



## UNITED STATES' EXPERIENCE

### TITLE: Western Hemisphere Border Management Reform

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**Country:** United States

**Institution:** U.S. Department of Commerce

**Type of Institution:** Public

**Other institutions involved:** Customs and Border Protection (provider), U.S. Department of State (provider and donor), U.S. Agency for International Development (provider), World Customs Organization (provider), Inter-American Development Bank (provider), World Bank/IFC (provider)

**Other countries involved:** United States (provider/donor), Honduras (recipient), Costa Rica (recipient), El Salvador (recipient), Peru (recipient), Uruguay (recipient), The Dominican Republic (recipient), Guatemala (recipient)

**Date:** August 2011 to August 2014

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#### Context

Since August of 2011, the U.S. Department of Commerce, together with other U.S. Government and multilateral agencies, sought to address customs modernization priorities in Honduras, Costa Rica, and El Salvador. The project expanded to Peru, Uruguay, the Dominican Republic, and Guatemala in September of 2012. The project was developed under the Pathways to Prosperity in the Americas Initiative, a State-Department led policy-level dialogue between a number of countries in the Western Hemisphere that seeks to promote inclusive growth, prosperity, and social justice. One of the four pillars of the initiative is facilitating trade by improving the systems, regulation, and infrastructure needed to trade more competitively across borders. In this context, the project's goals are: 1) to improve customs modernization and border management by establishing and strengthening public-private partnerships, and 2) to increase the customs technical expertise in both the public and private sectors of each country. The project is carried out with funding from the Pathways initiative and in cooperation with U.S. Customs and Border Protection (CBP), the U.S. Agency for International Development (USAID), the U.S. Trade Representative's Office (USTR), the U.S. Southern Command, the Association of American Chambers of Commerce in Latin America (AACCLA), the Inter-American Development Bank (IDB), the World Bank, the World Customs Organization, and the Governments of Honduras, Costa Rica, El Salvador, Peru, Uruguay, the Dominican Republic, and Guatemala.

#### Objectives

The objectives of the project are:

- 1) To establish and strengthen public-private partnerships in Honduras, Costa Rica, and El Salvador to work on border management reform.
- 2) To increase the customs technical expertise of the public and private sectors in each country.

### Relevance

Businesses have identified trade facilitation, and particularly border management, as major competitiveness barriers in the Western Hemisphere. Companies face numerous obstacles when clearing goods through customs and the resulting delays are costly for both companies and consumers. Meanwhile, customs officials' priorities are often centered on securing borders and collecting revenues, rather than facilitating trade or addressing competitiveness issues. Thus, there is often a significant gap in perspective between the parties involved in negotiating border issues. The problem is compounded in Latin America and the Caribbean due to insufficient interaction between the public and private sectors, and even between different government agencies. Public-private cooperation is necessary for effective trade facilitation reform and both sectors must be included in the development of customs and border-management policy. This project provides a forum for all affected by border management reform to engage in discussions, recognize best practices, and collaborate to achieve customs modernization. As markets become increasingly integrated and economic opportunities expand throughout the region, the project's focus on 21<sup>st</sup> century border management will help small firms trade more competitively.

### Implementation

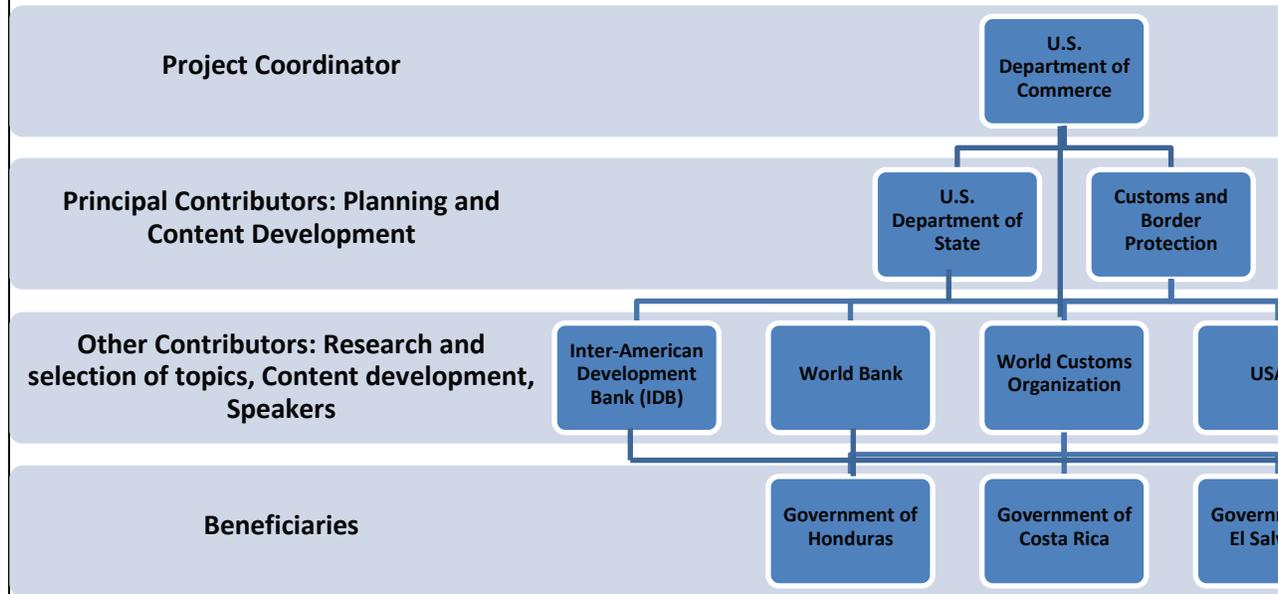
The project consists of four Phases:

- 1) Planning and Assessment Trips, which seek to gauge the customs and border-management needs and priorities of the public and private sector participants in each country. Data collected during these trips was used to design the In-Country Workshops.
- 2) In-Country Workshops, which consist of training conferences that provide basic border-management education to participants, and public-private roundtables that allow for discussion and formation of action plans for border-management reform between the two sectors.
- 3) Visitor Educational Exchanges, or site visits to U.S. ports, to enable participants to learn about U.S. best practices, including business and government cooperation at the border, and to apply the knowledge gained at the In-Country Workshops to real-life scenarios.
- 4) Central American Conclusion Conference, to be held in Chile, which allows for participants from Costa Rica, El Salvador, and Honduras to share lessons learned over the course of the project with all project beneficiaries and conduct a port site visit outside of the U.S.

The predominant modalities are training sessions and workshops delivered through the In-Country Workshops and Visitor Educational Exchanges. These activities bring the parties together to identify both issues and cooperative solutions, improve technical knowledge, and recognize and observe best practices.

**Distribution of tasks**

The U.S. Department of Commerce headquarters coordinates the project, while the U.S. Department of State through its embassies in the respective countries and the Customs and Border Protection headquarters are principal contributors to the planning and content development of the workshops and site visits. In addition, other partner organizations assist with the research and selection of appropriate topics for the workshops including the AACCLA, the IDB, the World Bank, the World Customs Organization, USAID, and USTR. The IDB, WCO, the World Bank, a number of U.S. government agencies, and private sector representatives identified by AACCLA or local American Chambers of Commerce assist in content development and by providing expert speakers for the events. The Governments of Honduras, Costa Rica, El Salvador, Peru, Uruguay, the Dominican Republic, and Guatemala are the primary beneficiaries from the project, although they also assisted to some extent in identifying content and event planning.



**Achievements and results**

While the project is ongoing, a number of achievements have been realized to date. In-Country Workshops and Visitor Educational Exchanges have been successfully completed in Costa Rica, El Salvador, and Honduras. . Post-event surveys demonstrated the satisfaction and expectations met of participants. The workshops attracted over 100 participants in Honduras and Costa Rica and 150 participants in El Salvador. Each workshop concluded with the development of at least three action-oriented proposals and a signed commitment by participants to work towards enacting them. The educational exchanges were attended by 19 Honduran and 19 Costa Rican, and 20 Salvadoran participants.. The public-private partnerships formed through the course of the workshops and site visits continue to engage each other through ongoing consultative groups. Over a longer time frame, the project will track the successful implementation of the proposals and any resulting improvement in trade facilitation indicators during the conclusion conference scheduled for July 2013, although this data is not yet available.

**Unexpected achievements**

An unexpected outcome of the project was the willingness of the public and private sectors to work together given an opportunity to meet and get to know each other in neutral territory. For the most part the public and private sectors agreed on the issues to be addressed and the solutions with which to

address them. Some of the principal issues identified were more systemic in nature. They included the lack of resources to affect some of the required changes and the weak communication structure between the public and private sector as well as between different public sector agencies. The project was able to address both of these issues by including international and multilateral organizations that can offer potential resources, and through establishing an ongoing public-private forum in which customs and border reform issues and solutions can continue to be identified and discussed even after the conclusion of the project.

#### **Experience and sustainable results**

The project was designed to be sustainable by including a mechanism to encourage ongoing dialogue through the formation of consultative groups. The groups feature both public and private sector participants assigned to carry on the event's discussion and collaborate on future customs reform policy after the project ends. The groups will be responsible for making recommendations and following up with their governments to enact the proposals developed during the project. Additionally, once the forum has been established to support this type of dialogue, it is easy to then replicate and to hold additional round-table discussions on the relevant topics. Nevertheless, the impetus remains on the recipient countries themselves to continue the discussion and enact the proposed changes. The parties have expressed their commitment to continued do so through the signing of an *Ayuda Memoria* or similar document at the close of the workshops.

#### **Capacity to replicate and potential for exchange of this experience**

The U.S. Department of Commerce has previous experience in developing similar customs workshops in St. Lucia (for the Eastern Caribbean states), in Costa Rica (for the CAFTA-DR countries), and in Peru (all in 2009). Many of the same partner organizations involved in the current project also participated in these workshops including the World Customs Organization, U.S. Customs and Border Protection, the World Bank, and the IDB, among others. As a result of these workshops, the need for public-private collaboration on these issues was identified and led to the development of the current Central American border management reform project. The previous experiences also resulted in improved relationships with partner organizations and greater knowledge of limitations and obstacles that arise. The project is now also easily replicated since a general template of the events has been developed. Indeed, the Department is repeating the experience in additional Western Hemisphere countries through 2014.

#### **Modalities to replicate the exchange**

Information sharing  
Videoconference  
Workshops

Information sharing or workshops, whether conducted in person or via video conference, would be an appropriate and efficient way to exchange the information pertaining to the project. Staff involved in project development and implementation could provide training and best practice sharing in either format. Alternatively, a simple document exchange or database could be set up to share the templates, agendas, "how to's" and best practices for developing the project.

#### **Human, operational and institutional capacities**

During the exercise of this project a number of documents were created that can facilitate knowledge sharing and exchange with other RIAC members. Project summaries, quarterly reports, and workshop agendas describe the process in detail and provide a template for easy replication. Contributing staff members have become efficient in the development of the project through the numerous replications in different countries and may be able provide advice or best practices to other institutions that wish to

replicate the project. The project has also led to improved relationships with other agencies and partners, including an increased awareness of shared goals and initiatives between the various institutions. As such, the U.S. Department of Commerce can facilitate cooperation between the project partners and other RIAC members, improving the potential for coordination, partnership, and resource sharing.

#### **Good practices and concrete lessons**

The primary lesson learned through the initiative was the importance of public and private sector cooperation in developing lasting solutions for customs and border management reform. Communication among different government agencies can similarly be insufficient, and can be simultaneously addressed through forums like those developed in this project. Inclusion of small and medium enterprises, including those outside of major trading hubs, is also important as they often have the least opportunity to discuss relevant issues with government leaders.

In terms of best practices, a unique aspect to the project was the inclusion of a practical, hands-on activity through the Visitor Educational Exchanges, an experience that was highly valued by participants. Also salient is the importance of building partnerships and inter-institutional relationships for improved development and execution of the event. Recognition of complementary initiatives and coordination between institutions can decidedly lower costs and efforts to execute similar projects. Finally, the inclusion of a mechanism that ensures commitment to and continuance of the public-private discussions is essential, in order that the dialogue will be ongoing and have a greater chance of leading to eventual reform.

#### **Experiences and subjects to learn from other RIAC members**

This initiative would benefit from learning about other innovative methods that RIAC members have employed to encourage public-private dialogue on competitiveness issues. Especially relevant would be techniques to encourage and ensure SME involvement. Additionally, we would be interested in learning of other methods employed to ensure continuance of a project after official support or funding has ended, or methods for assisting project recipients to later replicate the project at local or regional levels. Some challenges encountered during the execution of the project included turnover among government leaders and important partners involved in the development of the project, and delays in implementing planned proposals. It would therefore also be beneficial to learn how other projects have overcome or dealt with such challenges.

#### **Key persons involved in the design, implementation, and evaluation**

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## **CENTRAL AMERICAN BORDER MANAGEMENT REFORM PROJECT RIAC UPDATE**

Executive summary:

Under the auspices of the Pathways to Prosperity in the Americas' Initiative, the Department of Commerce (DOC) kicked off the Central American Border-Management Reform project on August 9, 2011. Through the project, ITA has led a series of capacity building activities in Honduras, Costa Rica, and El Salvador to encourage the private and public sectors to develop modern and efficient customs procedures. The primary objectives of the Project are to establish and strengthen public-private partnerships to work on border-management reform and to increase the customs technical expertise of the public and private sectors in each country. The project was developed to address the customs delays, inefficient procedures, and lack of communication among border agencies and the private sector that add to business costs and contribute to the region's lack of competitiveness. The project consists of four distinct phases:

- Phase I: Planning/Assessment Trips to gauge the customs and border-management needs and priorities of the public- and private-sector participants in each of the countries (Honduras, Costa Rica, El Salvador). Data used to design appropriate Phase II workshops;
- Phase II: In-Country Workshops (ICWs) consisting of training conferences and public- private roundtables on topics derived from the Planning Trips;
- Phase III: Visitor Educational Exchanges (VEEs), site visits to U.S. ports to enable public- and private-sector participants to learn about U.S. best practices on customs and border management;
- Phase IV: Conclusion Conference in Chile where participants will share best practices from their own countries and view a South American example of customs and border- management scenarios.

To date, Phases I, II, and III have been completed for each of the participant countries. The Phase II workshops took place in Tegucigalpa, Honduras; San Jose, Costa Rica; and San Salvador, El Salvador. Each workshop had approximately 100 attendees representing private and public institutions whose interests involve customs and border-management operations. The Phase III VEEs took place in Mobile, Alabama and Gulfport, MS with the Honduran participants, and Miami and Port Everglades, FL with the Costa Rican and Salvadoran participants. Each VEE had approximately 20 public and private sector participants. A series of ongoing follow-up workshops have also been added to the project scope, and have taken place in all three participant countries. Follow up indicates that public-private consultative groups continue to meet regularly and are taking concrete steps to facilitate trade.

The Phase IV Conclusion Conference is currently scheduled to take place July 25<sup>th</sup> -26<sup>th</sup>, 2013. An assessment trip was conducted from April 17-19<sup>th</sup>, 2013 in preparation for the Conference.

### **PROJECT SUCCESSES**

The project has seen a number of successes to date, including:

1. **Self-generated and ongoing engagement among public- and private-sector stakeholders.** The public-private partnerships formed through the course of the workshops and site visits continue

to engage each other through ongoing consultative groups. Participants in all three countries have held follow-up meetings to address issues identified throughout the program. For example, Salvadoran ICW round table leaders have developed a regular bi-monthly meeting schedule to follow up on the action items raised during the initial workshop.

2. **Learning and adoption of best practices.** Concrete steps to improve customs efficiency have already been taken in many of the participant countries. For example, Honduran participants are instilling vessel inspection authority in a single entity rather than in 5 separate agencies, following the best practice demonstrated in the VEE.
3. **Simplification and harmonization of procedures across agencies.** Countries have also taken concrete steps to better coordinate customs activities across government agencies. For example, three Honduran agencies harmonized their operating schedules at Puerto Cortes to offer 24/7 availability for most services.
4. **High levels of participation, commitment, and ownership.** All three participant countries have shown high levels of interest, commitment, and ownership to carrying these initiatives forward. For example, Costa Rica has taken a leadership role in regional coordination efforts and follow-up to ensure trade facilitation objectives are being met and the many donor programs are coordinated throughout the region.
5. **Replication of Program.** The DOC added the Dominican Republic, Guatemala, Peru, and Uruguay to the program in September of 2012 based on the success of the programs with Costa Rica, El Salvador, and Honduras. DOC plans to complete the additional country programs by August of 2014.

Some of the best practices for achieving project goals are identified as follows:

1. Establish permanent public-private dialogues, including a follow-up mechanism to ensure that initiatives are followed through to conclusion. Make public commitments to reform through the signing of an *Ayuda Memoria* or similar.
2. Identify priority topics together with both public and private sector input.
3. Coordinate priority topics across the region and unite efforts among donors.
4. Coordinate and integrate with other customs-related agencies as all stakeholders must be committed to customs efficiency.

#### **Lessons learned and/or recommendations for future action:**

The primary lesson learned through the initiative was the importance of public and private sector cooperation in developing lasting solutions for customs and border management reform. Communication among different government agencies can similarly be insufficient, and can be simultaneously addressed through forums like those developed in this project. Inclusion of small and medium enterprises, including those outside of major trading hubs, is also important as they often have the least opportunity to discuss relevant issues with government leaders.