

# Regional integration?



# Regional Integration

It is all about going through borders





# But at what cost?

- ◆ Tajikistan will do anything to get its cotton/aluminum out
- ◆ What is the interest to landlocked countries?
  - The richer ones do not always want it
  - The poorer ones always need it
- ◆ Where is the **win win** solution?



# What are the (real) incentives

- ◆ EU accession
- ◆ WTO accession
- ◆ Lip service
- ◆ Getting money



# Some initial findings: EU integration

- ◆ VAT loss
- ◆ Trade did not grow as much as expected initially
- ◆ Some countries were reluctant to trust their neighbors
- ◆ There was a statistical “glitch”



# So: What has the WB done about it?

- ◆ Over 100 programs in the past 10 years
- ◆ On-going technical advice
- ◆ ...as long as there was the motivation



## PROJECTS WITH CUSTOMS REFORM COMPONENTS

REGIONS	IMPLEMENTATION	PREPARATION
Sub-Saharan Africa	5	2
Middle East and North Africa	1	0
South Asia	2	3
East Asia and Pacific	0	3
Eastern Europe and Central Asia	9	1
Latin America and Caribbean	3	1
<b>TOTAL</b>	<b>20</b>	<b>13</b>



**TOTAL**



EUROPE REGION  
 MID TRANSPORT  
 IN SOUTHEAST  
 PROJECT

- CT: A STRUCTURE PROJECT
- GN PROJECT
- T BORDER STATIONS
- F INLAND TERMINALS
- IBINED PILOT AND INFRASTRUCTURE
- JROPEAN TRANSPORT CORRIDORS
- R ROADS
- R RAILROADS
- CITIES
- L CAPITALS
- BOUNDARIES



This map was produced by the M...  
 The boundaries, colors, denominations...

# South East Europe: A post-conflict situation

- ◆ 8 countries willing to sign a MoU
- ◆ USD 120 M
- ◆ EU-approximation willingness
- ◆ Strong international support

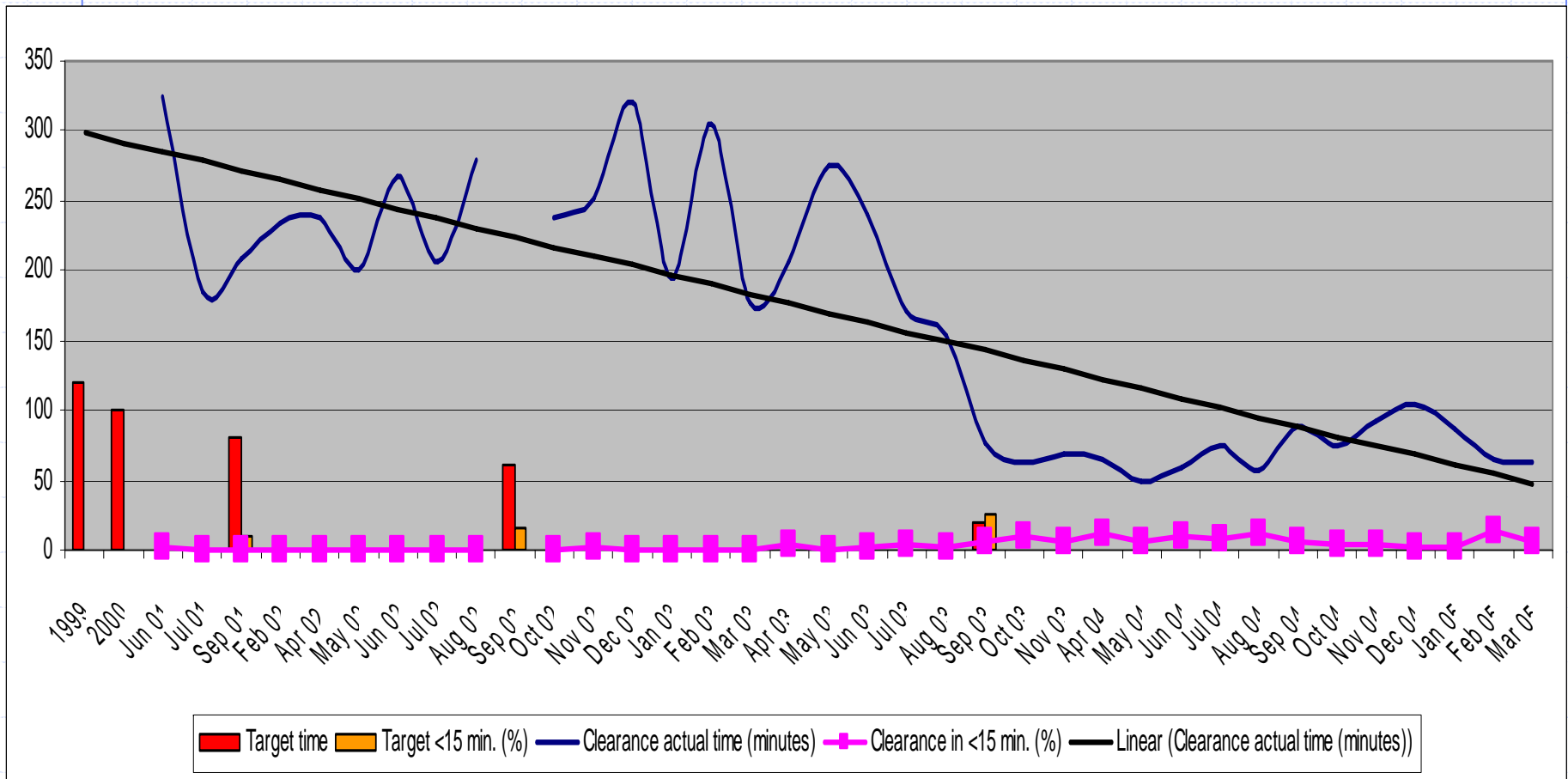


# The ingredients: What worked

- ◆ Regional perspective with a national approach
  - Regional Steering Committee
  - Regionalized TA
- ◆ Performance measurement
  - Baselines
  - Conditionality
- ◆ Private sector involvement brought sustainable progress
- ◆ Holistic vision



# Some of the results: Times went down



# And the economy recovered (partly)

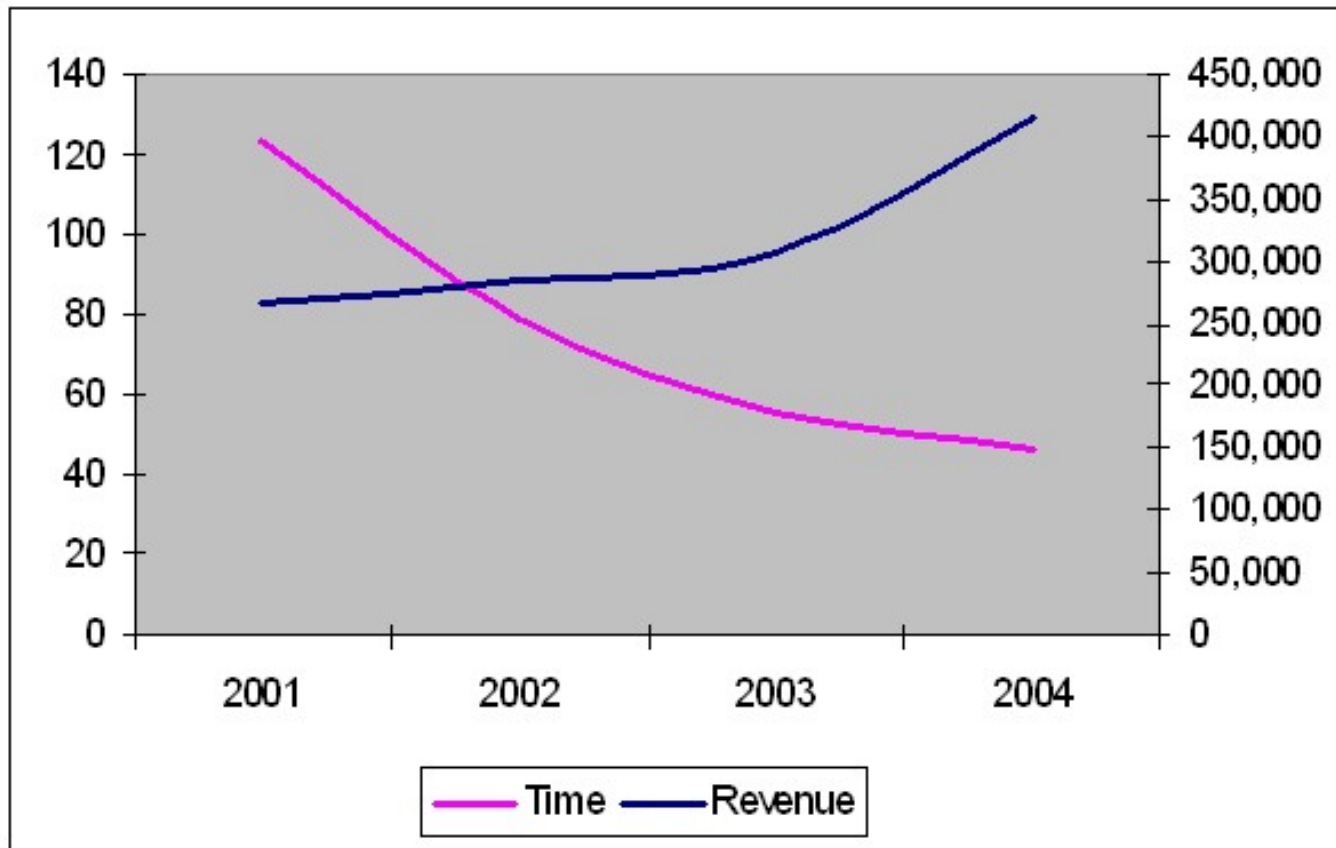
- ◆ Each idle truck has a cost of US\$ 15 per hour
- ◆ Multiply total number of trucks by time reduction

RESULT:

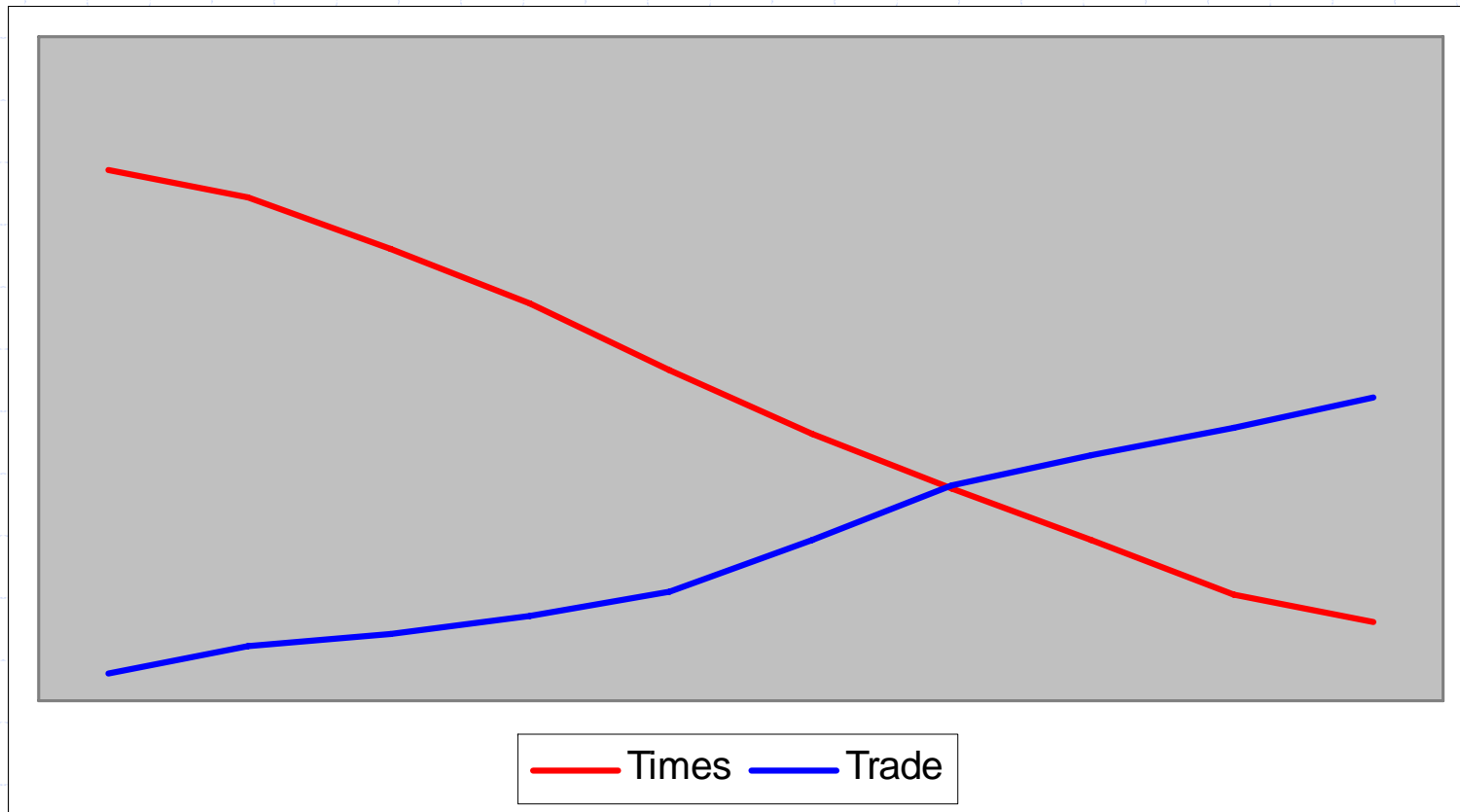
In SEE, approximately  
US\$ 6.4 in 2003



# And revenue went up as times were coming down!

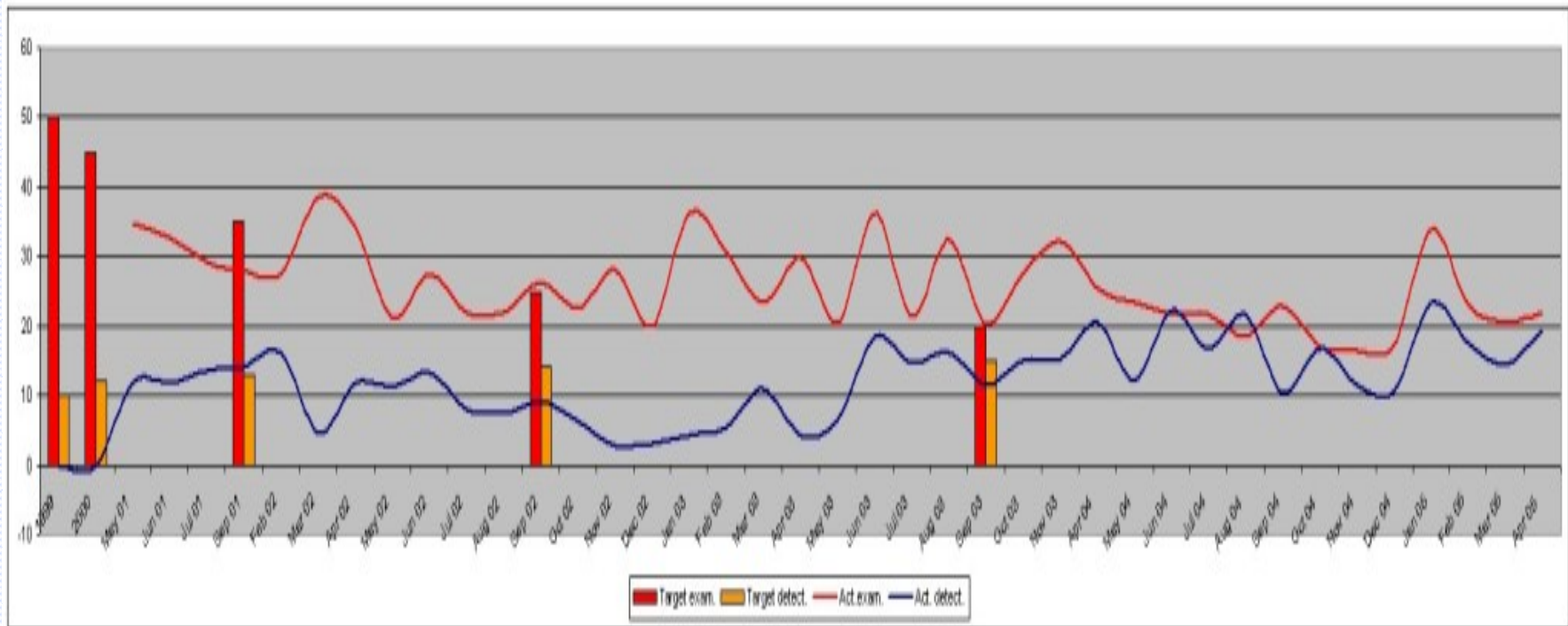


# Intra-regional trade picked up

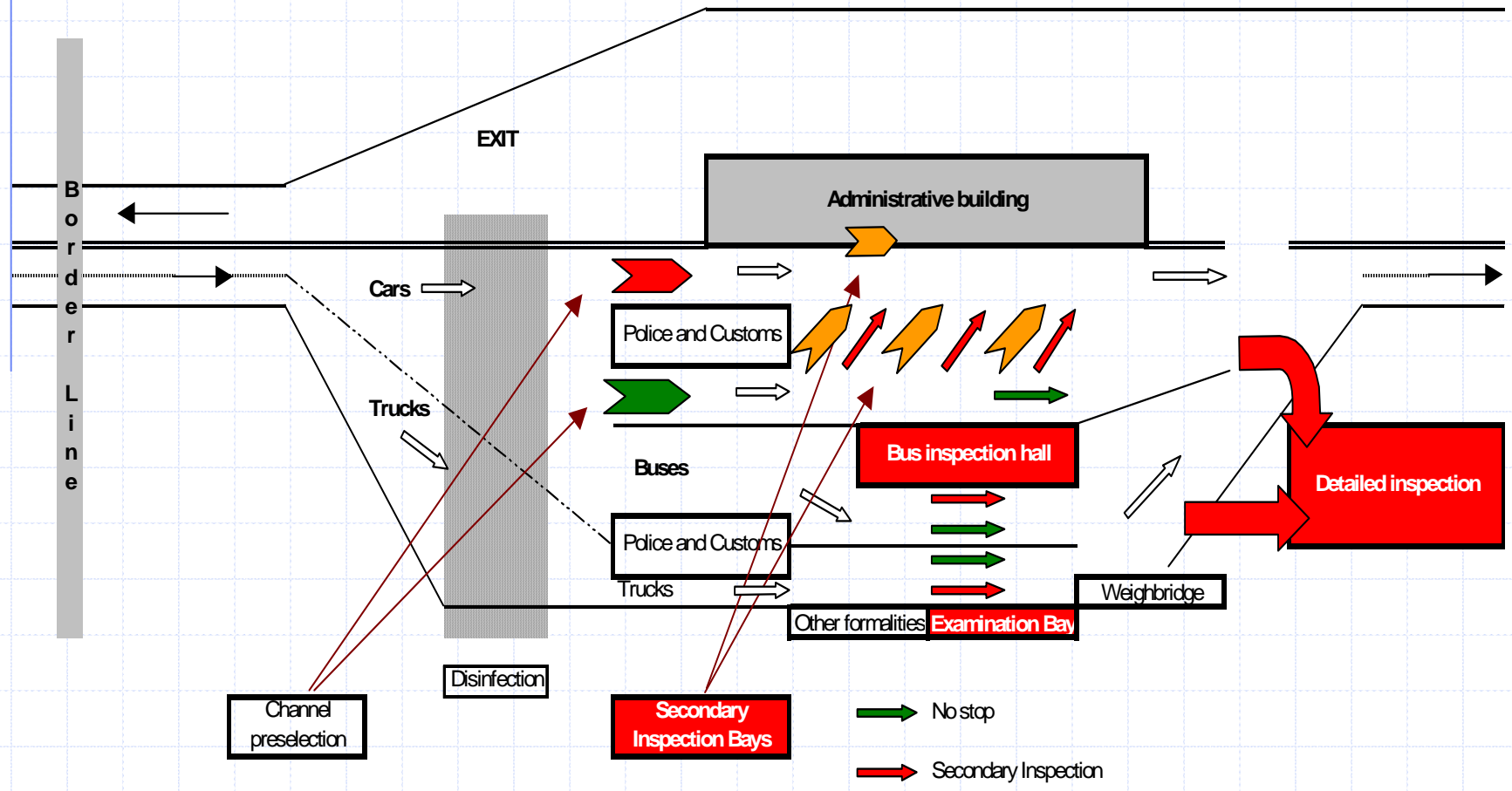




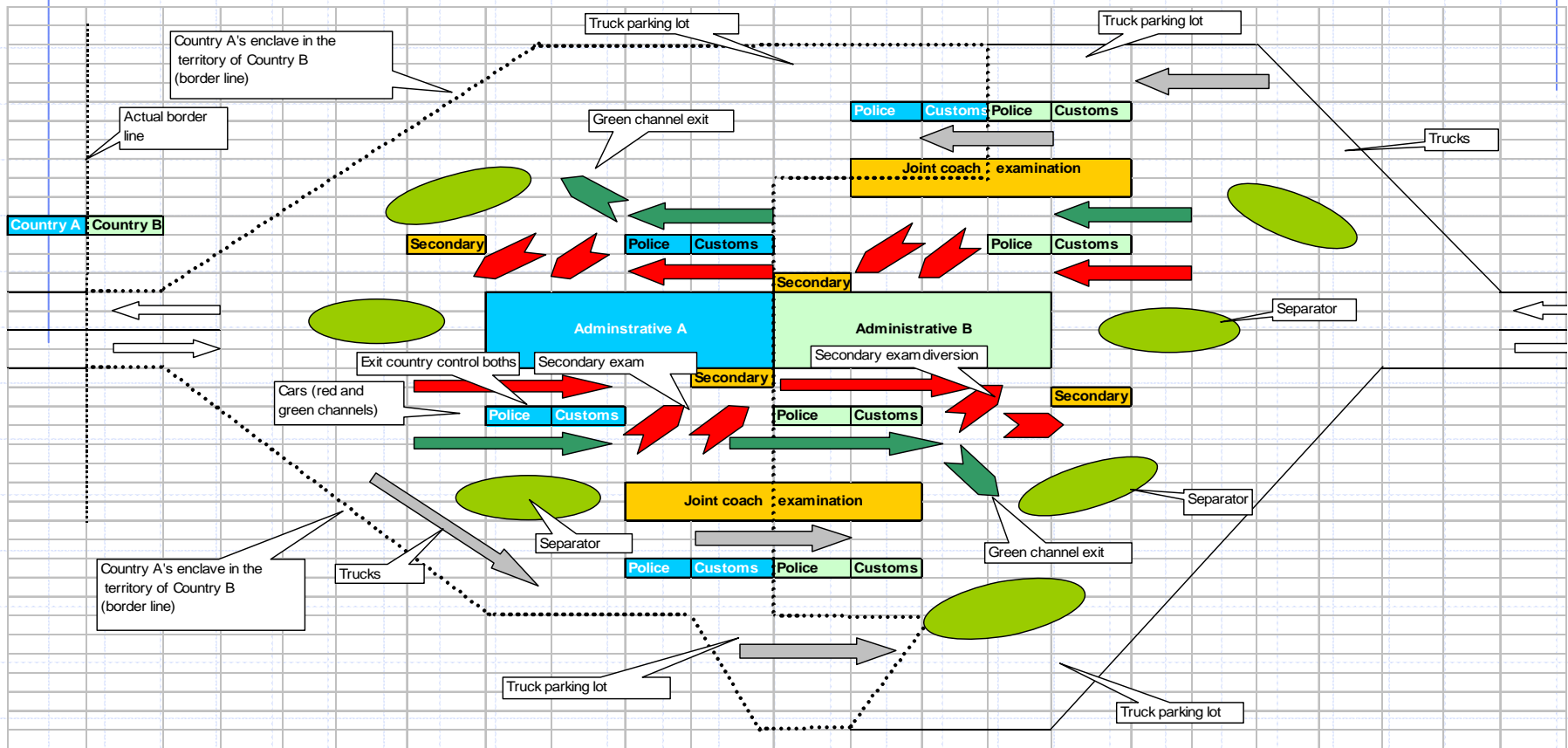
# The examination policy improved



# What works: Set reforms in concrete



# What works: Cross the border



# What also works:

- ◆ Statistical data base, that must be sustained
- ◆ Regional management and peer pressure
- ◆ **THE PRIVATE SECTOR IS ESSENTIAL**



# What does not work:

- ◆ Infrastructure at all cost with no policy (scanners, pharaonic buildings...)
- ◆ Piecemeal reforms (pick up the low hanging fruits)



Such as:



# What is a disaster:

- ◆ Weak or fragmented TA
- ◆ Messing-up the issues (semantics?)
- ◆ Missing the change management agenda (integral view)
- ◆ (Only) talking about corruption



# Lessons learned

- ◆ Customs are not only Customs but can do more than Customs (i.e. we are not alone)
- ◆ Constant monitoring/backstopping
- ◆ Visas are often more important than clearance
- ◆ Results show late, and
- ◆ Donors must work **TOGETHER**



# Country v/ Region

- ◆ The WB did not normally operate region-wide
- ◆ ADB has the experience



# How it all fits together

- ◆ We went bottom-up:
  - Pilot sites
  - Performance measurement
  - Client ownership
- ◆ When you go bottom down:
  - Patronization
  - Everyone is bored
- ◆ But both are yet necessary

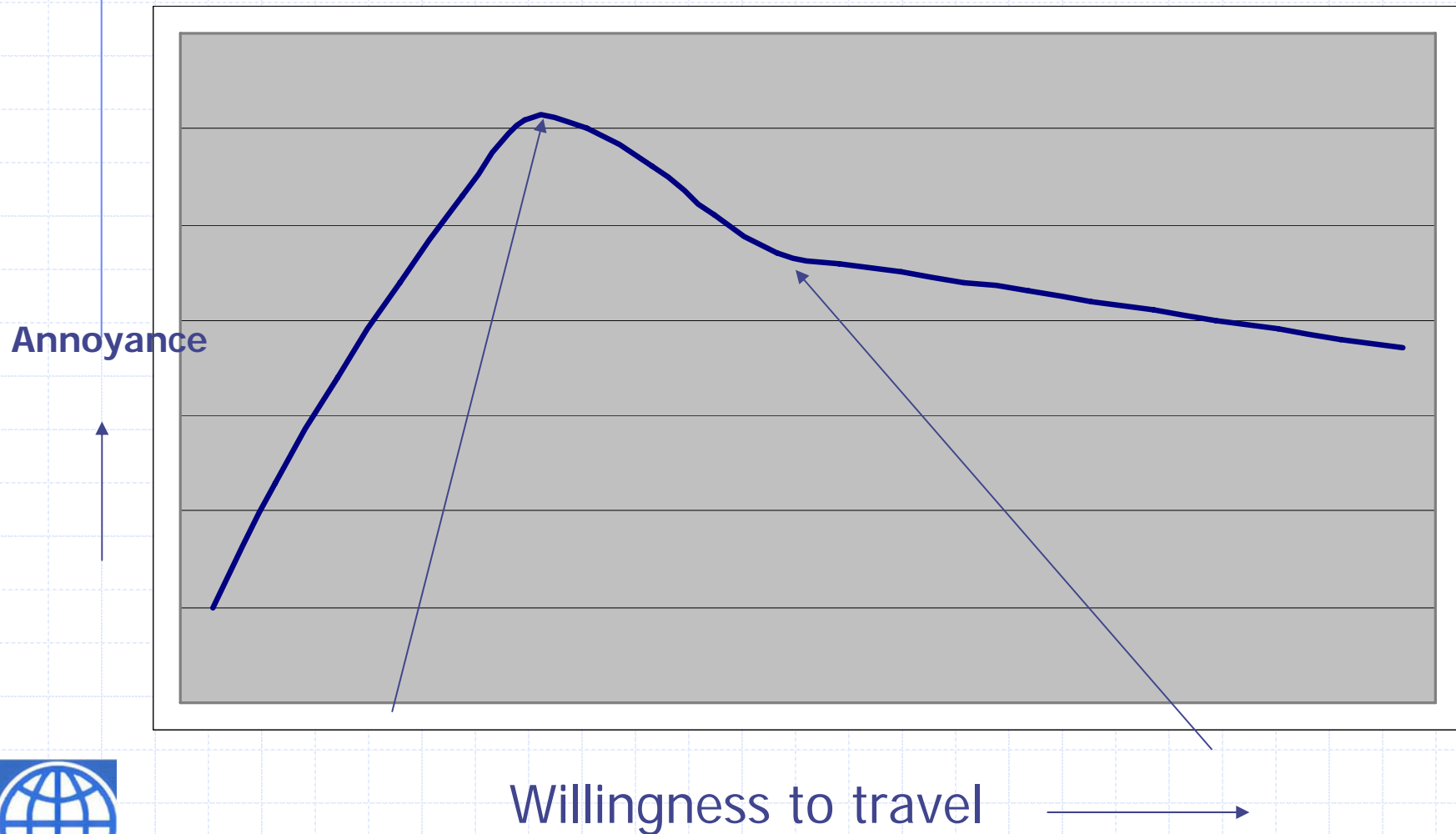


# What are the opportunities:

- ◆ There is always an incentive:
  - Formalize the informal (e.g., Caucasus)
  - Look at remittances and shuttle trade
- ◆ Is the pay-off worth it?
  - Diplomatic or political (Kazakhstan wants to be European more than Russia does)
  - The security agenda
  - Try and peg at the minimal annoyance level



# What are people willing to endure



Unlike the rooster who thought it made the sun rise by singing...

We only made sure it was going to be a sunny morning

