked procurement of 80 vehicles will be distributed to the regions, and part of the IT equipment will be used in the regions. (Chinese Government: US\$3,100,000)</p> <p>2.6.2 Among the indicative activities listed above, 30% of the participants will be from these regions, and special training programs will be arranged in the coastal customs districts for the customs officials from these region.</p> <p>2.6.3 International trade in remote regions will be taken into consideration as a priority when customs and trade programs are reviewed, especially customs automation system will help this subject.</p> <p>2.6.4 5 local consultants will be engaged to provide reports for this efforts. (UNDP: \$30,000)</p> <p>2.6.5 A plan and strategy to support and encourage international trade in these regions will be made by the Customs HQ by the mid of 2007.</p>	<p>30,000(3,100,000) 3,100,000 Government Cost Sharing</p> <p>30,000 (10,000 travel and 20,000 Service fee)</p>
<p><b>2.7 Customs support strengthened for international trade of SMEs</b></p>	<p><b>2006-2010 targets:</b> I. Development strategy of Customs for SMEs formulated to guide the next stage of reform.</p>	<p>2.7.1 5 local consultants and 2 international consultants will be engaged to provide reports for this efforts. (UNDP: \$40,000)</p> <p>2.7.2 A plan to support international trade of SMEs will be made by the Customs HQ by</p>	<p>100,000 40,000 (15,000+ 2,5000) (Travel expense and service fee)</p>

## **PART IV. MANAGEMENT ARRANGEMENTS**

The China International Center for Economic and Technical Exchanges (CICETE) is nominated by the Ministry of Commerce of China (MOFCOM) as the Government Coordinating Agency and Implementing Partner directly responsible for the Government's participation in each annual work plan (AWP) of this project. The AWP's describe the specific results to be achieved and will form the basic agreement between UNDP and the Implementing Partner on the use of resources. CICETE as the Implementing Partner is responsible and accountable for managing the project, achieving the project outputs, and for the effective use of UNDP resources. The reference to "Implementing Partner(s)" shall mean "Executing Agency (ies)" as used in the SBAA.

The Government Cooperating Agency of the project is the General Administration of Customs of China. A National Project Management Office (NPMO) will be established at the Chief of Staff's Office under CGA to oversee and co-ordinate all project activities and look after the day-to-day implementation of the project. CGA will appoint a senior official to act as the National Project Director (NPD) to oversee the management and implementation of the project. A National Project Manager (NPM) will be assigned full time to the project and will administrate the NPMO. The NPD takes the responsibility for effective management of the project and oversees the functions of leadership, staffing, planning, scheduling and organization, direction of implementation, monitoring/evaluation and reporting. In accordance with UNDP rules, the NPD also holds the authority to request funds from the project budget. The NPD is not a full-time appointment, but will provide close supervision to the NPM who will be responsible for the day-to-day management of the project.

## **PART V. MONITORING AND EVALUATION**

Monitoring and annual review of the project will be undertaken in line with the UNDAF results matrix .

Project monitoring and annual review (M&A) will be conducted with focus on outcomes and outputs of interventions, institutional results and partnerships, policy advice and dialogue, advocacy and coordination. The M&A should aim at the following key objectives: 1) focus on results at two levels: at output level, the specific products and services from the Project; at outcome level, in which the Project has contributed to overall policy and legal environment and capacity building for trade facilitation and equitable development in China 2) to enhance management efficiency of the project and ensure consultation/participation of all stakeholders and 3) to not only focus on assessment of progress of the project, but also on experiences and lessons learnt to support more informed decision-making and dissemination of project results.

Monitoring progress towards achievement of programme outcomes and outputs will be undertaken at the level of the overall project, and at the individual pilot level. The extent to which the desired outcome of the project has been achieved will be monitored



modernization and Western, Northeastern and other remote regional development, and it is justified by the trade efficiency and revenue protection.

In addition, the CGA will cover the salaries and other related costs of all officials assigned to the project. It will cover the salaries accrued to CGA officials while on study missions or on fellowship overseas and will cover the total cost of Chinese officials participating in training activities and seminars in China. It will cover costs of project office space, training classes and facilities and associated equipment, local transportation, support to visiting missions; local translation, communications and transport service; local surveys, investigations and data collection. It will also cover computer hardware and software and all necessary data, information, reports for the use of this project.

### ***6.2 UNDP Input***

- 1) International and local consultants;
- 2) Training & research activities, seminars, workshops, written translation of books, fellowships overseas, and study tours
- 3) Project management, monitoring and evaluation.

The CGA has willingly accepted the Government's directions and support with regard to the modernization of China Customs and, with the benefit of knowledge gained through previous involvement in three UNDP projects, has already engaged in substantial preparatory work for this project. To ensure the achievement of the project objectives, the CGA will commit itself fully to the project.

Provided that the timing of the hardware cost sharing and the software contributions come together as anticipated, the risk is considered to be minimal.

The potential fluctuation of the exchange rate between RMB Yuan and US dollar shall a reasonable risk which deserves to be taken into consideration when the programme is evaluated and approved by the Chinese government and the UNDP.

## **ANNEX II – LAWS AND REGULATIONS TO BE AMENDED AND DRAFTED**

### **Congressional Statute:**

1. Customs Law, 2009 (legislative proposal to be completed)

### **State Council Regulations:**

1. Regulations on Customs Statistics, 2006.
2. Regulations on Customs Bonded Areas, 2007
3. Regulations on Customs Bond, 2008
4. Regulations on Customs Supervision and Control, 2008.
5. Regulations on Customs Audit, 2008.

### **Customs Agency Regulations:**

6. *《Regulations on Enterprise Compliance Assessment》*, 2007
7. *《Regulations on Enterprise Classification Management》*, 2007
8. *《Regulations on Managing Customs Data and Digital Documents》*, 2007
9. *《Customs Data Standard》*, 2007
10. *《Regulations on Customs Supervision and Control on Luggage and Articles Carried by Passengers》*, 2006
11. *《Regulations on Supervision and Control on Inward & Outward Postal Articles》*, 2007.
12. *《Regulations on Customs Supervision and Control of Articles Carried by Individuals Working on the Inward & Outward Means of Transportation》*, 2007
13. *《Regulations on Commodity Classification》*, 2007
14. *《Implementing Rules of the Regulations of Origin》* 2007
15. *《Regulations on Customs Valuation》*, 2008
16. *《Regulation on Enforced Customs Duty Collection and Preservation》*, 2008
17. *《Regulation on Control of Commodity with Duty-Reduction and Exemption》*, 2008
18. *《Procedures for Customs Administrative Compensation》*, 2008
19. *《Provisions on Management of Customs Control Area》*, 2008
20. *《Rule on Assessment of Customs Law-enforcement》*, 2009
21. *《Measures on Customs Administrative Compensation》*, 2009



**Annual Work Plan**

China - Beijing

Report Date: 18/6/2006

Award Id: 00043936

Award Title: Customs reform for development

Year: 2006

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Descr	Amount US\$	
00051472	Customs reform for development	capacity building	15/6/06		CPR-China International Centre	04000	UNDP	71200	International Consultants	20,000.00
						04000	UNDP	71300	Local Consultants	20,000.00
						04000	UNDP	72200	Equipment and Furniture	50,000.00
						30071	CPR	72200	Equipment and Furniture	7,000,000.00
						04000	UNDP	74500	Miscellaneous Expenses	150,000.00
						04000	UNDP	71200	International Consultants	30,000.00
						04000	UNDP	71300	Local Consultants	10,000.00
						04000	UNDP	71600	Travel	10,000.00
						04000	UNDP	74500	Miscellaneous Expenses	60,000.00
						<b>TOTAL</b>				
<b>GRAND TOTAL</b>						<b>7,350,000.00</b>				



## Annual Work Plan

China - Beijing

Report Date: 18/6/2006

Award Id: 00043936

Award Title: Customs reform for development

Year: 2007

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Descr	Amount US\$	
00051472	Customs reform for development	capacity building	15/6/06		CPR-China International Centre	04000	UNDP	71300	Local Consultants	15,000.00
					CPR-China International Centre	04000	UNDP	72200	Equipment and Furniture	50,000.00
					CPR-China International Centre	30071	CPR	72200	Equipment and Furniture	3,700,000.00
					CPR-China International Centre	30071	CPR	74100	Professional Services	300,000.00
		Enabling policy & legal enviro	15/6/06		CPR-China International Centre	04000	UNDP	74500	Miscellaneous Expenses	275,000.00
					CPR-China International Centre	04000	UNDP	71200	International Consultants	35,000.00
					CPR-China International Centre	04000	UNDP	71300	Local Consultants	10,000.00
					CPR-China International Centre	04000	UNDP	71600	Travel	10,000.00
					04000	UNDP	74500	Miscellaneous Expenses	180,000.00	
<b>TOTAL</b>										4,575,000.00
<b>GRAND TOTAL</b>										4,575,000.00



## Annual Work Plan

China - Beijing

Report Date: 18/6/2006

Award Id: 00043936  
 Award Title: Customs reform for development  
 Year: 2008

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget					
			Start	End		Fund	Donor	Budget Descr	Amount US\$		
00051472	Customs reform for development	capacity building	15/6/06		CPR-China International Centre	04000	UNDP	71200	International Consultants	50,000.00	
					CPR-China International Centre	04000	UNDP	71300	Local Consultants	30,000.00	
					CPR-China International Centre	30071	CPR	72200	Equipment and Furniture	4,000,000.00	
					CPR-China International Centre	04000	UNDP	74100	Professional Services	20,000.00	
					CPR-China International Centre	04000	UNDP	74500	Miscellaneous Expenses	250,000.00	
		Enabling policy & legal enviro	15/6/06		CPR-China International Centre	04000	UNDP	71200	International Consultants	20,000.00	
					CPR-China International Centre	04000	UNDP	71300	Local Consultants	20,000.00	
					CPR-China International Centre	04000	UNDP	71600	Travel	30,000.00	
					CPR-China International Centre	04000	UNDP	74500	Miscellaneous Expenses	180,000.00	
										4,600,000.00	
<b>TOTAL</b>											4,600,000.00
<b>GRAND TOTAL</b>											4,600,000.00



## Annual Work Plan

China - Beijing

Award Id: 00043936

Award Title: Customs reform for development

Year: 2009

Report Date: 18/6/2006

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Descr	Amount US\$	
00051472	Customs reform for development	capacity building	15/6/06		CPR-China International Centre	04000	UNDP	71200	International Consultants	20,000.00
					CPR-China International Centre	30071	CPR	72200	Equipment and Furniture	4,000,000.00
					CPR-China International Centre	04000	UNDP	74100	Professional Services	20,000.00
		Enabling policy & legal enviro	15/6/06		CPR-China International Centre	04000	UNDP	74500	Miscellaneous Expenses	280,000.00
					CPR-China International Centre	04000	UNDP	71200	International Consultants	20,000.00
				CPR-China International Centre	04000	UNDP	71300	Local Consultants	15,000.00	
				CPR-China International Centre	04000	UNDP	74500	Miscellaneous Expenses	100,000.00	
<b>TOTAL</b>										
<b>GRAND TOTAL</b>										
4,455,000.00										
4,455,000.00										



## Annual Work Plan

China - Beijing

Report Date: 18/6/2006

Award Id: 00043936

Award Title: Customs reform for development

Year: 2010

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Descr	Amount US\$	
00051472	Customs reform for development	capacity building	15/6/06		CFR-China International Centre	04000	UNDP	71200	International Consultants	20,000.00
					CFR-China International Centre	04000	UNDP	71300	Local Consultants	10,000.00
					CFR-China International Centre	30071	CPR	72200	Equipment and Furniture	4,000,000.00
		CFR-China International Centre			04000	UNDP	74500	Miscellaneous Expenses	160,000.00	
		CFR-China International Centre			04000	UNDP	71200	International Consultants	20,000.00	
		CFR-China International Centre			04000	UNDP	71300	Local Consultants	10,000.00	
<b>TOTAL</b>						04000	UNDP	71600	Travel	100,000.00
<b>GRAND TOTAL</b>										<b>4,320,000.00</b>

SCHEDULE OF PAYMENT for the Project of

*China Customs Modernization for Trade Facilitation and Equitable Development*

(Project ID: 00051472)

Government Cost Sharing Contribution:

<u>US Dollar</u>	<u>Date</u>
7,000,000	2006
4,000,000	2007
4,000,000	2008
4,000,000	2009
<u>4,000,000</u>	<u>2010</u>
Total: 23,000,000	

To be deposited into the account of UNDP in Bank of China Headquarter:

00247008093001