

SEMINAR ON RISK MANAGEMENT AND POST-ENTRY AUDIT

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I. SUMMARY OF PRESENTATION

1. Mr. Tan Sian Lip presented three short case studies on the uses of ICT in Customs Administration and Trade Facilitation; following that, he presented some issues related to the use of ICT in eGovernment projects in general.

2. The major issues presented were that challenges of eGovernment initiatives arise from three main sources:

(i) The nature of Governments

Governments are, by nature complex organisations with many semi-independent parts and agendas. eGovernment, on the other hand requires considerable cross-boundary cooperation and coordination.

(ii) The nature of ICT

Developments in the field of ICT will quickly render any technology choices obsolete. The nature of Governments will tend to exacerbate this problem by making these changes less predictable and more difficult to anticipate.

(iii) The (relative) novelty of eGovernment initiatives.

eGovernment initiatives in many parts of the world are newer governmental concerns than "traditional" ones like defense, education, sanitation, health, etc. It is therefore necessary for eGovernment initiatives to demonstrate their value quickly and unambiguously to all stakeholders.

3. Appropriate responses to these challenges lie in

(i) Alignment of purposes, policies, and programmes

This is to promote the setting of appropriate levels of expectations and the proper allocation of resources.

(ii) Effective eService Design

This is to help stakeholders to see value in the entire design of the services – from the end-users' experience of the service to the various governmental and private organizations that work together to provide them. This is to ensure a good return on investments resulting from high rates of adoption and usage.

(iii) Robust and flexible ICT architecture

It is important that a well-designed ICT architecture be put in place so that the entire investment in ICT will be able to weather the many inevitable changes gracefully. Failure to design in flexibility and robustness in the face of changes will result in significant amounts of re-work and writing off of previous investments. In this regard, the presence of Data Interchange

and Translation services within the architecture can play a very key role in meeting the challenges of planned and unplanned changes. There is also growing consensus of the architectural issues that are better handled centrally or in a distributed fashion, and how some responsibilities can be divided between the public and private sectors.

4. Mr. Tan Sian Lip also touched on Legal and Security issues related to cross-border information flows. He emphasized that appropriate legislation should be in place to give softcopy information evidential standing in courts of law in all participating states. Preferably, there should be some harmony in the various treatments of this issue across the states. Also, in addition to the agreements between states regarding the purposes, forms, and protocols for data-exchange, it will also be important to agree upon a method of ensuring interoperability of digital certificates so that digital signatures of one state will be recognizable by another. Several models for achieving this were presented with the pragmatic cross-recognition model used in the Pan Asian Alliance (PAA) being the recommended one.

II. COMMENTS ON THE WORKSHOP

5. His general observation is that there is consensus that it is good and desirable to perform cross-border information exchange between CCC Customs Authorities. The main issue standing in the way of further progress is the absence of more concrete and detailed statements of objectives, i.e. what is it (data-exchange) for? What operational objectives will such exchanges meet or, at least, facilitate the achievement of?

6. China was particularly clear about this as being the first prerequisite to making further progress. Kazakhstan (Saule) also mentioned this as something they want to see more specific information to be developed, especially in the area of pre-arrival information.

7. His comment is that complex IT-related projects involving multiple parties at multiple levels require at least the following working sub-groups:

- (i) **Legal working group** - to iron out legal issues related to liability, confidentiality, etc.
- (ii) **Operations working group** - to hammer out specific operational objectives that are to be met and specific types of data that need to be exchanged in order to meet them without reference to specific technological implementation solutions (unless it is impossible to do so)
- (iii) **Technology working group** - to take the inputs of the Operations group and to work out specific data-formats (probably XML sub-language definition), communication standards (network standards, higher-level data-communications standards, etc.), performance standards (uptime requirements, response times, etc.), security requirements. The outputs should be descriptive specifications that are vendor- and product-neutral. These specifications should permit multiple types of implementation using different vendors and products.

8. Azerbaijan asked the question of who would own the software that will be created and who would pay for it. I believe this stems from two misunderstandings of the nature of work that will be required. The first is that there will be a substantial body of software that will be developed and shared. The second is that the data-exchange and translation layers will retain substantial information in databases (note the frequent mention of DB2).

9. With regards to the first misunderstanding, I believe that that each nation will, as in the new Uzbek proposal, have a copy of the data-communications and translation software. Each nation will also have some customization work done/with on their licensed copy of that software. If all the countries agree, for example to adopt a subset of the WCO data-model, the part of the translator that reads WCO data-model compliant information and the part of the software that performs the communications according to agreed specifications can be shared. The parts which deal with translation data into a country-specific format most probably cannot be shared. Apart from these technical artifacts, there will be very little that can be shared beyond the outputs of the various working groups.

10. The second misunderstanding has to do with the nature of the data-communications and translation components that each participating nation will need to deploy. These are buffers for temporary storage and translation. They are not intended to serve as repositories for supporting ongoing analysis or other operational purposes within Customs authorities. Each country will need to invest in the retrofitting of their own respective systems so as to feed these data-communications and translation systems as well as to accept the data that they will feed to them.

11. Kyrgyzstan proposed that the agreement be kept open to allow participation of non-CCC states. They also reiterated the point that information exchanged between Customs should remain within the respective Customs authorities and not be communicated to other state bodies within their counter-part nations.

III. CONCLUSION

12. Mr. Sian Lip concurs that ADB should move ahead with those countries that are prepared to begin work on a concrete pilot. In this regard, I believe the Uzbek chairman's remarks that participating Customs authorities should assign specific (named) officers to staff the various working groups (suggested above) that will drive the pilot project. Without this step, it is probable that this initiative will drift without getting more concrete.

13. Before such groups start their work, however, the higher-level people (such as those present at the workshop) should agree on a narrow objective (or rang of objectives), e.g. facilitating transport of transit cargo, anti-smuggling, detection of commercial fraud, etc. Such a decision will define the ambit within which the various working subgroups can do their work.

14. One more constraint that might be stated from the beginning is that the WCO data-model should be the base from which data-formats are to be further developed.
15. CrimsonLogic would, of course, be keen to assist in driving this initiative down to greater levels in any of the states concerned.