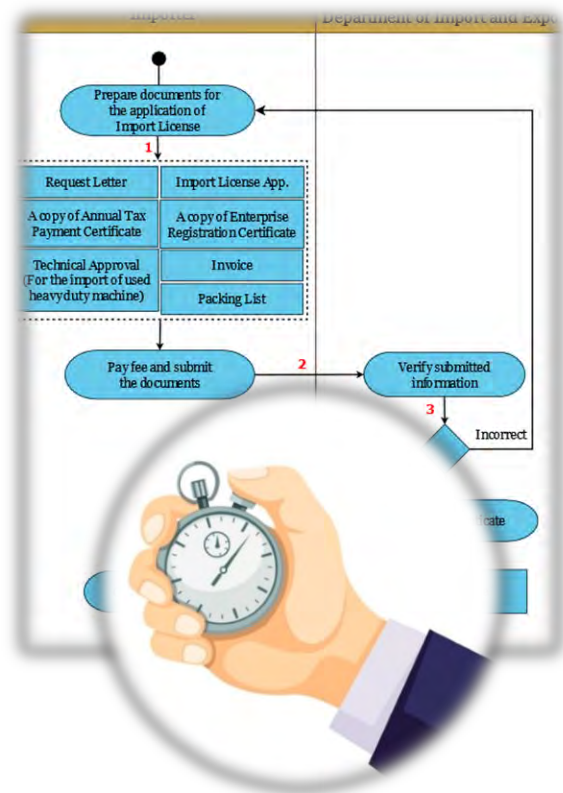
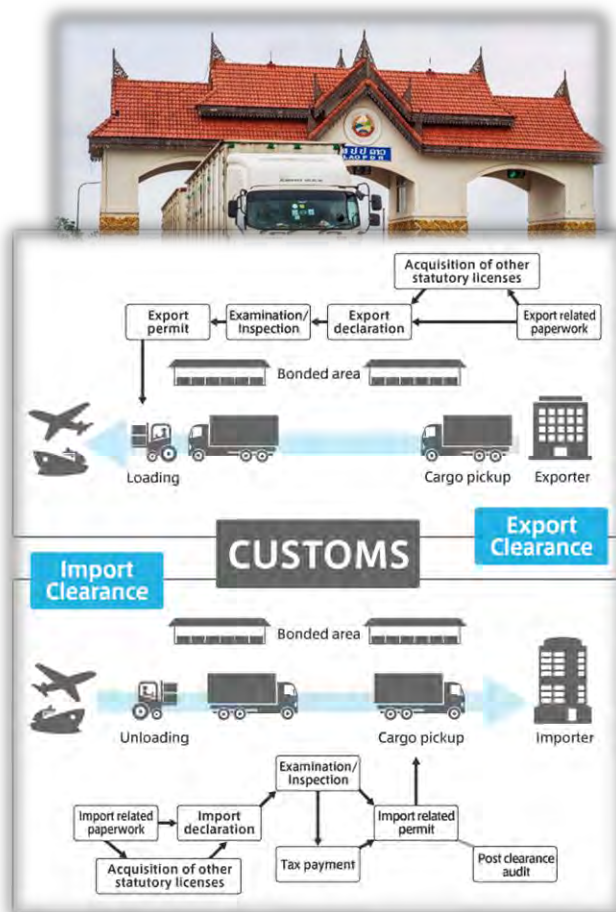


# Final Report on Time Release Study 2020

## Lao PDR



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## Abbreviations:

- COVID-19: Corona Virus Disease 2019
- DDG: Deputy Director General
- DG: Director General
- DIMEX: Department of Import and Export
- DOLF: Department of Livestock and Fisheries
- DOM: Department of Mines
- DOT: Department of Transport
- DSM: Department of Standard and Metrology
- ERIA: Economic Research Institute for ASEAN and East Asia
- FDD: Food and Drug Department
- LCT: Lao Competitiveness and Trade Project
- LNSW: Lao National Single Window
- MAF: Ministry of Agriculture and Forestry
- MEM: Ministry of Energy and Mines
- MOF: Ministry of Finance
- MOIC: Ministry of Industry and Commerce
- MOST: Ministry of Science and Technology
- MPWT: Ministry of Public Work and Transport
- OGA: Other Government Authorities stationed at border checkpoints.
- TRS: Time Release Study
- WCO: World Customs Organization
- WTO: World Trade Organization

## Acknowledgement

This study may not succeed without support and contribution provided by a number of concerned agencies and persons. The Secretariat of National Committee on Trade Facilitation would like to express its gratitude to those parties.

We would like to express our sincere appreciation to the LCT project supported by multiple development partners including the World Bank, Australia Government, Ireland Government and USA Government. The project aims to reduce obstacles to the business growth by providing technical assistance to improve legal environment, reduce business operation cost and enhance business competitiveness. Their financial support is crucial. It enabled us to carry out necessary activities during the course of our study such as trainings, seminars, field visits, questionnaires printing, and final report printing.

Many thanks to the leaders of Ministry of Industry and Commerce, Ministry of Finance, Ministry of Public Work and Transport, Ministry of Energy and Mines, Ministry of Agriculture and Forestry, Ministry of Health, and Ministry of Science and Technology who recognized the paramount importance of this study, provided guidance and nominated outstanding officers to participate and support the study. Thanks to leaders and technical officers of relevant authorities for your active participation. Their engagement, recommendations, guidance and data collection are inevitable need for this study.

Thanks to officers of all participating border checkpoints for their support in attending the technical trainings and providing instruction to relevant parties how to fill out the questionnaires correctly and sent all filled questionnaires to the Secretariat in timely manner.

Our appreciation should also go to all business operators who actively participated to this study. Your cooperation in filling out the questionnaires in accurate and completed manner is so helpful for the analysis and assessment.

## Executive Summary

The TRS 2020 was conducted in the midst of COVID-19 pandemic. National and global economy was adversely affected. To mitigate cross-border spread of COVID-19, the Government decided to impose several measures to control cross-border movement of goods and passengers. As result, the volume of cross-border trade decreased significantly at some border checkpoints and totally suspended at some other border checkpoints.

Nevertheless, to impletement 2017 – 2022 National Trade Facilitation Road Map, WTO Trade Facilitation Agreement and AEC Blueprint, the Secretariat of National Trade Facilitation utilized personnel mobilized by relevant authorities and financial support provided by the LCT to conduct TRS 2020. The study was carried out essentially based on the WCO TRS Guide and experience gained from previous studies.

This Time Release Study (TRS) analyzes the means and standard deviations of the key ~~time~~ intervals in order to understand efficiencies and delays in import/export permit application process and border clearance process, as well as provide brief recommendations on how to improve such processes.

### 1. Key Findings

- 14) The processes of application for import/export permits or certificates are different among government regulatory authorities. Some have simplified their processes and in turn, are able to grant the permits or certificates in pretty short time. While some others still maintain their conventional processes, which seemed complicated and took much longer time to complete the processes.
- 15) DIMEX of MOIC has introduced automated system to process applications for issuing import permits by joining the LNSW project. At present, the system supports applications for issuing permits to import automobiles at Friendship Bridge-1 Checkpoints only, while applications for permits to import or export other commodities at other border checkpoints are processed manually. In manual process, it took 1 day 5 hours and 50 minutes on average to get the permits at DIMEX. The processing time varied from 30 minutes as a minimum to 5 days and 25 minutes as a maximum.

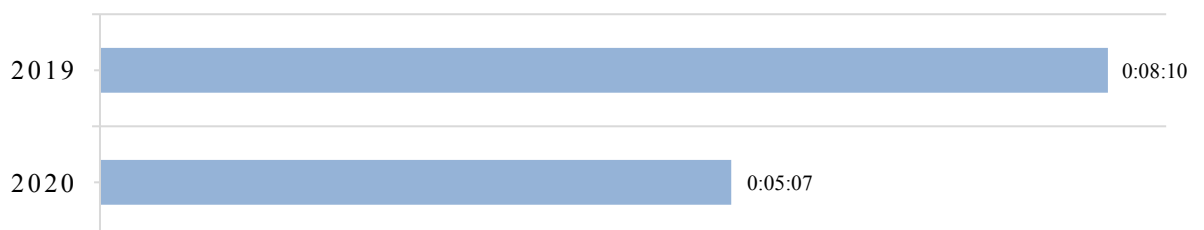
In electronic process using the LNSW, it took 1 day 2 hours and 15 minutes on average which is marginally shorter than the average time of manual process by 3 hour and 35 minutes. Introduction of the electronic system seemed to meet its optimal goal of accelerating the application process. It was observed that the internet connection was unstable, and some of the steps seemed irrelevant.

- 16) DOT of MPWT also joined the LNSW pilot project. The electronic system was introduced to process applications for technical certificate for automobiles imported at Friendship Bridge-1 as a pilot site. To import the automobiles at other border checkpoints however, applications are still subjected to manual processing. The manual process took 1 day 12 hours and 8 minutes on average. It varied from a minimum of barely 23 minutes to a maximum of 6 days 3 hours and 55 minutes. It was observed that administrative staff took long time to deliver the document from technical divisions to the DG/DDG. The process of providing outbound reference number and official stamp seemed complicated and took a long time.

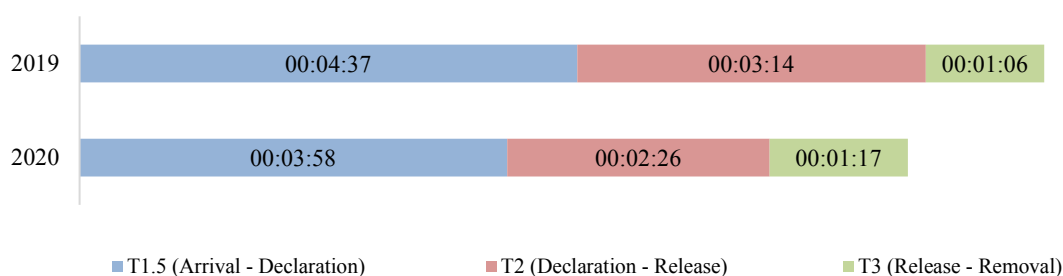
The electronic process, in comparison took 1 day 16 hours 22 minutes on average, which was surprisingly longer than the average time of manual process by 4 hours and 14 minutes. It was observed that the system was unstable; some key functions have not been developed; and some officers did not fully familiarize themselves with the system.

- 17) Application for import/export permits at DOM of MEM was processed in 23 hours and 42 minutes on an average. The processing time varied from a minimum of 2 hours and 12 minutes to a maximum of 2 days 18 hours and 59 minutes. It was observed that the delivery of the document from the technical division to the DG/DDG took a long time, which constituted 32% of the overall mean time. The approval of DG/DDG also took a long time as they were often busy in meetings and discussions etc.
- 18) Processing of applications for import/export permits at DOLF of MAF took 4 days 9 hours and 35 minutes on average. It could take a minimum of 2 days 30 minutes and a maximum of 6 days 23 hours and 55 minutes. It was observed that on registration, the application must be sent to the DG/DDG for assigning a technical division to conduct technical validation. This took a long time. The process of providing outbound reference number and official stamp seemed complicated and also took a long time.
- 19) Processing of applications for import/export permits at FDD of MOH took 3 days 7 hours and 52 minutes on average. This processing time varied from a minimum of 4 hours and 52 minutes to a maximum of 9 days 21 hours. It was observed that some of the processes, like delivery of document from the technical division to the DG/DDG, getting approval of DG/DDG and providing outbound reference number and official stamp took inordinately long.
- 20) Processing of applications for import/export permits at DSM of MOST took 1 day 3 hours and 34 minutes on average. It could take a minimum of 19 hours and 30 minutes and a maximum of 1 day 22 hours and 30 minutes. It was noticed that applicants could directly submit the application at the technical division. However, the time taken on delivery of the document from the technical division to the DG/DDG covered 42% of the total time.
- 21) The average time taken for goods clearance at border checkpoints reduced by 40% from 8 hours 10 minutes in 2019 to 5 hours and 7 minutes in 2020. Six border checkpoints could release the goods faster, while four checkpoints, namely Friendship Bridge-2, Nam Heuang, Nam Phao and Vang Tao took longer time to clear the goods.

### The average time for goods clearance in Lao PDR



## The average time of key intervals



- 22) As compared to 2019, clearance time of import, export and transit in 2020 was reduced by 30%, 28% and 6% respectively.
- 23) It was observed that the risk management was not implemented and maintained properly. About 50% of observed transactions were indicated as low risk (Green Channel). These transactions were supposed to be cleared fast with minimal or no intervention of customs officers. However, it was found that 75% of the green channel shipments were physically examined by the customs officers. As a result, the Mean clearance time of green shipments was also quite high (4 hours and 23 minutes) when compared to the average clearance time (5 hours and 7 minutes).
- 24) Some customs offices granted release approval even before physical inspection. At Friendship Bridge 2, Friendship Bridge 4, Nam Phao, Na Phao and Vang Tao, for instance, the customs clearance processes did not comply with the customs declaration procedures prescribed in Customs Director-General Instruction No.00097/LCD, dated January 6, 2017.
- 25) A lack of coordination among Customs and OGAs at the border was resulting into multiple inspection of goods by different authorities and causing avoidable delay in clearance. In general, OGAs were exercising their checks before the lodgment of customs declarations in the system, which reflected in the time taken at T1.5.
- 26) Another factor that contributed to delay in clearance of imports was the non-operationalization of pre-arrival clearance despite having adequate legal provisions to this effect. The automated system of processing put in place by Customs was not being fully utilized as pre-printed customs declaration form and hard copy of supporting documents were essential requirements to start processing of customs declarations.

## 2. Recommendations

Based on above findings, the TRS Working Group presented its recommendation for future improvement as follows,

- DIMEX should review and improve its processes. It is recommended that DIMEX collaborates with Customs Department and the LNSW Developer to conduct assessment and improve the LNSW system. Poor internet connection should be fixed urgently. New functions, such as alert and dashboard in ASYCUDA would be helpful for the managers to monitor the work progress. It is also suggested that DIMEX should consider removing the step of validation of fee calculation which would reduce 22% of the total mean time.

- DOT should review and improve its processes. It should improve the process of delivering the document from the technical division to the DG/DDG. The final process of providing outbound reference number and official stamp should be streamlined and simplified. One way would be assigning the central reception to undertake these functions as a single entry and exit point. The other way would be to assign the Technical Division instead to carry out these jobs.

It is suggested that DOT collaborates with Customs Department and LNSW Developer to assess and improve the LNSW system in order to expedite the application and issuance process. Stable internet connection is crucial for operating electronic system. New functions such as alert, statistics report and dashboard would be helpful for the managers to monitor the work progress.

- DOM should review and improve the process of delivery of the documents from the technical division to the DG/DDG which took 32% of the overall mean time. It is recommended that DOM should participate in the LNSW project to automate its processing of permit applications.
- DOLF should review and improve the process of sending the document to the DG/DDG to assign a technical division to validate the application, which took 1 day 17 hours and 10 minutes on average. An easy solution would be to train the receptionist to enable him/her to accurately classify inbound applications and distribute them to the respective technical divisions accordingly. In doing so, DG/DDG would reduce their workload by delegating that function to the receptionist. It is recommended that DOLF should participate in the LNSW project to automate its processing of permit applications.
- FDD should review and improve its process of delivery of the document from technical division to the DG/DDG which took 15 hours and 35 minutes on average that cover 20% of the overall mean time of the process. It is suggested that DG/DDG should delegate their representative to work on behalf of them while they are attending meetings. This could certainly accelerate the approval. It is recommended that after completion of the issuance of the outbound reference number, the permit should be given to the applicant right away instead of sending it back to the concerned technical division which seem to be an unnecessary step. It is recommended that FDD should include the task of automation of its processing of permit applications under the LNSW Project.
- DSM should review and improve the process of delivery of the document from the technical division to the DG/DDG which took 11 hours and 27 minutes covering 42% of the overall mean time. It is recommended that the process of fee payment and providing official stamp and outbound reference number should be reviewed and simplified. It is recommended that DSM should participate in the LNSW project to automate its processing of permit applications.
- It is suggested that Government regulatory agencies should introduce risk management permit/certificate application processes. It could strengthen effective control and facilitate processing of compliant applications. Risk categorization can help them focus on high-risk applications and make less stringent control over low risk applications.
- Recommendation for goods clearance processes at border checkpoints:



- Risk profiles need to be updated with upgradation of the risk management regime. This is needed to correctly analyze and identify low, medium and high-risk shipments for feeding into the ASYCUDA selectivity module for their accurate categorization into green, yellow and red lanes. It is extremely important to reduce the proportion of physical inspection in order to use our resources efficiently and focus the efforts only on high-risk consignments. Further, the system could be made more efficient by integrating the risk management profiles using the risk inputs of various other border agencies, like food & drugs and plant & animal quarantine authorities. It is strongly recommended that front-line customs officers stop conducting full inspection of low-risk shipments. Such shipments should be released immediately.
- Allowing registered users to make web-based submission of declarations and uploading scanned/digital copies of supporting documents from remote locations, i.e. from their offices and homes by using personal computers. It may also entail allowing use of digital signatures for enabling online submission of declarations. As an interim arrangement, until ASYCUDA storage capacity is upgraded, LNSW platform may be leveraged for uploading scanned/digital copies of the supporting documents in the system for making them available to OGAs for electronic processing of declarations and enabling Customs to carry out pre-arrival processing.
- Eliminating submission of pre-printed ACCD forms and hard copies of supporting documents. The requirement of submitting pre-printed signed declarations and hard copies of supporting documents must be abolished without further delay to move to paperless environment.
- Starting pre-arrival processing by doing away with face-vetting- Face-vetting or validation of declarations which is done by customs to begin processing is an unnecessary hurdle in pre-arrival processing. This is being done once the hard copies of the declaration and supporting documents are received and matched by customs. It was recommended in the previous TRS report as well but has not been implemented yet.
- It is suggested that concerned authorities should assess the implementation of the Prime Minister Order No. 558/PM, dated 31<sup>st</sup> December 2018 on Border Checkpoints and International Airport to ensure that all border checkpoints are operated in accordance with the regulation which curtailed the presence of agencies at the border and confined the responsibility of cargo clearance to customs, food & drugs, plant quarantine and veterinary agencies only.
- Improved coordination among customs and other border agencies for joint inspection. Where goods require physical inspection by multiple authorities, the border authorities should coordinate with each other to have a joint inspection to save time, instead of doing them separately. It could be made more efficient by having an integrated framework of risk management and border clearance using Customs' ASYCUDA platform.
- Deployment of the LNSW to other border checkpoints will enhance efficiency and harmonization of goods clearance process. Under LNSW, the processes of issuing permit/certificate/lisence are being integrated with customs automated system, which will enable customs to automatically access and validate the Import/export permit, certificate or lisence electronically through the LNSW.

## Chapter I Introduction

### 1.4 Background

Since 2010 the Government of Lao PDR has made a great effort on regional and global economic integration to attract more foreign direct investment for national economic development. It joined the World Trade Organization in 2013 and ASEAN Economic Community in 2015, ratified the WTO's Trade Facilitation Agreement in 2015 and acceded to the WCO's Revised Kyoto Convention in 2016. This indicated a strong commitment to reform public services' procedures by adopting international trade regulations on facilitation for business and trade.

To successfully pursue such policies, the Government has established strategies and legislations such as National Strategy on Trade Facilitation 2011 – 2015, Lao PDR's Trade Facilitation Road Map 2017 – 2022, Prime Minister's Ordinance No. 02/PM, Dated 1<sup>st</sup> February 2018 on Improvement of Regulations and Coordination to Support Business in Lao PDR, and Prime Minister's Ordinance No.21/PM, Dated 16<sup>th</sup> October 2019 on Enhancement of Cross-Border Trade Facilitation in Lao PDR to an attractive environment for trade and investment which would, in turn, contribute to the social-economic development. Cross-border trade regulatory authorities such as Ministry of Industry and Commerce, Ministry of Finance, Ministry of Public Works and Transport, Ministry of Agriculture and Forest, Ministry of Planning and Investment have initially conducted their business process re-engineering to deliver a better service to business.

Prime Minister's Ordinance No. 02/PM stipulated that trade regulatory authorities shall streamline and simplify their procedures to expedite the service delivery by removing redundant and irrelevant steps. In addition, Prime Minister's Ordinance No. 12/PM stated that the regulatory authorities shall introduce progressive programs for trade facilitation for instance joint control programs, risk management programs and audit-based operation programs in order to reduce time for complying with regulatory requirement and clearance of goods at least 50% by 2022. It also specified that Time Release Study should be conducted periodically to assess the effectiveness and efficiency of Government services.

Time Release Study (TRS) is a robust tool to assess the effectiveness and efficiency of cross-border cargo clearance. Article 7.6 of the WTO Trade Facilitation Agreement encouraged Member Countries to measure and publish the average release time of goods periodically by using WCO TRS tool.

Guide to Measure the Time Required for the Release of Goods developed by the WCO introduced four main phases in conducting TRS namely 1) Preparation of the study, 2) Collection of Data, 3) Analysis and Conclusion and 4) Monitoring and Evaluation. The Guide has been revised as version 3 which presents previous Lao TRS as one of the good Member's Experience in conducting the TRS.

Previous TRS in Lao PDR focused on measuring the time required for goods clearance at border checkpoints. In this study, based on the TRS Guide and experience gained from previous study, the scope was expanded to cover measurement of time taken for permits and certificates application undertaken at the trade regulatory authorities. In addition, to boost intra-trade among ASEAN countries, the ASEAN Economic Ministers has assigned Economic Research Institute for ASEAN and East Asia (ERIA) to study the implementation of trade facilitation measures and their impact on trade transaction cost in ASEAN as an attempt to reduce such cost and double the intra-ASEAN trade between 2017 – 2025. All ASEAN Member Countries has committed to conduct their TRS and share the result of the study with the

Economic Research Institute for ASEAN and East Asia (ERIA), which will use the findings to determine the trade transaction cost in ASEAN.

TRS 2020 received financial support from Lao Competitiveness and Trade Project funded by the World Bank, Australia Government, Ireland Government and USA Government.

## 1.5 Objectives

The objectives of this study are:

- to assess efficiency and effectiveness of permit/certificate application process and border clearance process. Some Government authorities have reviewed and improved their processes so it is worth assessing such improvements.
- to evaluate the impact of using Lao National Single Window for permit/certificate application process which has been implemented by some departments. The study will compare time taken by manual process and electronic process.
- to find bottlenecks in the trade flow process and taking the corresponding necessary measures to enhance cross-border trade facilitation.

## 1.6 Expected Outcomes

The study should deliver the following outcomes:

- obtaining accurate release time incurred on issuance of import-export permit/certificate or authorization and on border clearance. Such information could then be published and shared with interested entities including ASEAN Secretariat.
- finding bottleneck in the processing of permit or certificate applications and border clearance process.
- introducing rational recommendations for improvement of the permit or certificate application process and border clearance process.
- establishing pragmatic action plans for improvement of the process of relevant authorities.

## Chapter 2 Methodology

The TRS 2020 was conducted in accordance with the WCO TRS Guide. The study was carried out in four main phases i.e preparation, data collection, analysis and conclusion, and monitoring and evaluation.

### 2.4 Preparation of the study

#### 2.4.1 Establishment of the TRS 2020 Working Group

The TRS 2020 Working Group was established by the Minister of Industry and Commerce on August 10, 2020. The Working Group comprised of representatives from Department of Import and Export (MOIC), Customs Department (MOF), Department of Livestock and Fishery (MAF), Department of Agriculture (MAF), Food and Drug Department (MOH), Department of Standard and Metrology (MOST), Department of Mines (MEM), Department of Transport (MPWT), National Chamber of Commerce and Freight Forwarder Association. The name list of the Working Group appears as Annex 1.

The Working Group was assigned to conduct TRS 2020 and report the result to the Secretariat of National Trade Facilitation Committee (NTFC). The Working Group should develop work plan, determine scope and methodology, create questionnaire, collect data, analyze data and develop final report of the study.

#### 2.4.2 Scope of the Study

The first meeting of TRS Working Group was held on 10<sup>th</sup> – 11<sup>th</sup> September 2020 to discuss on preparation and determination of scope of the study. The previous TRS focused on measuring time required for goods clearance at border crossings. However, business operators also face challenges in obtaining permits and certificates for import and export of controlled goods at regulatory authorities. The Working Group decided to expand the scope of TRS 2020 to cover the measurement of time taken to apply for import and export permit/certificate from regulatory authorities. Normally, business operators apply and obtain permit/certificate before they proceed to goods clearance at border checkpoints.

#### 5) Participating Authorities

- In permit/certificate issuance, regulatory authorities participating in TRS 2020 consisted of:
  - Department of Import and Export (DIMEX), Ministry of Industry and Commerce
  - Department of Transport (DOT), Ministry of Public Work and Transport
  - Department of Mines (DOM), Ministry of Energy and Mines
  - Department of Agriculture (DOA), Ministry of Agriculture and Forestry
  - Department of Livestock and Fishery (DOLF), Ministry of Agriculture and Forestry
  - Food and Drug Department, Ministry of Health
  - Department of Standard and Metrology, Ministry of Science and Technology
- In goods clearance process, participating authorities included:
  - Customs Authority
  - Plant and Animal Quarantine Authority
  - Food and Drug Authority

- Science and Technology Authority
- Other authorities based at the border crossings.

6) Type of transaction and commodity included in the study

- Permit/certificate application process involved:
  - Department of Import and Export (DIMEX), Ministry of Industry and Commerce
    - Application for automobile import permit
    - Application for fuel import permit
  - Department of Transport (DOT), Ministry of Public Work and Transport
    - Application for technical certificate of imported automobile
    - Application for technical certificate of imported automobile parts
  - Department of Mines (DOM), Ministry of Energy and Mines
    - Application for mines export permit
  - Department of Agriculture (DOA), Ministry of Agriculture and Forestry
    - Application for vegetable import permit
    - Application for vegetable export permit
    - Application for pesticide import permit
  - Department of Livestock and Fishery (DOLF), Ministry of Agriculture and Forestry
    - Application for piglet import permit
    - Application for young poultry import permit
    - Application for permit of cattle on transit
  - Food and Drug Department, Ministry of Health
    - Application for import permit of food products
    - Application for medicine import permit
  - Department of Standard and Metrology, Ministry of Science and Technology
    - Application for fuel import permit
    - Application for gas import permit
- Good clearance process at the border checkpoints included:
  - Clearance of all import goods
  - Clearance of all export goods
  - Clearance of goods on transit

7) Participating border checkpoints

There were ten border checkpoints identified for participating in TRS 2020, namely:

11. Boten Checkpoint
12. Friendship Bridge-1 Checkpoint
13. Friendship Bridge-2 Checkpoint
14. Friendship Bridge-3 Checkpoint
15. Friendship Bridge-4 Checkpoint
16. Nam Heuang Checkpoint
17. Nam Phao Checkpoint

18. Na Phao Checkpoint
19. Dansavan Checkpoint
20. Vang Tao Checkpoint

#### 8) Survey

- The survey on permit/certificate application process was carried out between 02 – 30 November 2020.
- The survey on goods clearance at border checkpoints was carried out between 18 – 30 November 2020.

### **2.5 Data Collection**

Questionnaires were developed to capture time taken on granting permit/certificate and clearance of goods in cross-border trade. Electronic data was also extracted from the LNSW to measure the time for application for electronic import permit/certificate at DIMEX and DOT.

Three technical workshops were held in Vientiane Capital, Luang Namtha and Khammouane to urge for active participation of the stakeholders and demonstrate how to fill the questionnaires in correct manner. In addition, Customs Department issued an administrative notice to the participating border checkpoints to assign TRS teams to further help relevant brokers and officers to fill out the questionnaires. On completion of questionnaire collection, the teams were required to send the filled questionnaires to Customs head office by due date.

### **2.6 Data Analysis**

The TRS Working Group identified four statistical values for data analysis, namely mean, minimum, maximum and standard deviation.

### Chapter 3 Collection of Data

Participating agencies and border checkpoints have sent all questionnaires collected at their offices to the TRS Working Group. The filled questionnaires were validated. Some questionnaires were removed due to incomplete or incorrect fill.

**Table 1: Data collected at permit issuance agencies.**

	<b>Agency</b>	<b>Number of Questionnaire</b>	<b>Data collected by LNSW</b>
<b>1</b>	Department of Import and Export	64	228
<b>2</b>	Department of Transport	22	308
<b>3</b>	Department of Mines	16	
<b>4</b>	Department of Agriculture	0	
<b>5</b>	Department of Livestock and Fishery	5	
<b>6</b>	Department of Food and Drug	123	
<b>7</b>	Department of Standard and Metrology	5	
	Total:	235	536

**Table 2: Data collected at the border checkpoints**

	<b>Border Checkpoints</b>	<b>Number of Questionnaires</b>
<b>1</b>	Boten	226
<b>2</b>	Friendship Bridge 1	143
<b>3</b>	Friendship Bridge 2	115
<b>4</b>	Friendship Bridge 3	49
<b>5</b>	Friendship Bridge 4	93
<b>6</b>	Nam Heuang	110
<b>7</b>	Nam Phao	146
<b>8</b>	Na Phao	58
<b>9</b>	Densavanh	171
<b>10</b>	Vang Tao	35
	Total:	1146

## Chapter 4 Data Analysis

WCO TRS software was used to record and analyze the data collected manually. The data extracted from LNSW was analyzed by Microsoft Excel.

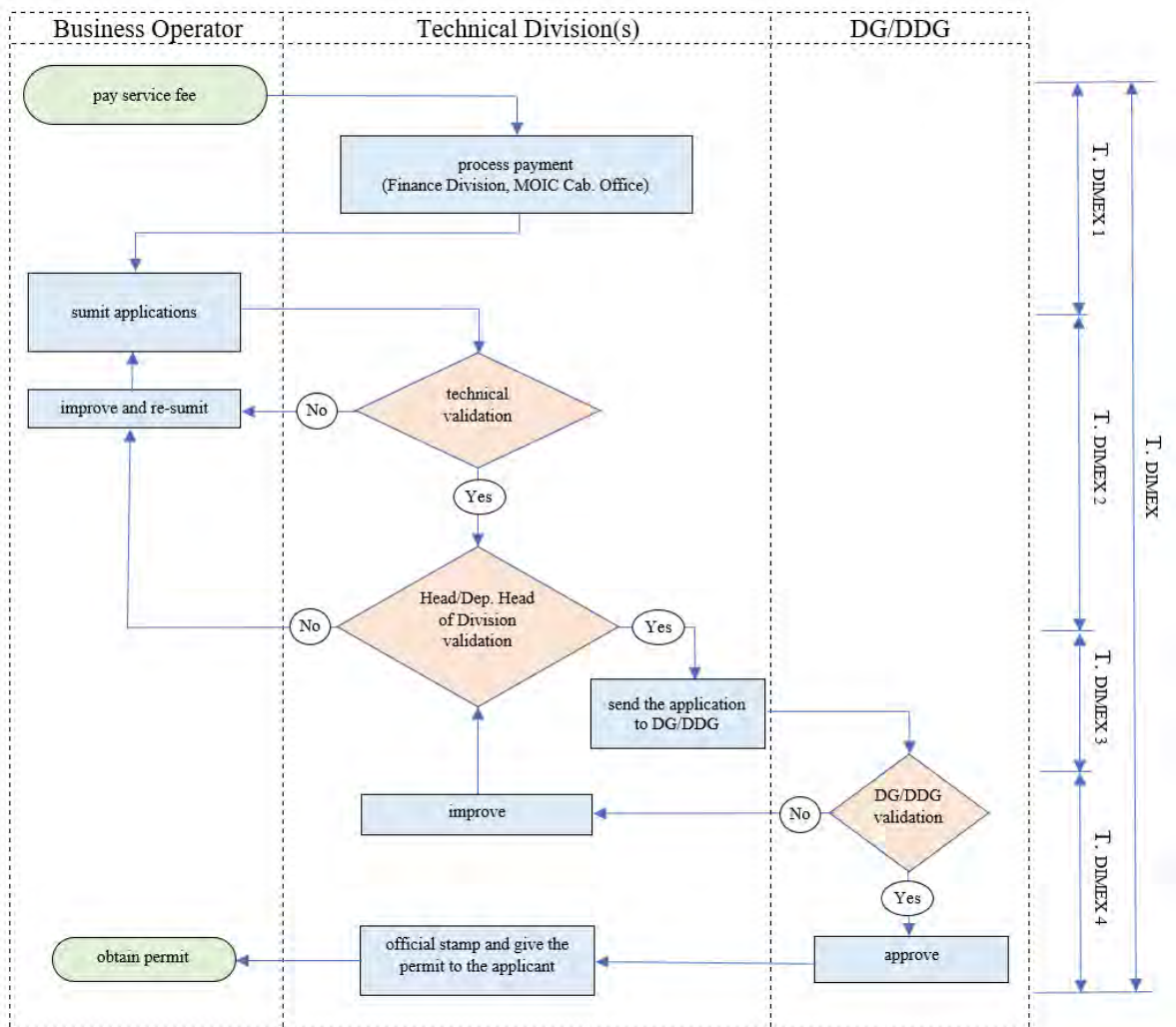
### 4.1 The Analysis of Time Taken for Permit Application

#### 1) Department of Import and Export

Department of Import and Export (DIMEX), Ministry of Industry and Commerce is in charge of issuance of permits for importation and exportation of wood products, automobiles and fuels. In this study DIMEX decided to measure the dwell time of application for permits of importation of automobiles and fuels. DIMEX joined the first phase of LNSW implementation as the system had been introduced to process the application for issuing import permits of automobiles. At the initial stage the LNSW covered the issuance of import permits for automobiles to be imported at Friendship Bridge-1 only. In this regard, the data was collected by using paper questionnaires for manual process in parallel with extracting electronic data from the LNSW system.

Manual process of application for import and export permit at DIMEX is shown below.

Figure 1. Flowchart of manual process for permit application at DIMEX



The time for permit application process at DIMEX was divided as follows:



T. DIMEX: the total time for permit application at DIMEX which covers the interval time between submission of the application and obtaining the permit.

T. DIMEX 1: the time for payment which covers the interval time between the submission of payment document and completion of payment. This process was carried out at the Finance Division of Cabinet Office of MOIC.

T. DIMEX 2: the time for technical validation which covers the interval time between the submission of application to technical division and completion of technical validation.

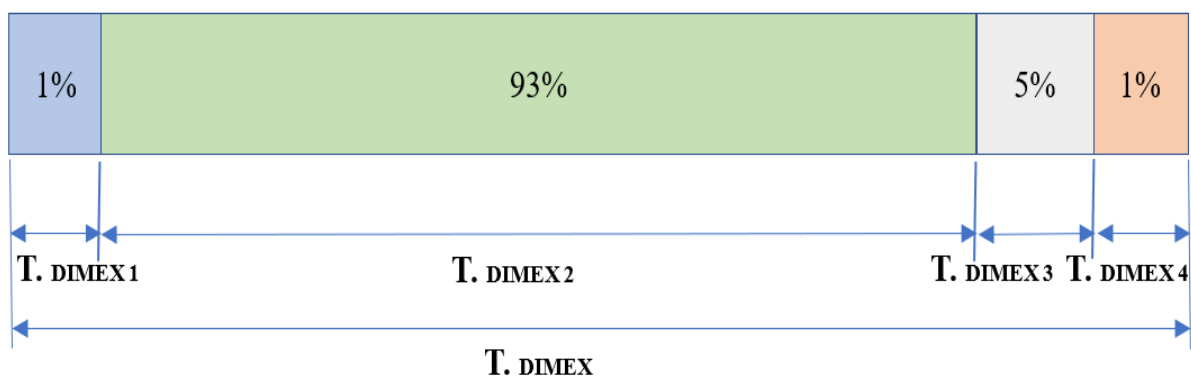
T. DIMEX 3: the time for delivery of the document to the DG/DDG which covers the interval time between completion of technical validation and the document has been sent to the DG/DDG.

T. DIMEX 4: the time for approval which covers the interval time between the submission of document to the DG/DDG and the approval.

Table 3: Time for application for import/export permit at DIMEX, MOIC.

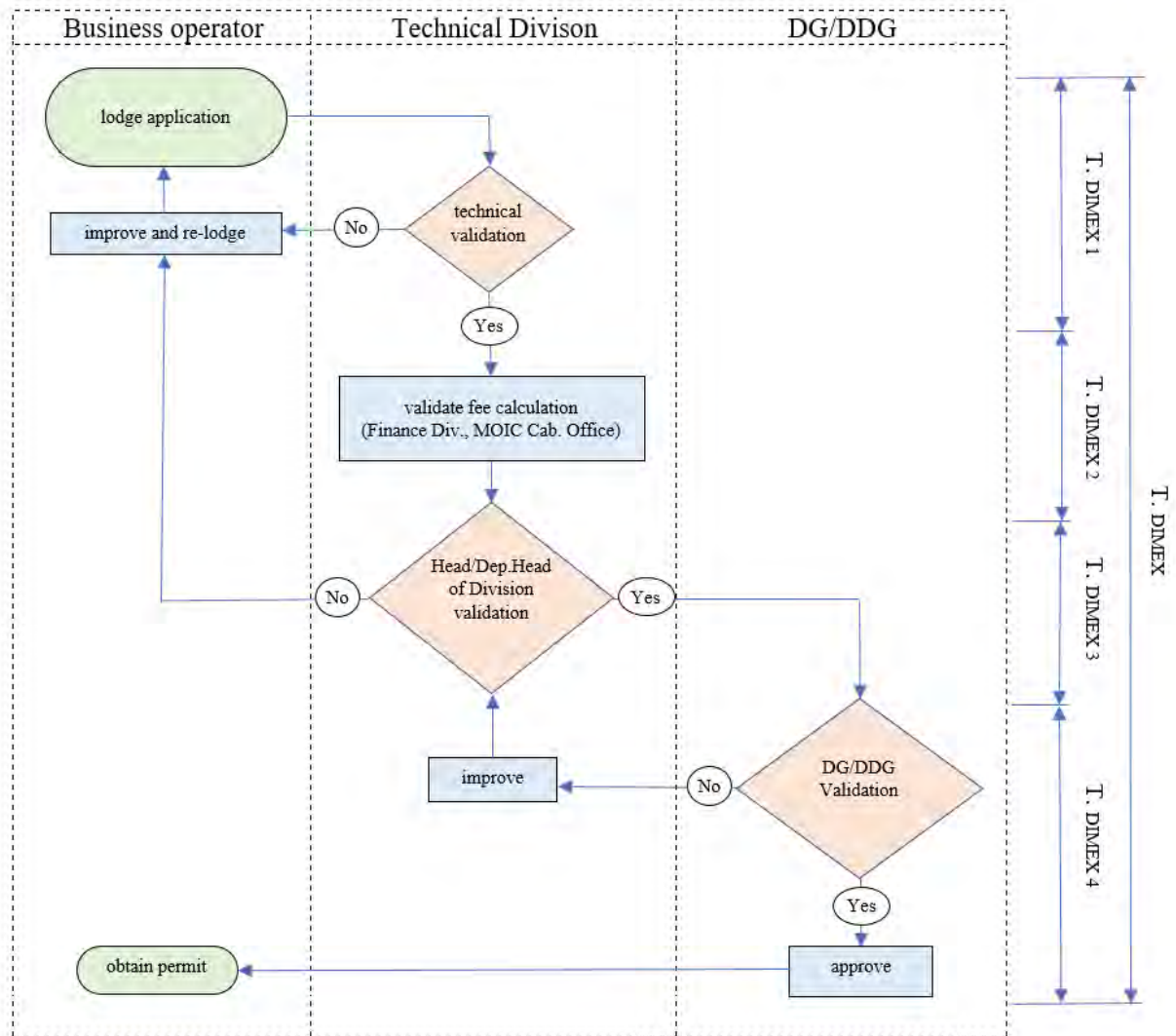
	No.	Min.	Max.	Mean	Standard Deviation
T. DIMEX	64	0D 0H 30MN	5D 0H 25MN	1D 5H 50MN	1D 7H 27MN
T. DIMEX 1	64	0D 0H 1MN	1D 0H 42MN	0D 0H 27MN	0D 3H 3MN
T. DIMEX 2	64	0D 0H 10MN	5D 0H 5MN	1D 3H 48MN	1D 7H 45MN
T. DIMEX 3	64	0D 0H 0MN	1D 5H 45MN	0D 1H 35MN	0D 4H 43MN
T. DIMEX 4	64	0D 0H 0MN	0D 3H 2MN	0D 0H 25MN	0d 0H 37MN

Figure 2 Time incurred on manually processing for each step at DIMEX, MOIC.



The electronic process of application for import and export permit at DIMEX is shown below.

Figure 3. Flowchart of electronic process for permit application at DIMEX



Time for electronic application process at the DIMEX was divided as follows:

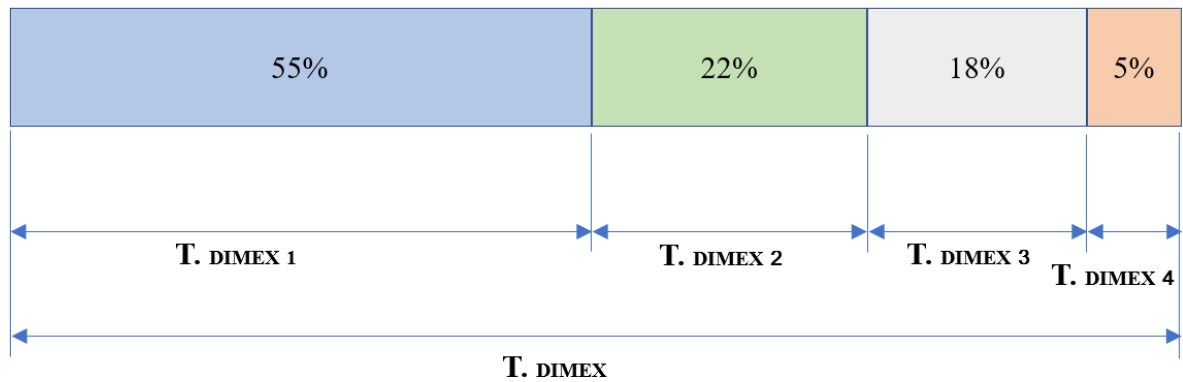
- T. DIMEX: the total time for permit application at DIMEX which covers the interval time between submission of the application and the approval.
- T. DIMEX 1: the time for technical validation which measured the time between lodgement of application and completion of technical validation.
- T. DIMEX 2: the time for payment validation which measured the time between completion of technical validation and completion of payment validation performed by the Finance Division of MOIC.
- T. DIMEX 3: the time for Head/Deputy Head of Division validation which measure the time between completion of payment validation and completion of managers' validation.

T. DIMEX 4: the time for DG/DDG approval which measured the time between completion of managers' validation and the final approval provided by the DG/DDG of DIMEX.

Table 4: Time for electronic application for import permit at DIMEX, MOIC.

	Number	Min.	Max.	Mean	Standard Deviation
T. DIMEX	228	0D 1H 10MN	5D 23H 31MN	1D 2H 15MN	0D 23H 8MN
T. DIMEX 1	228	0D 0H 1MN	5D 16H 35MN	0D 14H 31MN	0D 20H 19MN
T. DIMEX 2	228	0D 0H 1MN	2D 23H 24MN	0D 5H 40MN	0D 14H 4MN
T. DIMEX 3	228	0D 0H 5MN	1D 6H 3MN	0D 4H 38MN	0D 7H 4MN
T. DIMEX 4	228	0D 0H 1MN	0D 16H 54MN	0D 1H 26MN	0D 3H 21MN

Figure 4. Time of electronic process for each step at DIMEX, MOIC.

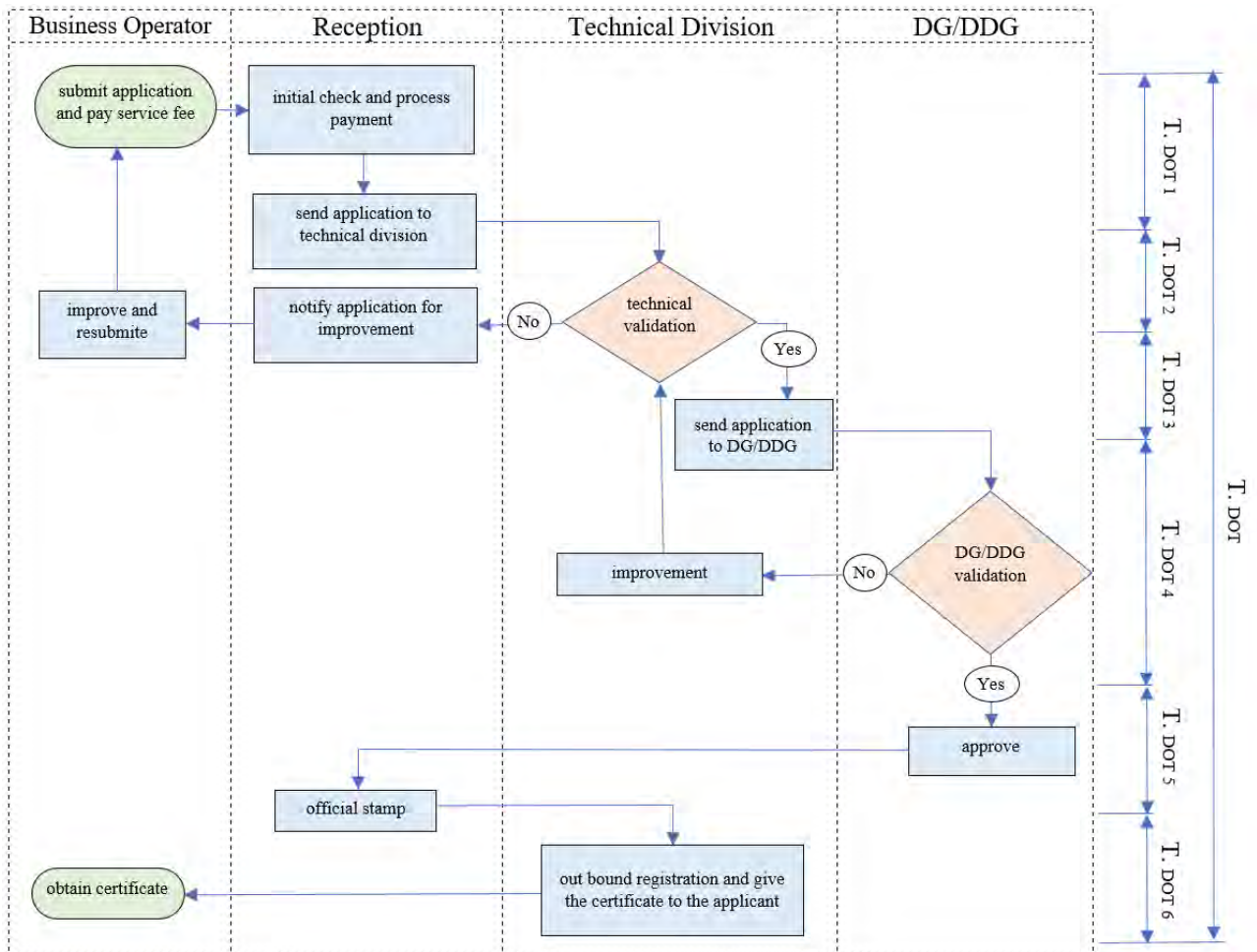


2) Department of Transport

Department of Transport (DOT), Ministry of Public Works and Transport is in charge of certifying the technical qualification for imported automobile and automobile parts. DOT has joined the first phase of LNSW implementation. The LNSW has been introduced to manage application and issuance of technical certificate for automobile to be imported at Friendship Bridge-1 only. In this regard, the data was collected by using paper questionnaires for manual process in parallel with extracting electronic data from the LNSW system.

Manual process of application for technical certificate at DOT is shown below.

Figure 5. Flowchart of manual process for technical certificate application at DOT



The time for certificate application processing (Manual) at DOT was divided as follows:

$T_{DOT}$ : the total time for certificate application at DOT which covers the interval time between submission of the application and obtaining the certificate.

$T_{DOT 1}$ : the time for payment which covers the interval time between submission of the payment request and completion of the payment. This process was carried out at the reception of DOT.

$T_{DOT 2}$ : the time for technical validation which covers the interval time between submission of the application to technical division and completion of technical validation.

$T_{DOT 3}$ : the time for delivery the document to the DG/DDG which covers the interval time between completion of technical validation and the document sent to the DG/DDG.

$T_{DOT 4}$ : the time for approval which covers the interval time between sending the document to the DG/DDG and the approval.

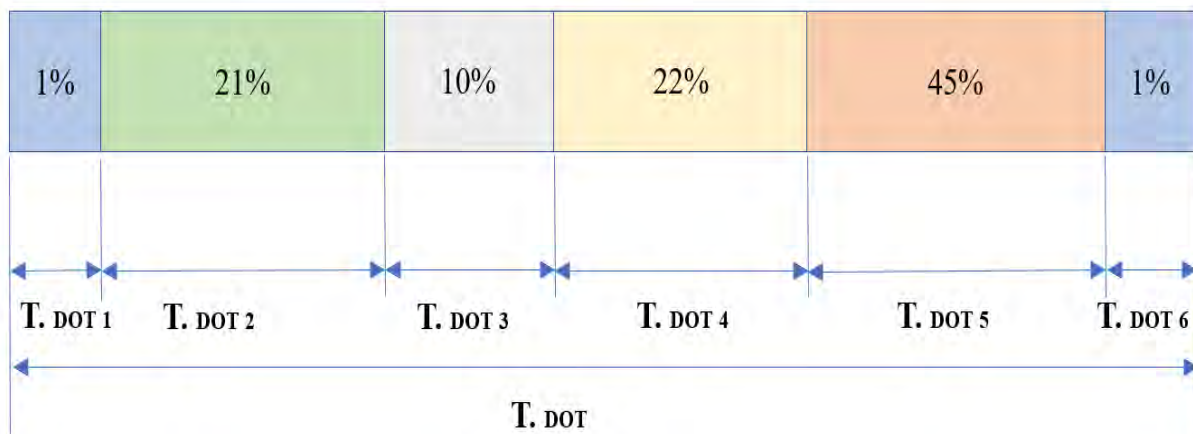
T. DOT 5: the time for official stamp which cover the interval time between the approval and completion of stamping. This process was carried out at the reception.

T. DOT 6: the time for issuing reference number which covers the time between official stamp and completion of the issuing out-bound reference number.

Table 5: Time for application for technical certificate at DOT, MPWT

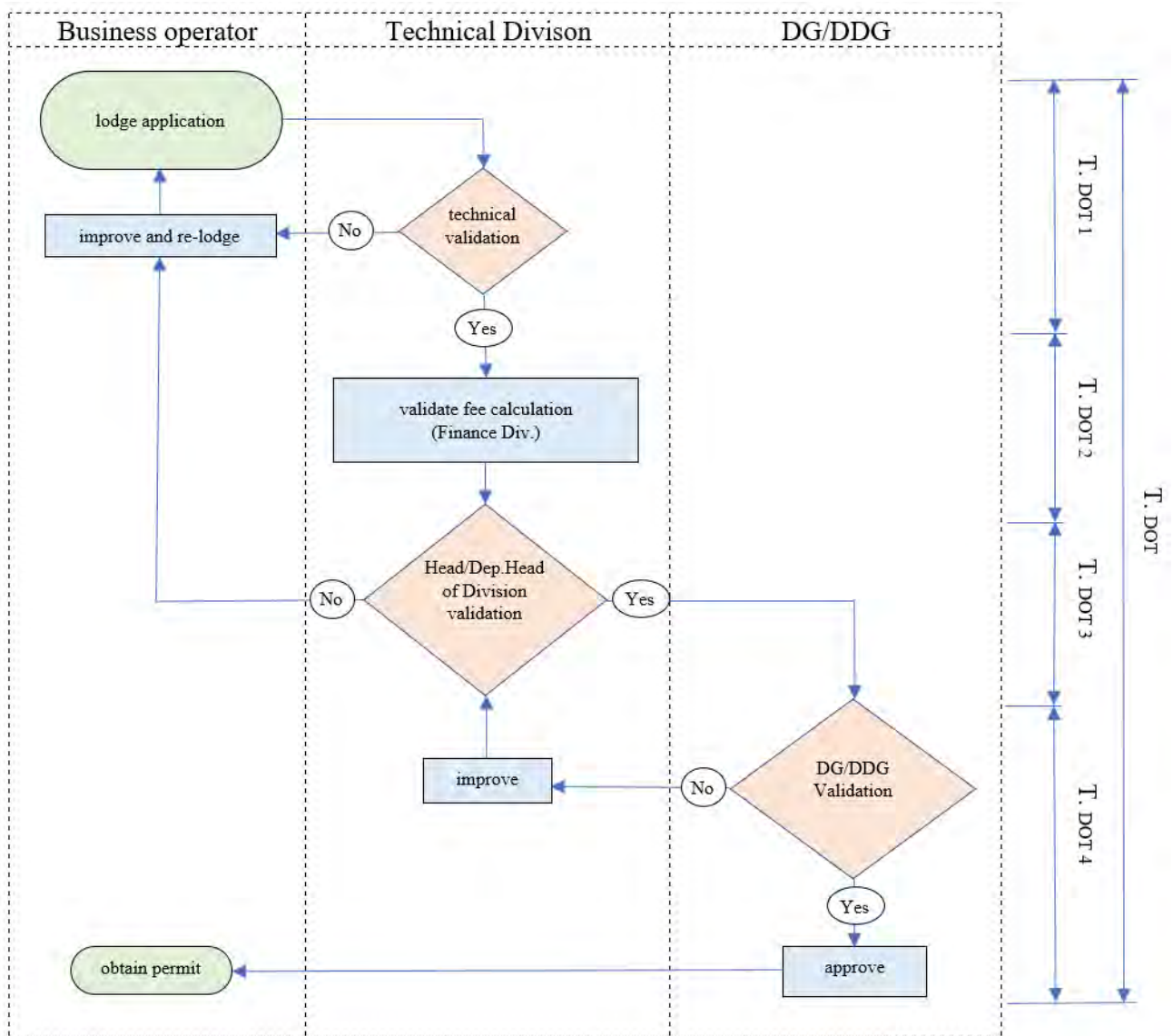
	No.	Min.	Max.	Mean	Standard Deviation
T. DOT	22	0D 0H 23MN	6D 3H 55MN	1D 12H 8MN	1D 16H 33NM
T. DOT 1	22	0D 0H 0MN	0D 3H 0MN	0D 0H 18MN	0D 0H 36NM
T. DOT 2	22	0D 0H 5MN	3D 17H 53MN	0D 7H 30MN	0D 20H 56MN
T. DOT 3	22	0D 0H 0MN	1D 0H 37MN	0D 3H 47MN	0D 7H 13MN
T. DOT 4	22	0D 0H 3MN	2D 0H 5MN	0D 7H 58MN	0D 12H 22MN
T. DOT 5	22	0D 0H 1MN	6D 2H 38MN	0D 16H 14MN	1D 14H 37MN
T. DOT 6	22	0D 0H 1MN	0D 2H 30MN	0D 0H 18MN	0D 0H 30MN

Figure 6 Time of manual process for each step at DOT, MPWT



The electronic process of application for automobile technical certificate at DOT, MPWT is shown below.

Figure 6 Flowchart of electronic process for the technical certificate application at DOT, MPWT.



Time for electronic application process at the DOT was divided as follows:

$T_{.DOT}$ : the total time for permit application at DOT which covers the interval time between submission of application and completion of issuance process.

$T_{.DOT 1}$ : the time for technical validation which measured the time between lodgement of application and completion of technical validation.

$T_{.DOT 2}$ : the time for payment validation which measured the time between completion of technical validation and completion of payment validation performed by the Finance Division.

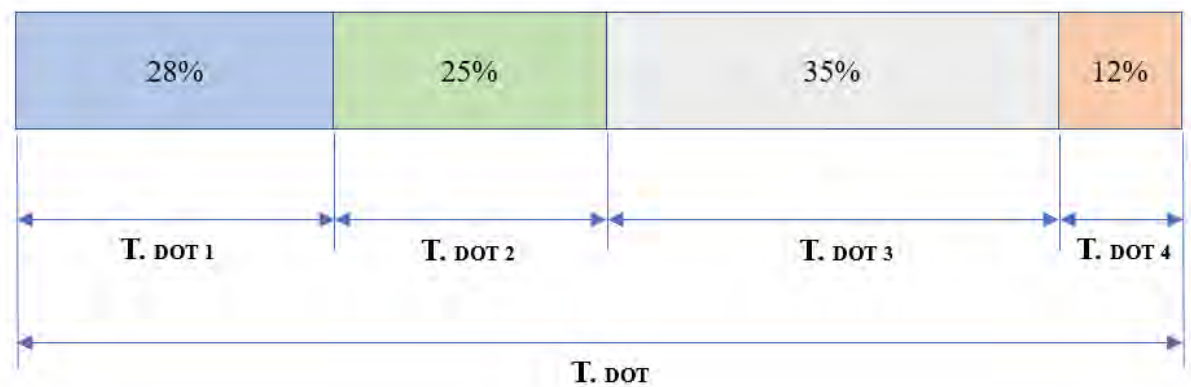
T.DOT 3: the time for Head/Deputy Head of Division validation which measure the time between completion of payment validation and completion of managers' validation.

T.DOT 4: the time for DG/DDG approval which measured the time between completion of managers' validation and final approval provided by the DG/DDG of DOT.

Table 6: Time for electronic application for certificate at DOT, MPWT.

	Number	Min.	Max.	Mean	Standard Deviation
T.DOT	308	0D 2H 3MN	5D 22H 43MN	1D 16H 22MN	1D 4H 1MN
T.DOT 1	308	0D 0H 1MN	4D 21H 33MN	0D 11H 31MN	0D 6H 4MN
T.DOT 2	308	0D 0H 1MN	2D 23H 33MN	0D 10H 15MN	0D 16H 25MN
T.DOT 3	308	0D 0H 1MN	3D 20H 30MN	0D 14H 27MN	0D 21H 32MN
T.DOT 4	308	0D 0H 1MN	0D 20H 37MN	0D 4H 59MN	0D 7H 24MN

Figure 7 Time of electronic process for each step at DOT, MPWT.

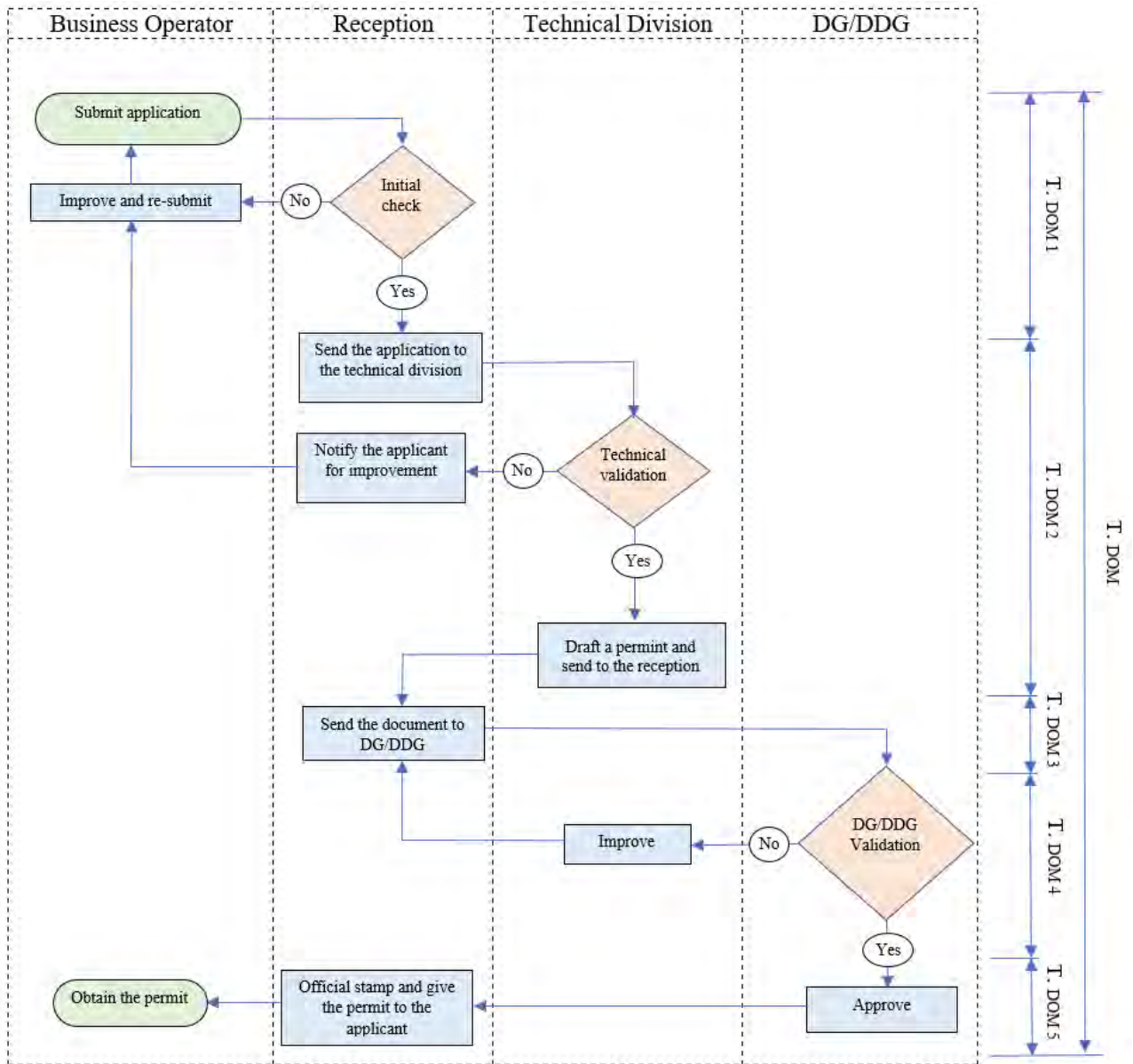


### 3) Department of Mines

Department of Mines (DOM), Ministry of Energy and Mines manage the issuance of import and export permit for mines. DOM has yet joined the LNSW. The data was collected by using paper questionnaires.

Manual process of application for import/export permit at DOM is shown below:

Figure 8 Flowchart of manual process for import/export permit application at DOM.



The time for permit application process at DOM was divided as follows:

- T. <sub>DOM</sub>: the total time for certificate application at DOM which covers the interval time between submission of the application and obtaining the permit.
- T. <sub>DOM 1</sub>: the time for registration which covers the interval time between submission and completion of registration of the application. This process was carried out at the reception of DOM.
- T. <sub>DOM 2</sub>: the time for technical validation which covers the interval time between registration and completion of technical validation.
- T. <sub>DOM 3</sub>: the time for delivery the document to the DG/DDG which covers the interval time between completion of technical validation and the document sent to the DG/DDG.



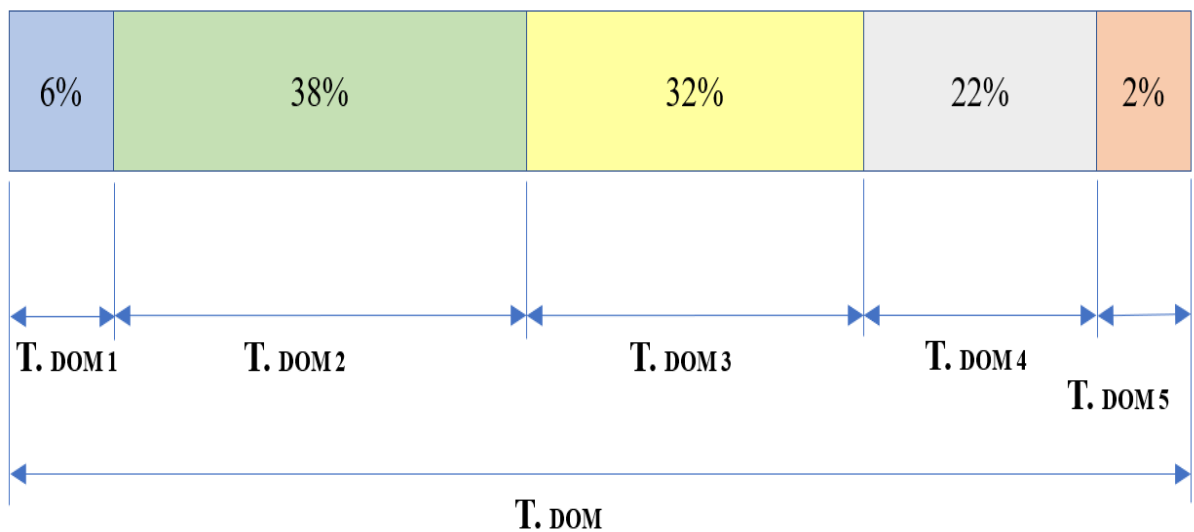
$T_{DOM4}$ : the time for approval which covers the interval time between submission of document to the DG/DDG and the approval.

$T_{DOM5}$ : the time for official stamp and issuing reference number which covers the time between approval and completion of stamping.

Table 7: Time for application for permit at DOM, MEM.

	No.	Min.	Max.	Mean	Standard Deviation
$T_{DOM}$	16	0D 2H 12MN	2D 18H 59MN	0D 23H 42MN	0D 18H 29MN
$T_{DOM1}$	16	0D 0H 2MN	0D 17H 3MN	0D 1H 32MN	0D 4H 4MN
$T_{DOM2}$	16	0D 0H 40MN	2D 0H 12MN	0D 8H 56MN	0D 13H 2MN
$T_{DOM3}$	16	0D 0H 4MN	1D 0H 30MN	0D 7H 31MN	0D 9H 18MN
$T_{DOM4}$	16	0D 0H 4MN	0D 17H 55MN	0D 5H 13MN	0D 5H 56MN
$T_{DOM5}$	16	0D 0H 5MN	0D 1H 18MN	0D 0H 29MN	0D 0H 20MN

Figure 9: Time of manual process for each step at DOM, MEM.

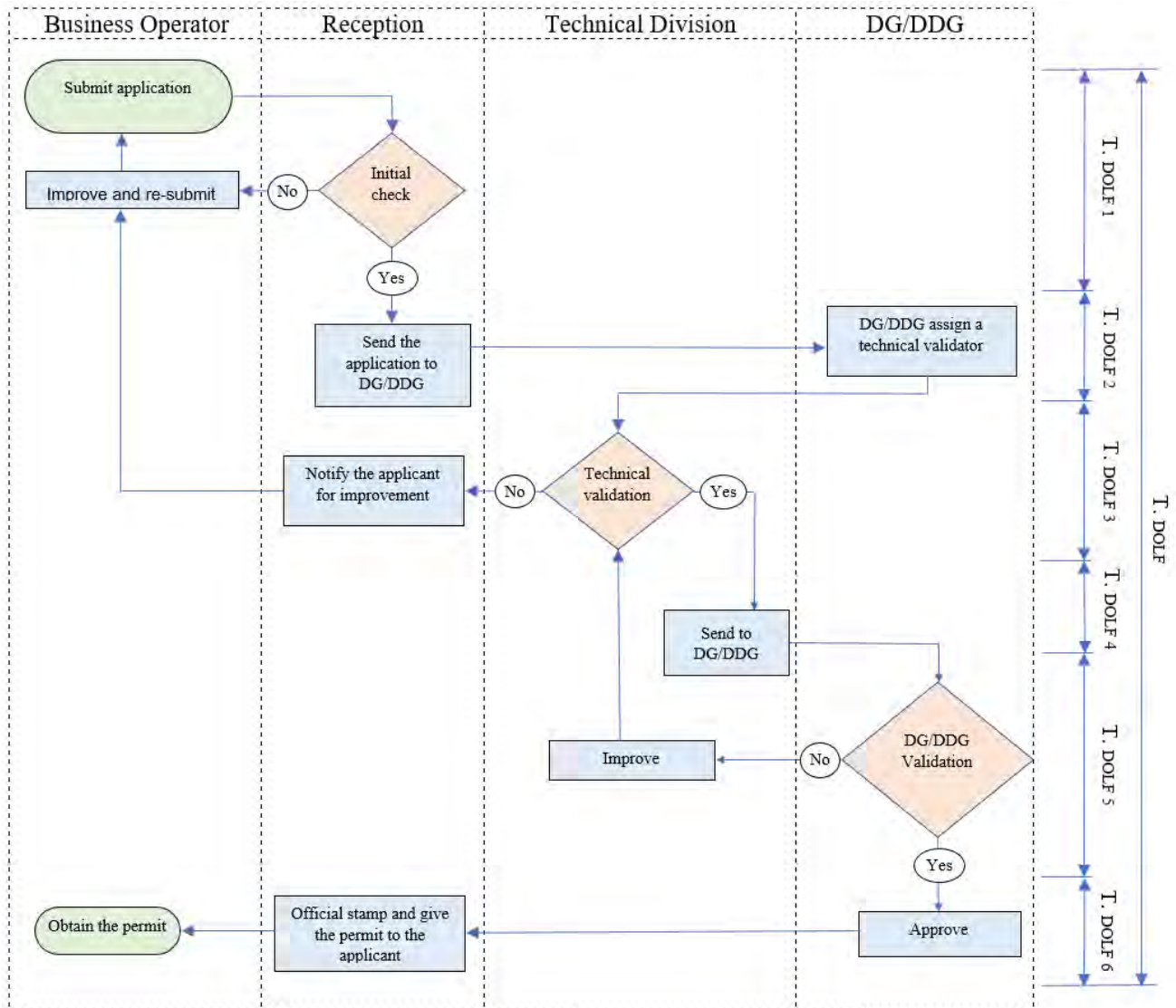


#### 4) Department of Livestock and Fisheries

Department of Livestock and Fisheries (DOLF), Ministry of Agriculture and Forestry is in charge of control the import and export of live animal and animal products. In this study, DOLF decided to measure the dwell time of application for permit of import/export of piglet, chick and cattle on transit. DOLF has yet joined the LNSW. The data was collected by using paper questionnaires.

Manual process of application for permit at DOLF is shown below:

Figure 10 Flowchart of manual process for permit application at DOLF.



The time for permit application process at DOLF was divided as follows:

$T_{DOLF}$ : the total time for certificate application at DOLF which covers the interval time between submission of the application and obtaining the permit.

$T_{DOLF 1}$ : the time for registration which covers the interval time between submission and completion of registration of the application. This process was carried out at the reception of the DOLF.

T. DOLF 2: the time for assigning technical validator which covers the interval time between sending application to the DG/DDG and receiving official guidance from the DG/DDG on assigning a specific division to conduct technical validation.

T. DOLF 3: the time for technical validation which covers the interval time between sending application to the technical division and completion of technical validation.

T. DOLF 4: the time for delivery the document to the DG/DDG which covers the interval time between completion of technical validation and the document sent to the DG/DDG.

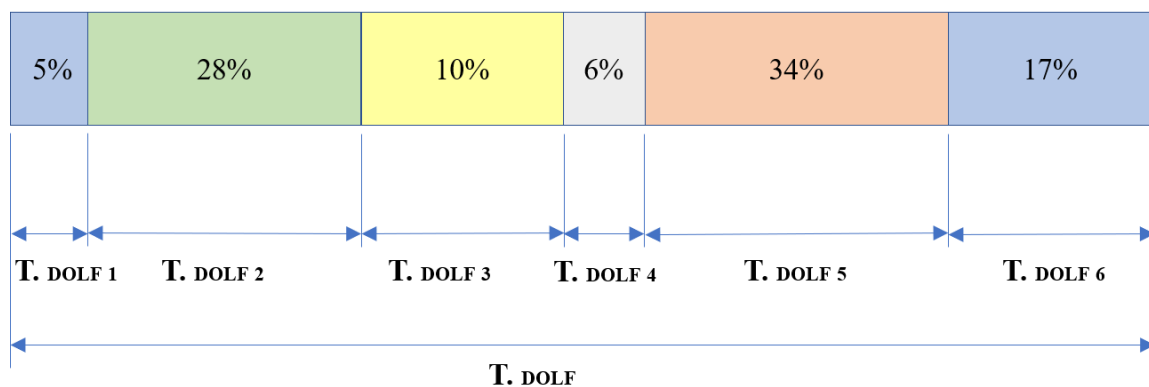
T. DOLF 5: the time for approval which covers the interval time between sending document to the DG/DDG and the approval.

T. DOLF 6: the time for official stamp and issuing reference number which covers the time between approval and completion of stamping.

Table 8: Time for application for permit at DOLF, MAF.

	No.	Min.	Max.	Mean	Standard Deviation
T. DOLF	5	2D 0H 30MN	6D 23H 55MN	4D 9H 35MN	2D 3H 15MN
T. DOLF 1	5	0D 0H 15MN	0D 21H 0MN	0D 4H 31MN	0D 8H 14MN
T. DOLF 2	5	0D 1H 30MN	3D 23H 0MN	1D 17H 10MN	1D 10H 4MN
T. DOLF 3	5	0D 1H 45MN	1D 7H 0MN	0D 8H 58MN	0D 11H 5MN
T. DOLF 4	5	0D 0H 5MN	1D 0H 15MN	0D 5H 7MN	0D 9H 34MN
T. DOLF 5	5	0D 3H 0MN	2D 17H 50MN	1D 6H 13MN	0D 21H 25MN
T. DOLF 6	5	0D 0H 30MN	2D 22H 15MN	0D 15H 36MN	1D 3H 21MN

Figure 11 Time of manuell process for each stept at DOLF, MAF.

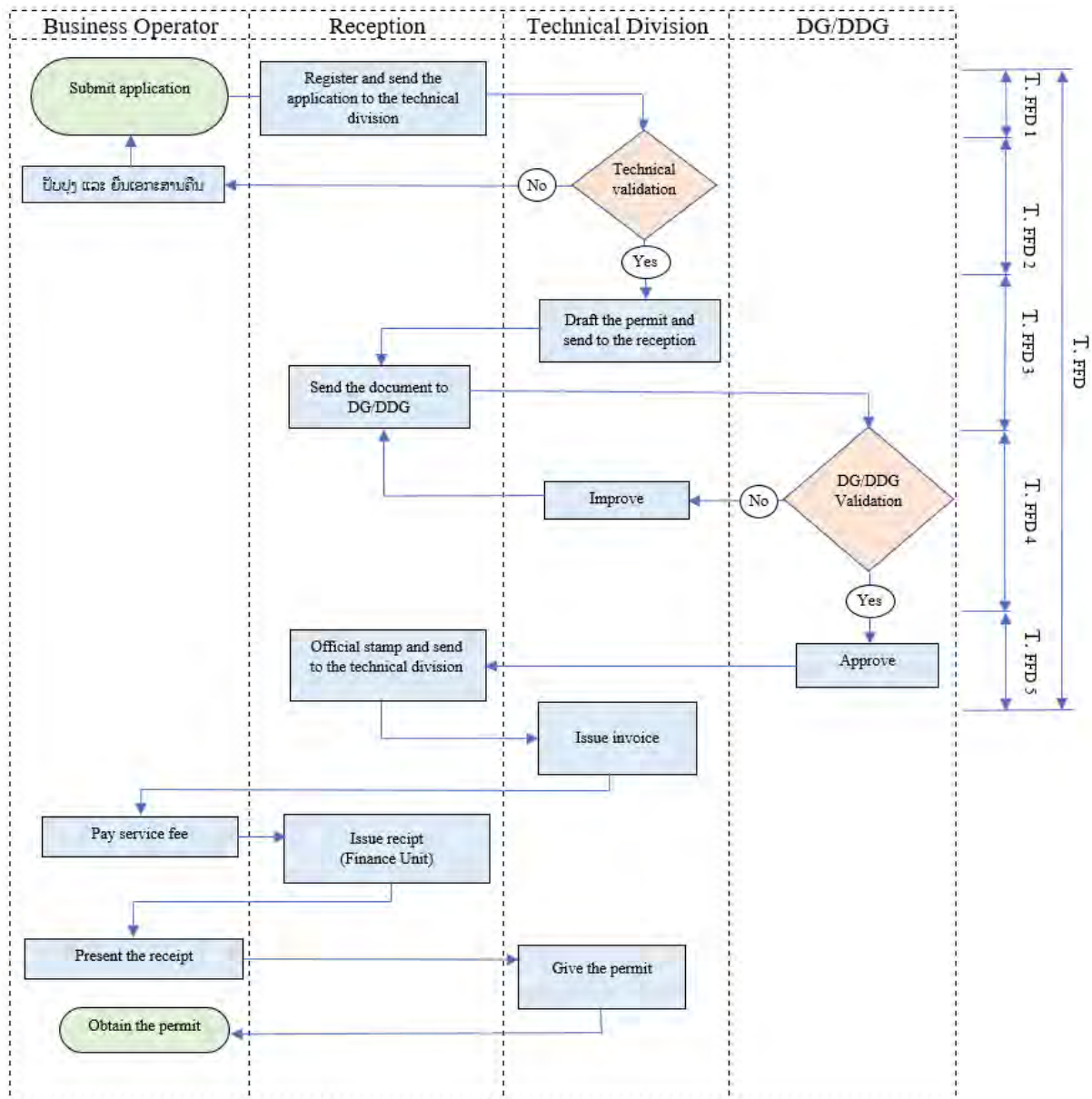


### 5) Food and Drug Department

Food and Drug Department (FDD), Ministry of Health controls import and export of medicines, supplements, medical foods and medical equipment. In this study, FDD decided to measure the time of taken for application for permits of importation of medicines and supplements. FDD has yet joined the LNSW. The data was collected by using paper questionnaires.

Manual process of application for import/export permit at FDD is shown below:

Figure 12 Flowchart of manual process for import/export permit application at FDD.



The time for permit application process at FDD as divided as follows:

T. FDD: the total time for certificate application at FDD which covers the interval time between submission of the application and obtaining the permit

T. FDD 1: the time for registration which covers the interval time between submission and completion of registration of the application. This process was carried out at the reception of the FDD.

T. FDD 2: the time for technical validation which covers the interval time between sending the application to the technical division and completion of technical validation.

T. FDD 3: the time for delivery the document to the DG/DDG which covers the interval time between completion of technical validation and the document sent to the DG/DDG.

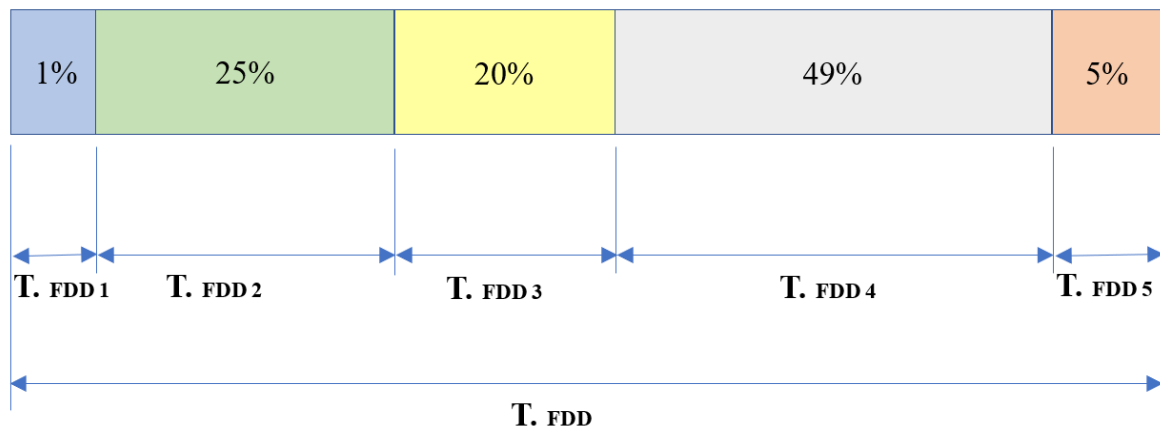
T. FDD 4: the time for approval which covers the interval time between sending the document to the DG/DDG and the approval.

T. FDD 5: the time for official stamp and issuing reference number which covers the time between approval and completion of stamping at the reception.

Table 9: Processing Time for application for permit at FDD.

	No.	Min.	Max.	Mean	Standard Deviation
T <sub>FDD</sub>	123	0D 4H 52MN	9D 21H 0MN	3D 7H 52MN	1D 16H 38MN
T <sub>FDD 1</sub>	123	0D 0H 1MN	1D 0H 3MN	0D 0H 36MN	0D 2H 11MN
T.FDD 2	123	0D 0H 10MN	4D 17H 30MN	0D 19H 53MN	1D 4H 51MN
T.FDD 3	123	0D 0H 10MN	3D 23H 55MN	0D 15H 35MN	0D 20H 37MN
T.FDD 4	123	0D 0H 10MN	4D 18H 0MN	1D 15H 13MN	1D 7H 15MN
T.FDD 5	123	0D 0H 1MN	7D 0H 0MN	0D 4H 59MN	0D 20H 21MN

Figure 13 Time for manual process for each step at FDD, MOH

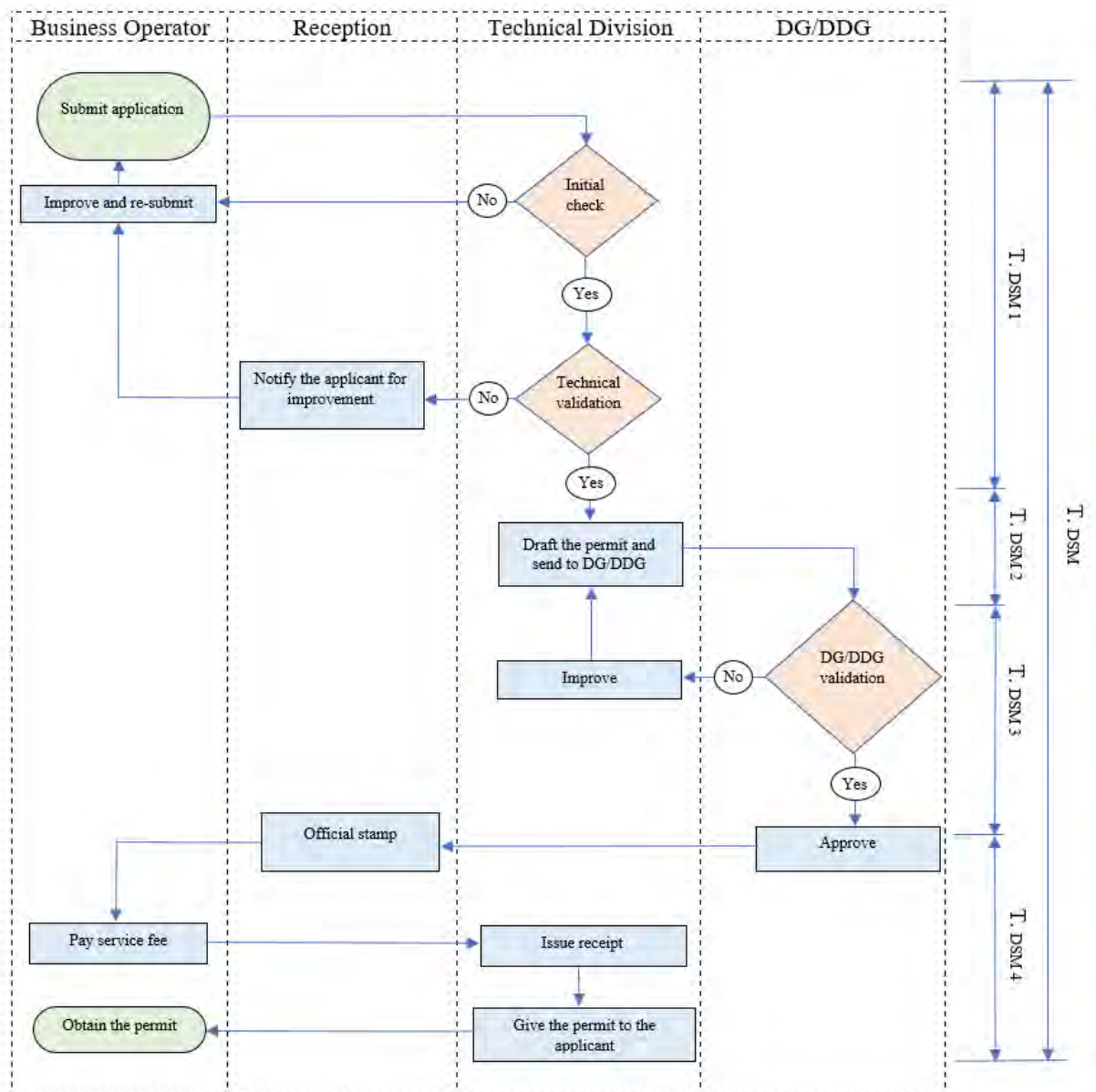


## 6) Department of Standard and Metrology

Department of Standard and Metrology (DSM), Ministry of Science and Technology is in charge of issuing permits for import and export of fuel, gas, electronic products and appliances. In this study, DSM decided to measure the time taken for processing permit application of fuel and gas importation. DSM has yet joined the LNSW. The data was collected by using paper questionnaires.

Manual process of application for import/expert permit at DSM is shown below:

Figure 14 Flowchart of manual process for import/export permit application at DSM.



The time for permit application process at DSM was divided as follows:

$T_{DSM}$ : the total time for certificate application at DSM which covers the interval time between submission of the application and obtaining the permit.

T. <sub>DSM 1</sub>: the time for technical validation which covers the interval time between submission of the application to technical division and completion of technical validation.

T. <sub>DSM 2</sub>: the time for delivery of the document to the DG/DDG which covers the interval time between completion of technical validation and the document sent to the DG/DDG.

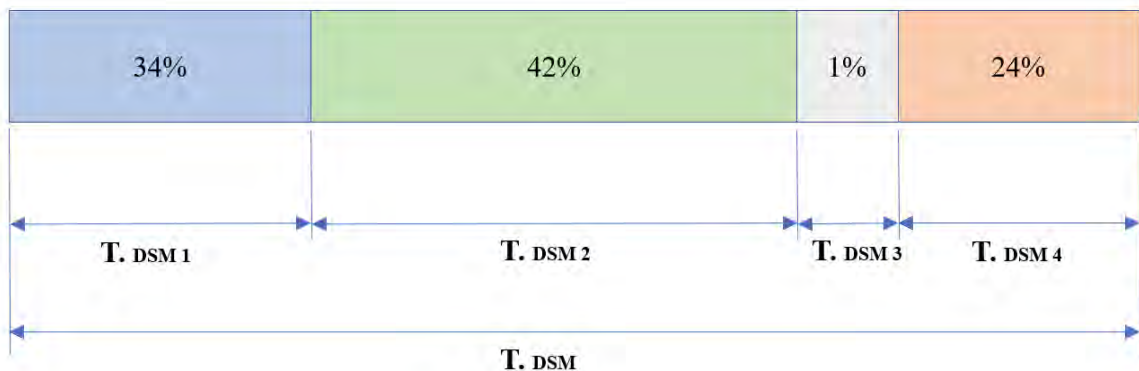
T. <sub>DSM 3</sub>: the time for approval which covers the interval time between sending document to the DG/DDG and the approval.

T. <sub>DSM 4</sub>: the time for payment process which covers the interval time between the approval and completion of the payment

Table 10: Time for application for permit at DSM, MST.

	No.	Min.	Max.	Mean	Standard Deviation
T. <sub>DSM</sub>	5	0D 19H 30MN	1D 22H 30MN	1D 3H 34MN	0D 9H 38MN
T. <sub>DSM 1</sub>	5	0D 0H 20MN	1D 1H 55MN	0D 9H 27MN	0D 11H 11MN
T. <sub>DSM 2</sub>	5	0D 0H 10MN	0D 19H 13MN	0D 11H 27MN	0D 9H 13MN
T. <sub>DSM 3</sub>	5	0D 0H 5MN	0D 0H 20MN	0D 0H 10MN	0D 0H 6MN
T. <sub>DSM 4</sub>	5	0D 0H 35MN	0D 18H 45MN	0D 6H 30MN	0D 6H 24MN

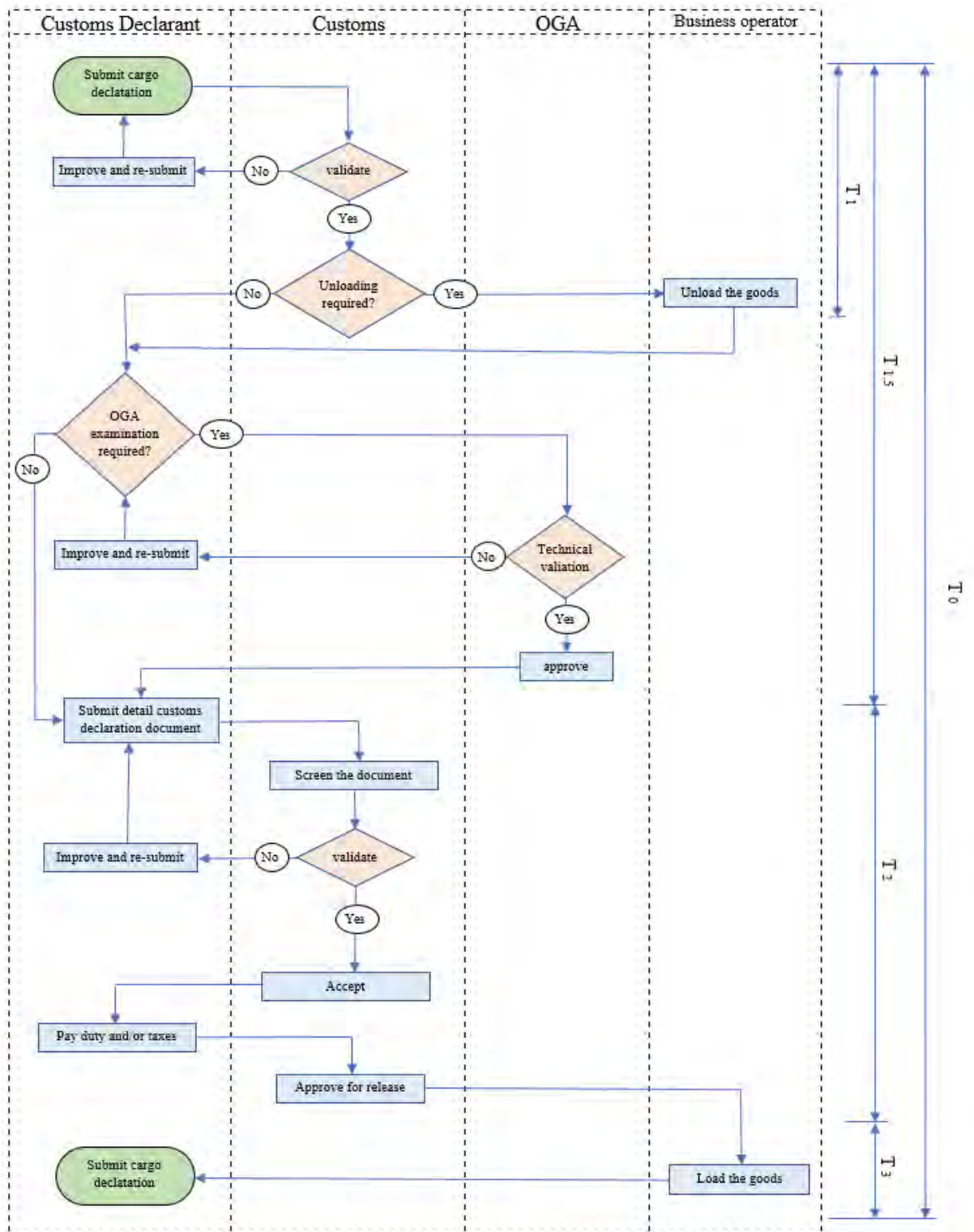
Figure 15: Time of manual process for each step at DSM, MST



## 4.2 Analysis on Goods Clearance Process at the Border Checkpoints

This TRS was conducted during the heavy outbreak of COVID-19 pandemic. Cross border trade had decreased significantly. As a result, the number of questionnaires collected at the border checkpoint was less than those collected in the last study.

Figure 16 Flowchart of Goods Clearance Process at the Border Checkpoints





Time intervals were measured as follows:

- T0: the total clearance time which measured the time between arrival of the goods and removal of the goods from border checkpoints. It covered all border clearance procedures, including the clearance procedures of other government authorities.
- T1: the time taken for unloading the goods which measured the time between arrival of a shipment at the checkpoint and completion of unloading of goods into the customs warehouse.
- T1.5: the time taken for cargo declaration and OGA's declaration which was measured as the time between the arrival of the goods and submission of customs detailed declaration. Any shipment subjected to OGA's control and inspection requires this process to be completed prior to the submission of detailed declaration to customs authority.
- T2: the time taken for customs clearance which measured the time between submission of detailed customs declaration and approval for release granted by customs. This process included documentary scrutiny, physical inspection of goods (if applicable) and payment of duties and taxes.
- T3: the time taken for release which measured the time between release approval and actual removal of the goods from the checkpoint. This process included loading of the goods and warehouse clearance process.

Table 11: The Overall result of analysis

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
T0	1146	0D 0H 5MN	4D 4H 0MN	0D 5H 7MN	0D 8H 21MN	0D 8H 10MN	-0D 3H 14MN
T1	66	0D 0H 0MN	1D 6H 3MN	0D 3H 48MN	0D 7H 24MN	0D 2H 17MN	+ 0D 1H 31MN
T1.5	392	0D 0H 1MN	1D 4H 59MN	0D 3H 58MN	0D 3H 20MN	0D 4H 37MN	- 0D 0H 37MN
T2	1146	0D 0H 1MN	4D 3H 20MN	0D 2H 26MN	0D 6H 1MN	0D 3H 14MN	- 0D 0H 48MN
T3	1146	0D 0H 0MN	4D 0H 0MN	0D 1H 17MN	0D 4H 2MN	0D 1H 6MN	+ 0D 0H 11MN

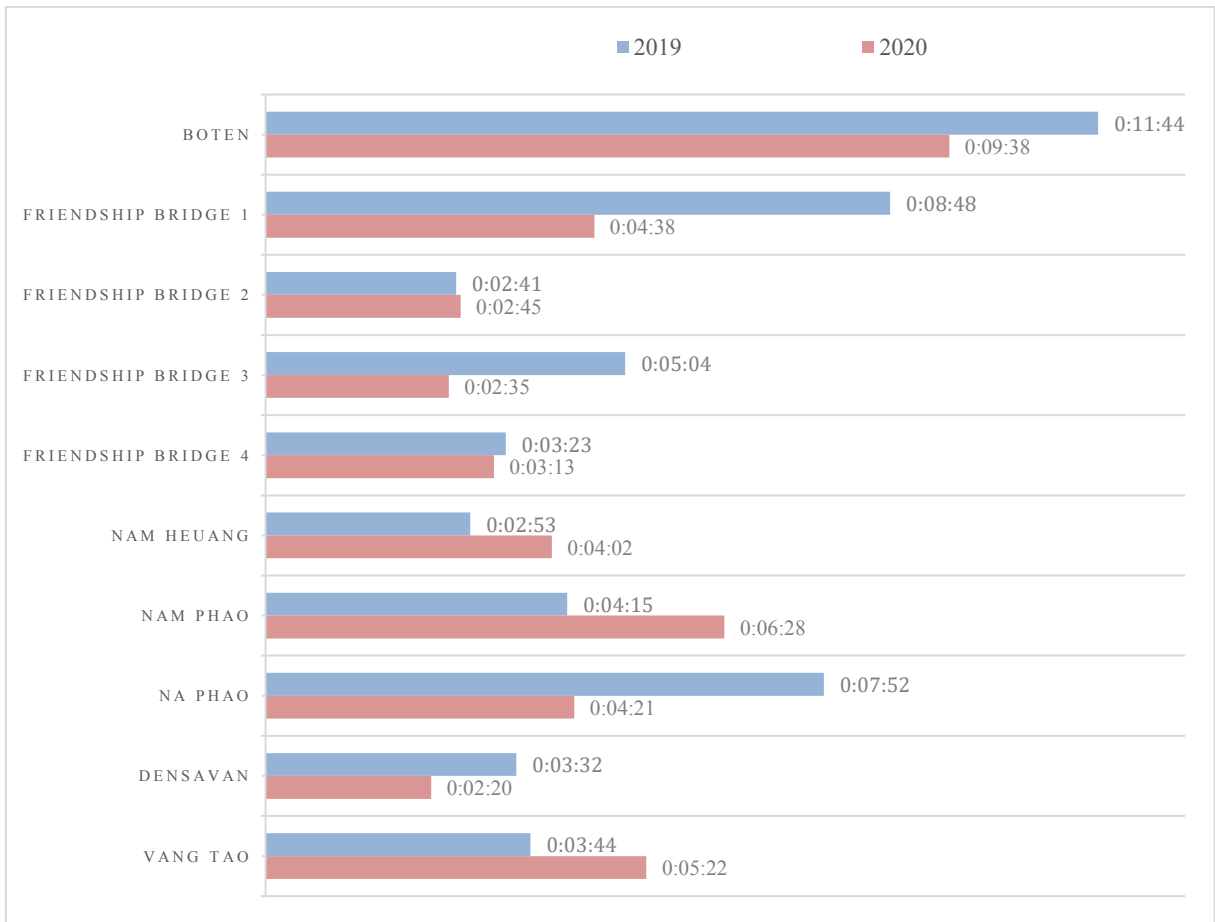
#### 6) Analysis on the total clearance time (T0)

The Mean of T0 nationwide was five hours and seven minutes which decreased at three hours and fourteen minutes comparing with the Mean of T0 in 2019 (eight hours and ten minutes).

**Table 12: T0 by border checkpoints**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
Boten	226	0D 0H 5MN	4D 4H 0MN	0D 9H 38MN	0D 13H 16MN	0D 11H 44MN	- 0D 2H 6MN
Friendship Bridge 1	143	0D 1H 39MN	1D 4H 40MN	0D 4H 38MN	0D 3H 54MN	0D 8H 44MN	- 0D 4H 6MN
Friendship Bridge 2	115	0D 1H 0MN	1D 2H 30MN	0D 2H 45MN	0D 2H 23MN	0D 2H 41MN	+ 0D 0H 4MN
Friendship Bridge 3	49	0D 0H 30MN	0D 6H 10MN	0D 2H 35MN	0D 1H 14MN	0D 5H 4MN	- 0D 2H 29MN
Friendship Bridge 4	93	0D 0H 24MN	0D 18H 3MN	0D 3H 13MN	0D 3H 35MN	0D 3H 23MN	- 0D 0H 10MN
Nam Heuang	110	0D 0H 40MN	1D 2H 13MN	0D 4H 2MN	0D 4H 25MN	0D 2H 53MN	+ 0D 1H 9MN
Nam Phao	146	0D 0H 35MN	3D 2H 55MN	0D 6H 28MN	0D 8H 16MN	0D 4H 15MN	+ 0D 2H 13MN
Na Phao	58	0D 0H 25MN	4D 3H 0MN	0D 4H 21MN	0D 13H 4MN	0D 7H 52MN	-0D 3H 31MN
Densavan	171	0D 0H 9MN	0D 22H 30MN	0D 2H 20MN	0D 2H 40MN	0D 3H 32MN	- 0D 1H 12MN
Vang Tao	35	0D 0H 20MN	1D 4H 0MN	0D 5H 22MN	0D 5H 59MN	0D 3H 44MN	+ 0D 1H 38MN
<b>Total</b>	<b>1146</b>	<b>0D 0H 5MN</b>	<b>4D 4H 0MN</b>	<b>0D 5H 7MN</b>	<b>0D 8H 21MN</b>	<b>0D 8H 10MN</b>	<b>-0D 3H 14MN</b>

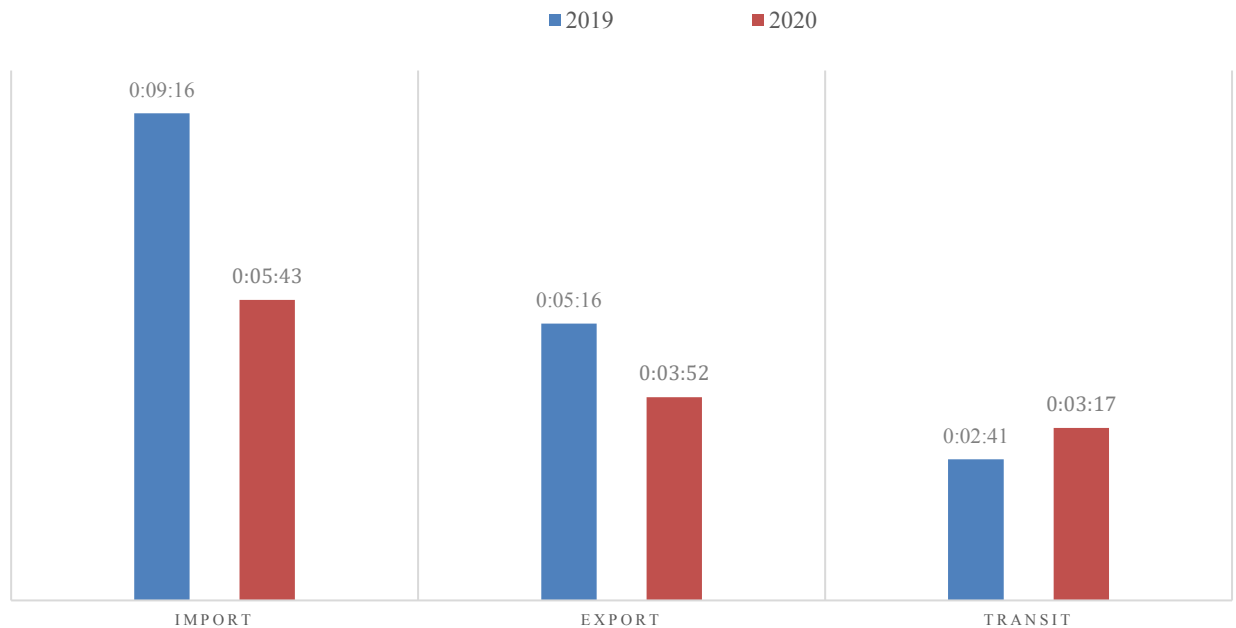
**Figure 20: Comparison of T0 between 2019 and 2020**



**Table 13: T0 by type of shipment**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
Import	821	0D 0H 5MN	4D 4H 0MN	0D 5H 43MN	0D 8H 32MN	0D 9H 16MN	-0D 3H 33MN
Export	172	0D 0H 30MN	4D 3H 0MN	0D 3H 52MN	0D 8H 26MN	0D 5H 16MN	-0D 1H 24MN
Transit	153	0D 0H 24MN	3D 2H 55MN	0D 3H 17MN	0D 6H 27MN	0D 3H 36MN	-0D 0H 19MN
<b>Total</b>	<b>1146</b>	<b>0D 0H 5MN</b>	<b>4D 4H 0MN</b>	<b>0D 5H 7MN</b>	<b>0D 8H 21MN</b>	<b>0D 8H 10MN</b>	<b>-0D 3H 14MN</b>

**Figure 21: T0 by type of shipment**



### # T0 by risk category

Customs is the only government border authority which has introduced risk management in clearing import goods. There are three risk categories namely: low risk (Green), medium risk (Yellow), and high risk (Red).

- In low risk category, the shipment is subjected neither to detailed scrutiny of supporting documents, nor physical inspection.
- In medium risk category, the shipment is subjected to a detailed supporting document check. Following the documentary scrutiny, if any discrepancy is noticed in declaration, a physical inspection may be conducted.
- In high risk category, the shipment is subjected to documentary check and physical inspection.

**Table 14: T0 by risk category**

Risk category	No.	2020				Mean in 2019	Changes
		Min.	Max.	Mean	SD		
Low Risk	573	0D 0H 5MN	4D 3H 0MN	0D 4H 23MN	0D 7H 2MN	0D 7H 11MN	-0D 2H 48MN
Medium Risk	162	0D 0H 35MN	3D 2H 55MN	0D 6H 2MN	0D 9H 24MN	0D 4H 27MN	+0D 1H 35MN
High Risk	411	0D 0H 9MN	4D 4H 0MN	0D 5H 35MN	0D 9H 17MN	0D 9H 46MN	-0D 4H 11MN
<b>Total</b>	<b>1146</b>	<b>0D 0H 5MN</b>	<b>4D 4H 0MN</b>	<b>0D 5H 7MN</b>	<b>0D 8H 21MN</b>	<b>0D 8H 10MN</b>	<b>-0D 3H 14MN</b>

**Figure 22: Distribution of Risk Category**

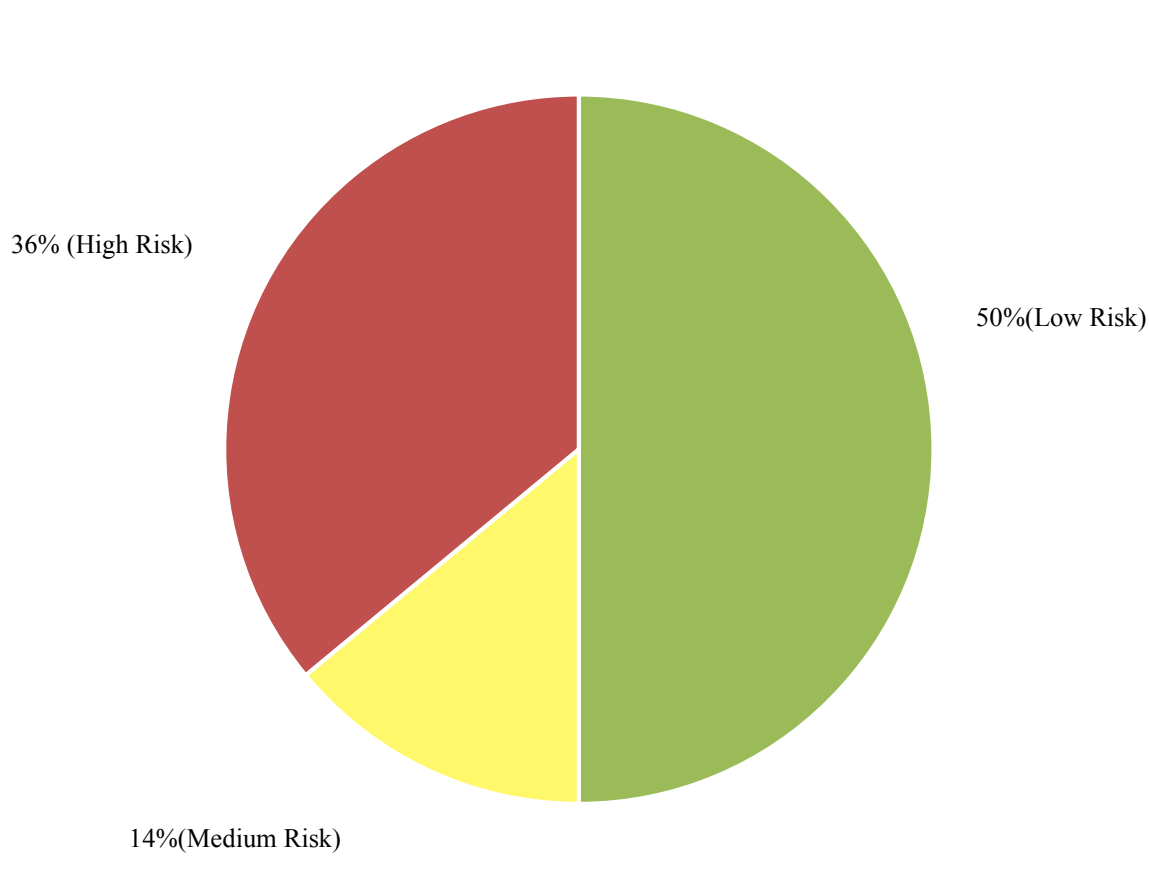
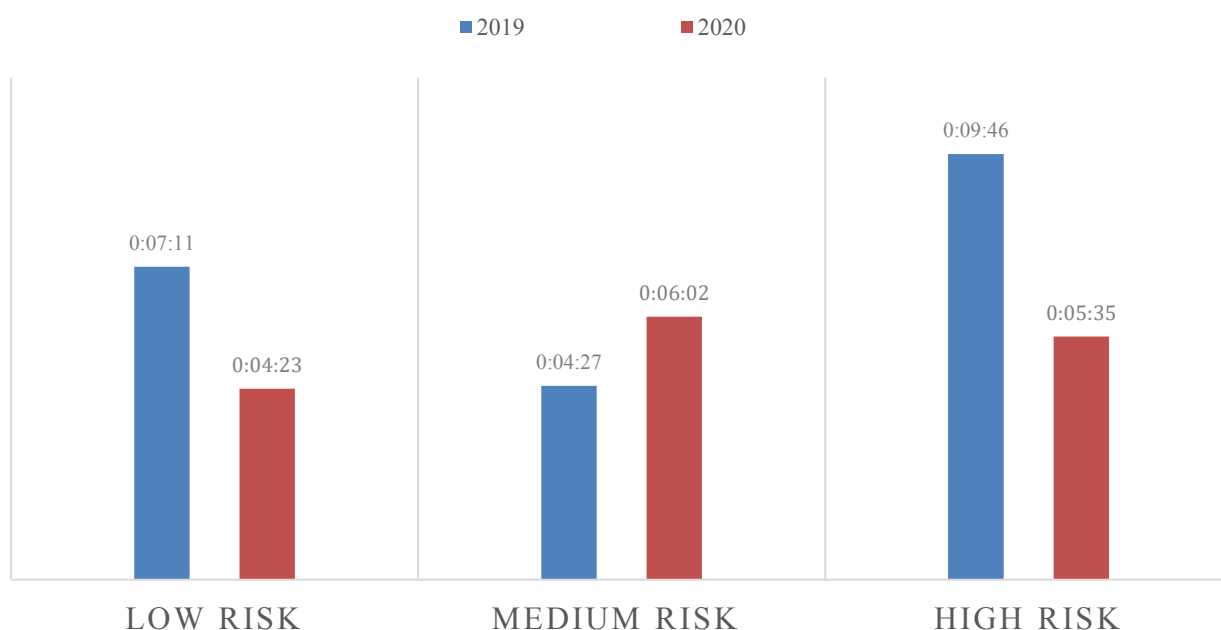


Figure 23: T0 by Risk Category



7) Analysis on the time of unloading (T1)

T1 was a measure of the time between arrival of a shipment at the checkpoint and completion of unloading of goods into the customs warehouse. It should be noted that some border checkpoints do not have warehouse for temporary storage. At those checkpoints, physical inspection was carried out on the truck at the truck parking yard, without unloading the goods.

Table 15: T1 by border checkpoint

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	SD		
<b>Boten</b>	12	0D 0H 13MN	1D 3H 15MN	<b>0D 3H 0MN</b>	0D 7H 19MN	<b>0D 6H 4MN</b>	-0D 3H 4MN
<b>Friendship Bridge 1</b>	9	0D 1H 0MN	0D 3H 50MN	<b>0D 2H 3MN</b>	0D 0H 48MN	<b>0D 1H 53MN</b>	+0D 0H 10MN
<b>Friendship Bridge 2</b>	0	-	-	-	-	-	-
<b>Friendship Bridge 3</b>	11	0D 0H 1MN	0D 5H 0MN	<b>0D 1H 24MN</b>	0D 1H 40MN	-	-
<b>Friendship Bridge 4</b>	0	-	-	-	-	-	-
<b>Nam Heuang</b>	0	-	-	-	-	-	-
<b>Nam Phao</b>	21	0D 0H 30MN	1D 6H 3 MN	<b>0D 7H 56MN</b>	0D10H 30MN	-	-
<b>Na Phao</b>	1	0D 0H 19MN	0D 0H 19MN	0D 0H 19MN	0D 0H 19MN	0D 0H 40MN	-0D 0H 21MN
<b>Densavan</b>	0	-	-	-	-	-	-
<b>Vang Tao</b>	11	0D 0H 12MN	0D 2H 50MN	<b>0D 0H 56MN</b>	0D 0H 46MN	<b>0D 1H 32MN</b>	-
<b>Total</b>	65	0D 0H 1MN	1D 6H 3MN	0D 3H 48MN	0D 7H 24MN	0D 2H 17MN	+0D 1H 31MN

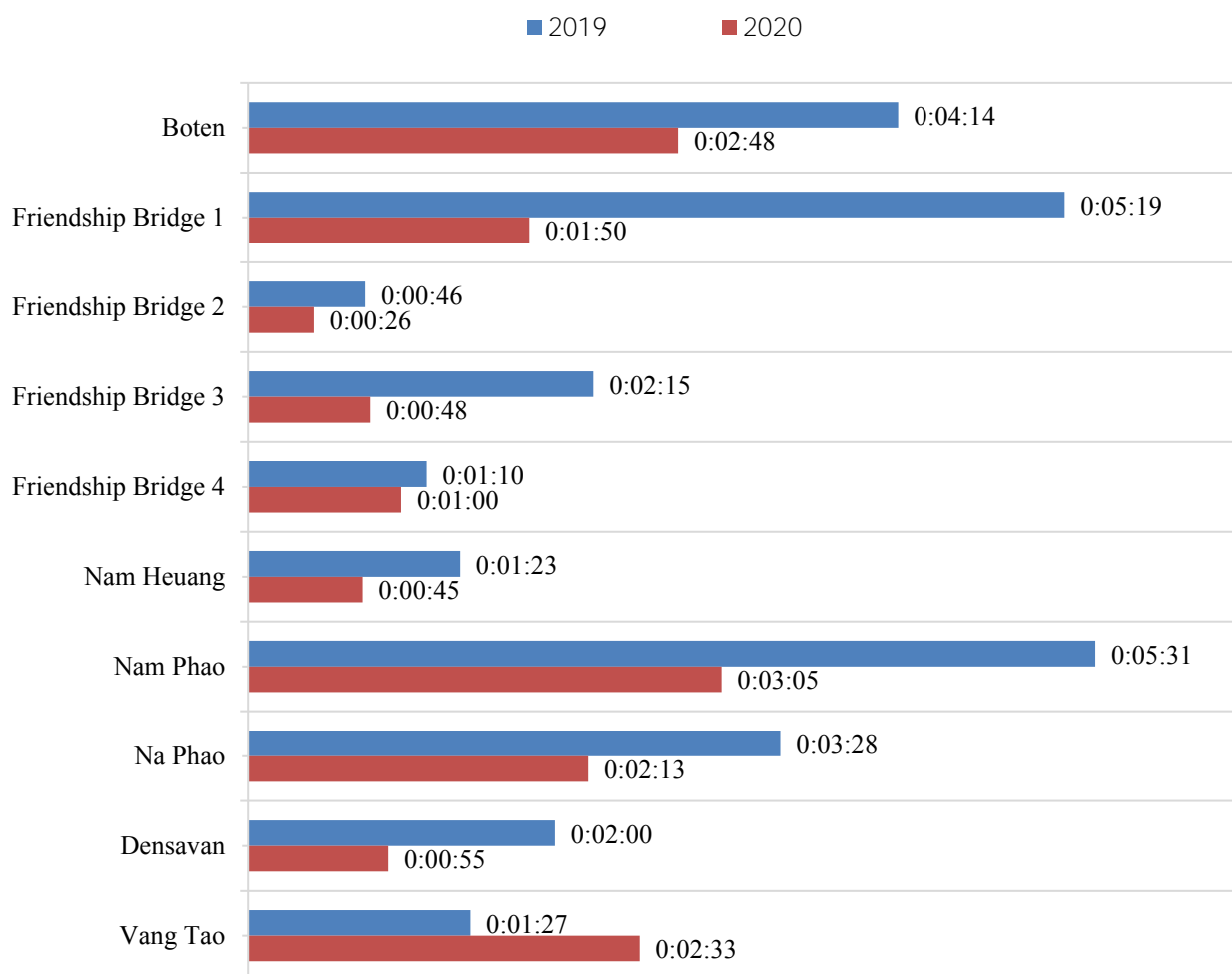
8) Analysis on the time taken for cargo declaration and OGA's declaration (T1.5)

T1.5 was measured the time between the arrival of the goods and submission of customs detailed declaration. This process included the intervention of OGAs such as Science and Technology Authority, Agriculture Authority, Health Authority or others.

**Table 7: T1.5 by Border Checkpoint**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
Boten	226	0D 0H 1MN	1D 4H 30MN	0D 2H 48MN	0D 5H 46MN	0D 4H 14MN	-0D 1H 26MN
Friendship Bridge 1	143	0D 0H 1MN	0D 23H 50MN	0D 1H 50MN	0D 3H 54MN	0D 5H 19MN	-0D 3H 29MN
Friendship Bridge 2	115	0D 0H 1MN	0D 1H 30MN	0D 0H 26MN	0D 0H 23MN	0D 0H 46MN	-0D 0H 20MN
Friendship Bridge 3	49	0D 0H 1MN	0D 3H 28MN	0D 0H 48MN	0D 0H 50MN	0D 2H 15MN	-0D 1H 27MN
Friendship Bridge 4	93	0D 0H 1MN	0D 12H 30MN	0D 1H 0MN	0D 2H 43MN	0D 1H 10MN	-0D 0H 10MN
Nam Heuang	110	0D 0H 1MN	1D 0H 26MN	0D 0H 45MN	0D 2H 21MN	0D 1H 23MN	-0D 0H 38MN
Nam Phao	146	0D 0H 1MN	3D 0H 10MN	0D 3H 5MN	0D 7H 46MN	0D 5H 31MN	-0D 2H 26MN
Na Phao	58	0D 0H 1MN	4D 1H 14MN	0D 2H 13MN	0D 12H 56MN	0D 3H 28MN	-0D 1H 15MN
Densavan	171	0D 0H 0MN	0D 21H 32MN	0D 0H 55MN	0D 1H 50MN	0D 2H 0MN	-0D 1H 5MN
Vang Tao	35	0D 0H 1MN	1D 0H 0MN	0D 2H 33MN	0D 4H 31MN	0D 1H 27MN	+0D 1H 6MN
<b>Total</b>	<b>46</b>	<b>0D 0H 1MN</b>	<b>1D 4H 59MN</b>	<b>0D 3H 58MN</b>	<b>0D 3H 20MN</b>	<b>0D 4H 37MN</b>	<b>-0D 0H 37MN</b>

**Figure 24: Comparison of T1.5 between 2019 and 2020**



**# Time taken for Clearance OGA procedures**

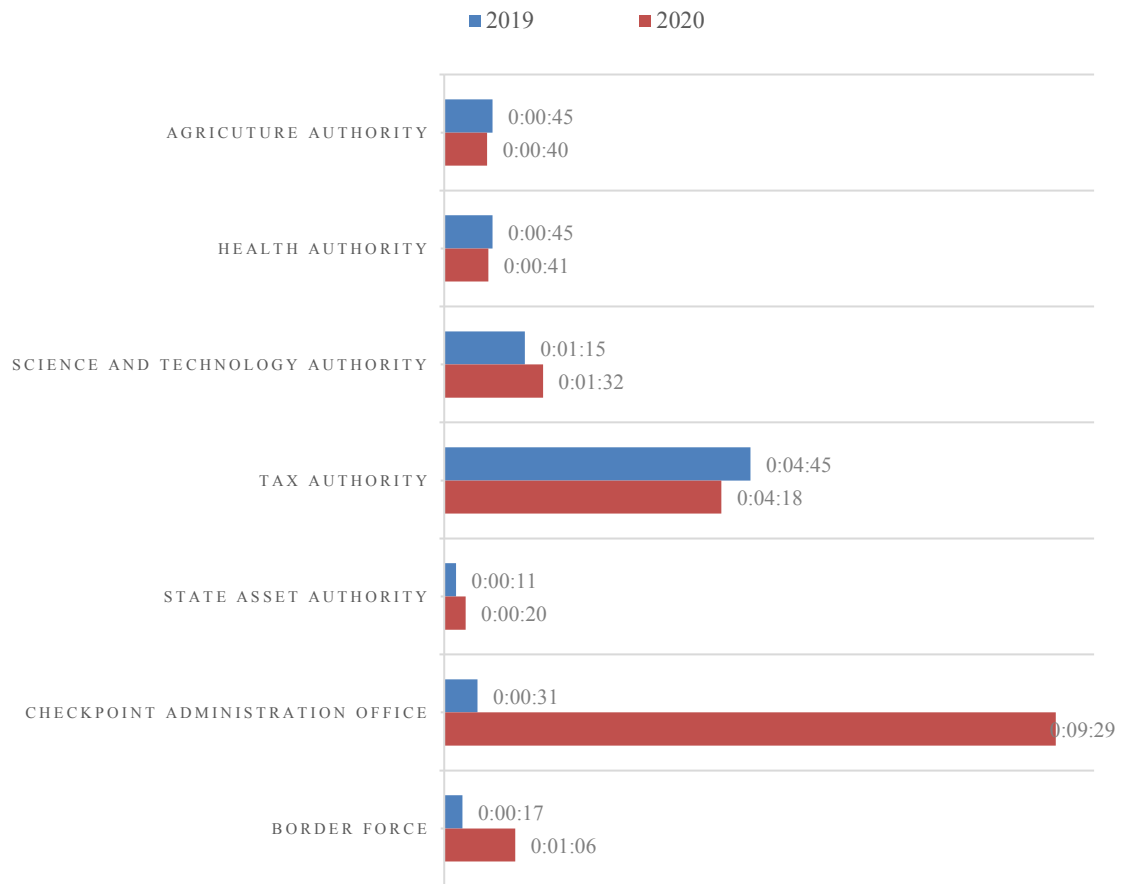
It was observed that there were seven other Government agencies involved in goods clearance at the border checkpoints. The number of Government authorities differed from one checkpoint to another. At Densavan, for instance, the Border Force executes a control over goods clearance, while at Vang Tao this responsibility lies with the Border Checkpoint Administration Office. It may be observed from the Table below that the latter took much longer, i.e., almost nine and half hours on average in allowing clearance of goods, which was barely an hour and six minutes in case of the former. Further, some others, like Transport Tax authorities also worsened their performance since 2019, taking much longer in 2020 than the time incurred in the previous year.



**Table 12: The Mean Time Taken by Other Government Agencies**

Government Authorities	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
Agriculture Authority (Plant Quarantine and Animal Quarantine)	135	0D 0H 5MN	0D 4H 12MN	0D 0H 40MN	0D 0H 39MN	0D 0H 45MN	- 0D 0H 6MN
Health Authority (Food and Drug Safety Control)	54	0D 0H 7MN	0D 3H 30MN	0D 0H 41MN	0D 0H 42MN	0D 0H 45MN	- 0D 0H 3MN
Science and Technology Authority (Standard Control)	102	0D 0H 1MN	0D 3H 30MN	0D 1H 32MN	0D 1H 1MN	0D 1H 15MN	- 0D 0H 14MN
Tax Authority (Transport Tax Collection)	39	0D 0H 1MN	6D 27H 27MN	0D 4H 18MN	0D 22H 45MN	0D 0H 45MN	+ 0D 3H 33MN
State Asset Authority (Collection of Contract Registration Fee)	31	0D 0H 5MN	0D 1H 5MN	0D 0H 20MN	0D 0H 15MN	0D 0H 11MN	+0D 0H 4MN
Checkpoint Administration Office (Import/Export Control)	28	0D 0H 8MN	10D 1H 20MN	0D 9H 29MN	1D 20H 37MN	0D 0H 31MN	+ 0D 8H 58MN
Border Force (Security Control)	3	0D 1H 55MN	0D 0H 34MN	0D 1H 6MN	0D 0H 34MN	0D 0H 17MN	+ 0D 0H 49MN

**Figure 25: Comparison of Time taken by OGA Between 2019 and 2020**



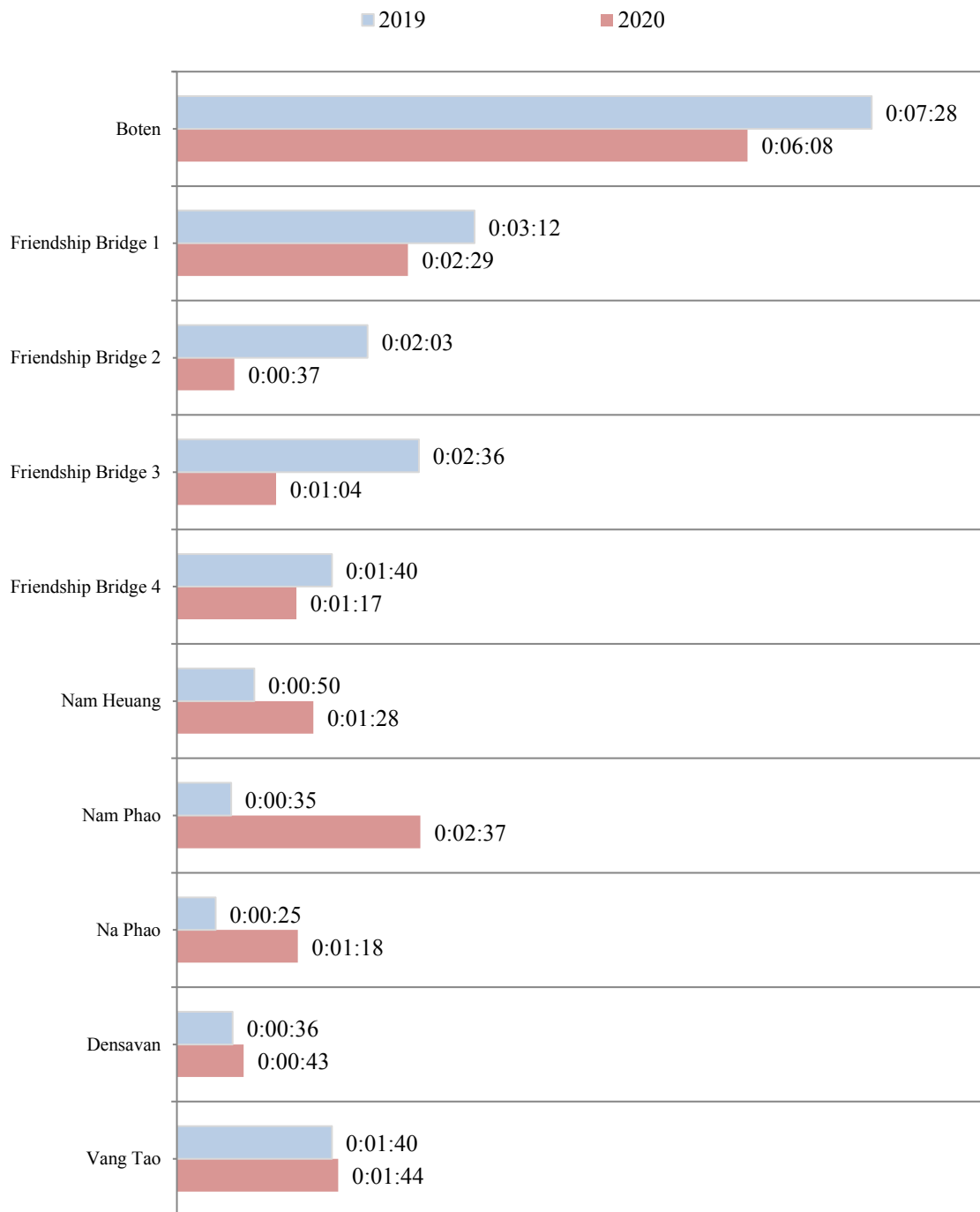
## 9) Analysis on Customs Clearance Time (T2)

T2 measured the performance of Customs in facilitation and control of goods clearance at the border checkpoints.

**Table 8: T2 by Border Checkpoint**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	SD		
Boten	226	0D 0H 1MN	4D 3H 20MN	0D 6H 8MN	0D 11H 32MN	0D 7H 28MN	- 0D 1H 20MN
Friendship Bridge 1	143	0D 0H 50MN	0D 4H 37MN	0D 2H 29MN	0D 1H 8MN	0D 3H 12MN	- 0D 0H 43MN
Friendship Bridge 2	115	0D 0H 15MN	0D 2H 45MN	0D 0H 37MN	0D 0H 19MN	0D 1H 33MN	-0D 0H 56MN
Friendship Bridge 3	49	0D 0H 14MN	0D 5H 50MN	0D 1H 4MN	0D 0H 48MN	0D 2H 36MN	- 0D 1H 32MN
Friendship Bridge 4	93	0D 0H 22MN	0D 6H 31MN	0D 1H 17MN	0D 0H 52MN	0D 1H 40MN	-0D 0H 23MN
Nam Heuang	110	0D 0H 18MN	0D 5H 20MN	0D 1H 28MN	0D 1H 10MN	0D 0H 50MN	+0D 0H 38MN
Nam Phao	146	0D 0H 9MN	1D 5H 44MN	0D 2H 37MN	0D 3H 16MN	0D 0H 35MN	+0D 2H 02MN
Na Phao	58	0D 0H 20MN	0D 2H 50MN	0D 1H 18MN	0D 0H 35MN	0D 0H 25MN	+0D 0H 53MN
Densavan	171	0D 0H 4MN	2D 0H 9MN	0D 0H 43MN	0D 3H 59MN	0D 0H 36MN	+0D 0H 7MN
Vang Tao	35	0D 0H 15MN	0D 5H 40MN	0D 1H 44MN	0D 1H 2MN	0D 1H 40MN	+0D 0H 4MN
<b>Total</b>	1146	0D 0H 1MN	4D 3H 20MN	0D 2H 26MN	0D 6H 1MN	0D 3H 14MN	- 0D 0H 48MN

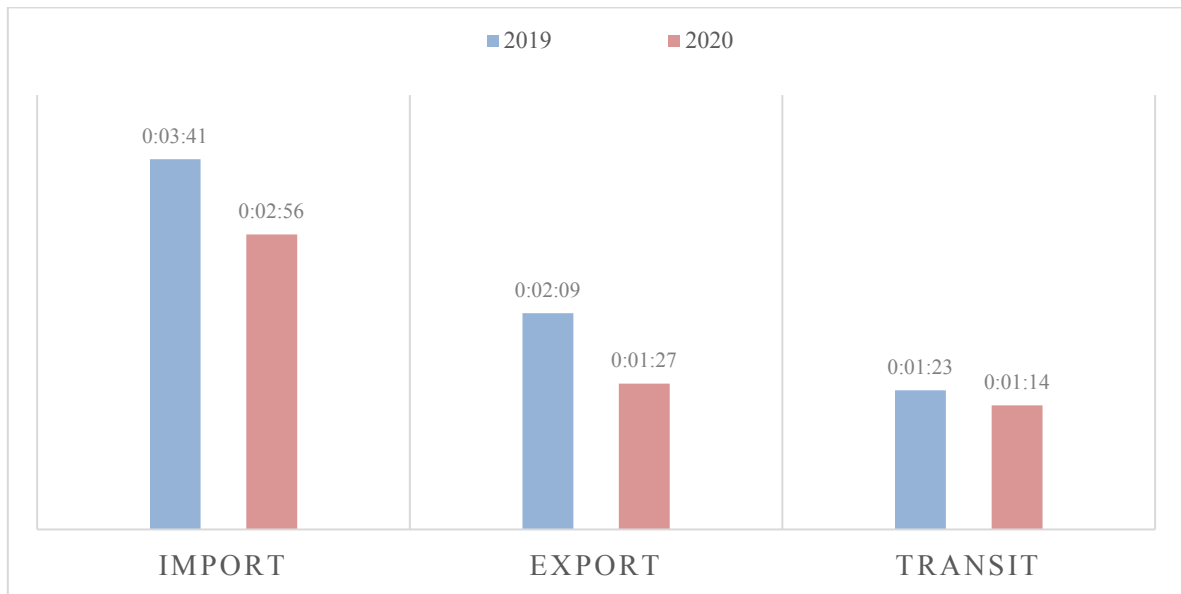
**Figure 26: Comparison of T2 between 2019 and 2020**



**Table 9: T2 by Type of shipment**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
<b>Import</b>	780	0D 0H 1MN	4D 3H 20MN	0D 2H 56MN	0D 6H 57MN	0D 3H 41MN	-0D 0H 45MN
<b>Export</b>	191	0D 0H 4MN	2D 0H 9MN	0D 1H 27MN	0D 4H 0MN	0D 2H 9MN	-0D 0H 42MN
<b>Transit</b>	165	0D 0H 14MN	0D 6H 31MN	0D 1H 14MN	0D 0H 55MN	0D 1H 23MN	-0D 0H 9MN
<b>Total</b>	1146	0D 0H 1MN	4D 3H 20MN	0D 2H 26MN	0D 6H 1MN	0D 3H 14MN	-0D 0H 48MN

**Figure 27: T2 by Type of Shipment**

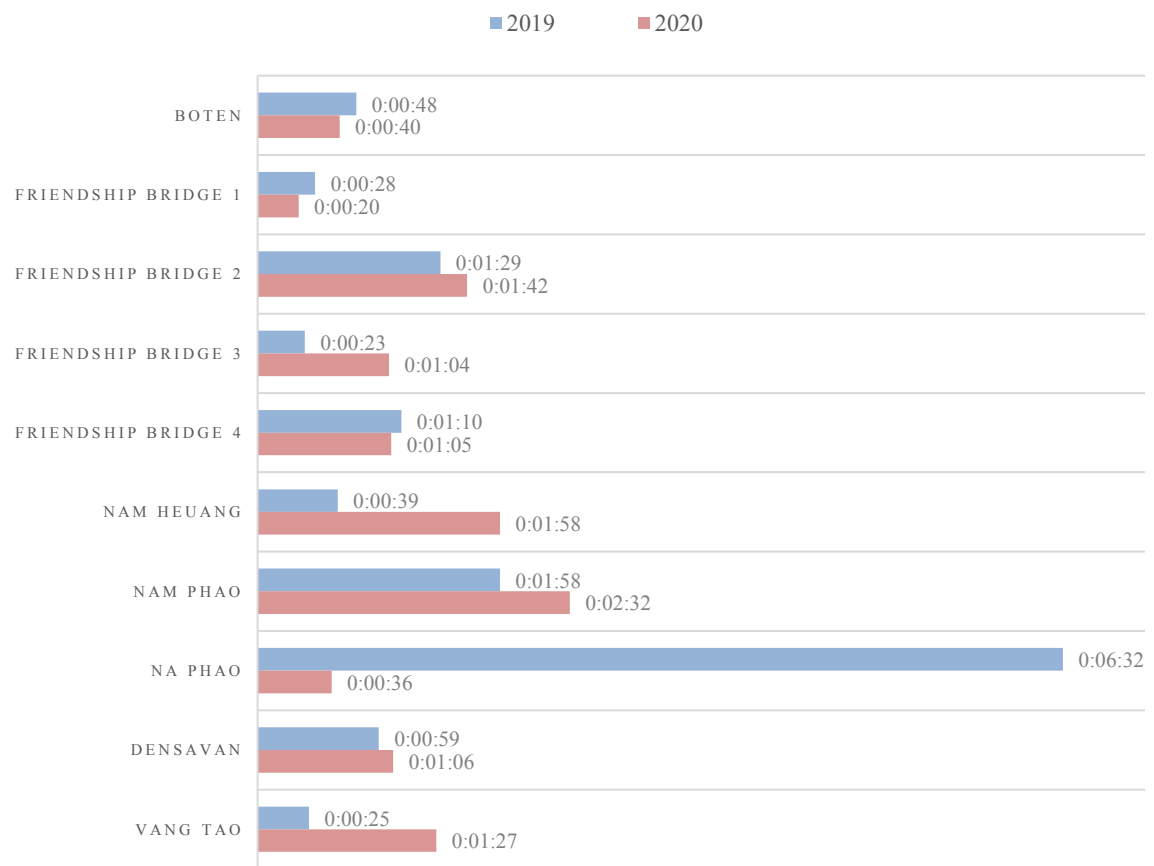


10) Analysis of Time Taken for Release of Goods (T3)

**Table 10: T3 by Border Checkpoint**

	2020					Mean Time in 2019	Changes
	No.	Min.	Max.	Mean	Standard Deviation		
<b>Boten</b>	226	0D 0H 1MN	0D 23H 0MN	0D 0H 40MN	0D 2H 28MN	0D 0H 48MN	- 0D 0H 8MN
<b>Friendship Bridge 1</b>	143	0D 0H 1MN	0D 2H 38MN	0D 0H 20MN	0D 0H 20MN	0D 0H 28MN	- 0D 0H 8MN
<b>Friendship Bridge 2</b>	115	0D 0H 1MN	1D 1H 50MN	0D 1H 42MN	0D 2H 42MN	0D 1H 29MN	+0D 0H 13MN
<b>Friendship Bridge 3</b>	49	0D 0H 5MN	0D 4H 5MN	0D 1H 4MN	0D 1H 15MN	0D 0H 23MN	+0D 0H 41MN
<b>Friendship Bridge 4</b>	93	0D 0H 3MN	0D 16H 42MN	0D 1H 5MN	0D 2H 35MN	0D 1H 10MN	-0D 0H 5MN
<b>Nam Heuang</b>	110	0D 0H 1MN	1D 0H 45MN	0D 1H 58MN	0D 4H 20MN	0D 0H 39MN	+0D 1H 19MN
<b>Nam Phao</b>	146	0D 0H 1MN	4D 0H 0MN	0D 2H 32MN	0D 8H 45MN	0D 1H 58MN	+0D 0H 34MN
<b>Na Phao</b>	58	0D 0H 1MN	0D 18H 55MN	0D 0H 36MN	0D 2H 30MN	0D 6H 32MN	-0D 5H 56MN
<b>Densavan</b>	171	0D 0H 1MN	0D 20H 25MN	0D 1H 6MN	0D 1H 58MN	0D 0H 59MN	+0D 0H 7MN
<b>Vang Tao</b>	35	0D 0H 1MN	1D 1H 13MN	0D 1H 27MN	0D 4H 17MN	0D 0H 25MN	+0D 1H 2MN
<b>Total</b>	1146	0D 0H 0MN	4D 0H 0MN	0D 1H 17MN	0D 4H 2MN	0D 1H 6MN	+0D 0H 11MN

**Figure 28: Comparison of T3 between 2019 and 2020**



## Chapter 5 Conclusion

Lao PDR TRS 2020 has been conducted in accordance with the approach, plan and methodology determined by the Working Group. All stakeholders actively participated in the study to ensure that the optimal goals are achieved.

### 5.1 The Procedure of Application for Import/Export Permit and Certificates

#### 7) Processing of applications for import/export permit at DIMEX, MOIC

##### # Findings:

- Overall, the processing of application for import/export permit at DIMEX is quite streamlined. Applications can be directly submitted to relevant technical division without proceeding through reception.
- In manual process, it took 1 day 5 hours and 50 minutes on average – the overall mean time to apply and obtain a permit from DIMEX. It could take 30 minutes in minimum and 5 days 25 minutes in maximum. The standard deviation was 1 day 7 hours and 27 minutes which indicated that some applications received approval much faster, while some others took much more time than the mean.
- First, business operators proceeded to payment process at the Finance Division, Cabinet Office of MOIC which took 27 minutes on average that covers 1% of the overall mean time. Second, the application was validated by the technical division which took 1 day 3 hours and 35 minutes on average that covers 93% of the overall mean time. Third, the technical division delivered the documents to the DG/DDG which took 1 hour and 35 minutes on average that covers about 5% of the overall mean time. The final step was the validation of DG/DDG which took about 25 minutes that covers 1% of the overall mean time.
- It was observed that the technical validation took the longest time in the process. This process covered initial screening, technical check, draft the permit and final validation by the Head/Deputy Head of the division. It was also noted that the time taken for delivery the document to the DG/DDG was quite long, it took four times longer than the time of DG/DDG's validation.
- Application for import/export permit via electronic system – LNSW took 1 day 2 hour and 15 minutes on average – the overall mean time which was faster than the manual process at 3 hour and 35 minutes. It took a minimum of 1 hour and 10 minutes which was shorter than the minimum time of manual process at 40 minutes. It took a maximum of 5 days 23 hours and 31 minutes which was longer than the maximum time of manual process at 23 hours and 6 minutes.
- In electronic process, after the application has been lodged by the applicant the first step was technical validation which took 14 hours and 31 minutes on average that covers 55% of the overall mean time. The second step was fee calculation validation which took 5 hours and 40 minutes on average that covers 22% of the overall mean time. The third step was validation of the Head/Deputy Head of the Technical Division which took 4 hours and 38 minutes on average that covers 18% of the overall mean time. The final step was the validation of DG/DDG which took 1 hour and 26 minutes on average covering 5% of the overall mean time.



- It was also noticed that the internet connection was not stable and dropped quite often. This slowed down the validation processes. Some other technical problems were also observed, such as the application did not appear on the technical interface even after it had been lodged to the LNSW system. Alert function was not available so most of the time DIMEX staff was not aware whether an application has already reached them. It caused lack of continuity in the workflow.

#### # Recommendations:

- The import/export permit issuance process seemed simplified and short. However, it is recommended that DIMEX review the whole process of validation. The payment should not be placed as the first step where an application was rejected, associated fee should not be collected. Nonetheless, once the manual process has been replaced by the automated process such problem would be addressed.
- It is suggested that DIMEX collaborates with Customs Department and LNSW Developer to assess and improve the LNSW system. The main goal of introduction of such system was to expedite the process. Currently, the process still takes many hours. Poor internet connection should be fixed urgently. New functions such as alert and dashboard would be helpful for the managers to monitor the work progress.
- It is recommended that the step of validation of fee calculation in electronic process should be removed. It consumed 22% of total mean time. The electronic system is supposed to deliver high accuracy in calculation of such a simple and small amount of fee. Post audit could be conducted to ensure the performance of the systems in fee calculation.
- Refreshment trainings seem to be helpful for DIMEX as it would enhance capacity and accountability of DIMEX staff.
- It is suggested that the risk management should be introduced to import/export permit application at DIMEX. It could strengthen effective control while facilitating processing of applications received from the compliant traders. Risk categorization can help DIMEX focus only on high risk applications and make less stringent control over low risk applications.

#### 8) Processing of applications for technical certificates at DOT, MPWT

##### # Findings:

- Any application for technical certificate must be submitted through the central reception of DOT who manage all inbound and outbound official correspondence.
- In manual process, it took 1 day 12 hours and 8 minutes on average – the overall mean time to complete application process at DOT. It could take 23 minutes as a minimum and 6 days 3 hours and 55 minutes as a maximum. The standard deviation was 1 day 16 hours and 33 minutes which indicated that some applications received approval much faster while some took much more time than the mean.

- First, business operators proceeded to payment process at the reception which took 18 minutes on average that covers 1% of the overall mean time. Second, the application was validated by the technical division which took 7 hours and 30 minutes on average that covers 21% of the overall mean time. Third, the technical division delivered the documents to the DG/DDG which took 3 hours and 47 minutes that covers 10% of the overall mean time. Fourth, DG/DDG validated and approved the application which took 7 hours and 58 minutes on average covering 22% of the overall mean time. Fifth, after approval the document was sent to the reception for official stamp which took 16 hours and 14 minutes on average covering 45% of the overall mean. Finally, the document was sent back to the technical division who generated the outbound registration number for the approved certificate which took about 18 minutes covering 1% of the overall time.
- It was observed that delivery of the documents from the technical division to the DG/DDG took quite long time. The DG/DDG also took quite long to validate and approve. It was informed that DG/DDG were often engaged with meetings, so it took long time for them to work on the application.
- It was also observed that the time for providing official stamp on the certificate took the longest – it took 45% of overall mean time. There is only one staff in charge of stamping all inbound and outbound documents of DOT. Thus the receptionist is overwhelmed with stamping the documents. After receiving official stamp instead of giving the certificate to the applicant, it was sent to the technical division for outbound registration which took times.
- Application for technical certificates via LNSW system took 1 day 16 hours and 22 minutes on average which was slower than the manual process at 4 hours and 14 minutes. It took a minimum of 2 hours and 10 minutes which was longer than the minimum time of manual process at 1 hour 40 minutes. It took a maximum of 5 days 22 hours and 43 minutes, which was shorter than the maximum time of manual process at 5 hours 33 minutes.
- In electronic process, after the application has been lodged by the applicant the first step was technical validation which took 11 hours and 31 minutes on average that covers 28% of the overall mean time. The second step was fee calculation validation which took 10 hours and 15 minutes on average that covers 25% of the overall mean time. The third step was validation of the Head/Deputy Head of the Technical Division which took 14 hours and 27 minutes that covers 35% of the overall mean time. The last step was the validation of DG/DDG which took 4 hours on average covering 12% of the overall mean time.
- It was observed that the internet connection was not stable and cut off quite often. This slowed down the validation process. Some other technical problems occurred such as the application had been lodged to the LNSW system, but it did not appear on the technical interface. Alert function was not available so most of the time DOT staff was not aware whether an application has reached them. It caused the workflow lack of continuity. It was also noted that DOT was repairing their LAN network during the data collection so it inevitably affected the process of validation and approval.
- It was noticed that some DOT staff did not use that LNSW in a proper manner. Some have log in to the system than left the outstanding process on while leaving their office so other colleagues was not able to access to such application.

- It was informed that the LNSW could not provide the status report properly.

#### # Recommendations:

- It is recommended that DOT review the whole process of validation. The payment should not be placed as the first step, because in case an application was rejected any associated fee should not be collected. Nonetheless, once the manual process has been replaced by the automated system such problem would be addressed.
- DOT should review and improve the process of delivery of the documents from technical division to the DG/DDG, which took 3 hours and 47 minutes on average.
- It is recommended to improve the process of stamping and issuing the outbound reference number. One way would be to assign the central reception to undertake these functions as a single entry and exit point. The other way would be to entrust the technical division itself to these jobs.
- It is suggested that DG/DDG should delegate their representatives to work on behalf of them while they are attending meetings. He/she could obtain their post-facto approval in such situations. This could certainly accelerate the approval.
- It is suggested that DOT collaborates with Customs Department and LNSW Developer to assess and improve the LNSW system in order to expedite the application and issuance process. Stable internet connection is crucial for operating electronic system. New functions such as alert, statistics report and dashboard would be helpful for the managers to monitor the work progress.
- It is recommended that the step of validation of fee calculation in electronic process should be removed. It consumed 35% of total mean time. The electronic system is supposed to deliver high accuracy in calculation of such simple and small amount of fee. Post audit could be conducted to ensure the performance of the systems in fee calculation.
- Additional trainings on LNSW usage are necessary of DOT staff as it would enhance their capacity and accountability.
- It is suggested that the risk management should be introduced to technical certificate application at DOT. It could strengthen effective control while enhance facilitation for high compliant applicants. Risk categorization can help DOT focus on high risk applications and make less control over low risk applications.

#### 9) Processing of applications for import/export permit at DOM, MEM

- Application for import/export permit at DOM must proceed through the central reception of DOM which should manage all inbound and outbound documents.
- The application processing was carried out manually, which took 23 hours and 42 minutes on average – the overall mean time. It could take 2 hours and 12 minutes as a minimum and 2 days 18 hours and 59 minutes as a maximum. The standard deviation was 18 hours and 29 minutes which indicated that some applications received approval much faster while some others took much more time than the mean.

- First, business operators submit application to the receptionist who screens and registers it as the inbound document which took 1 hour and 32 minutes on average that covers 6% of the overall mean time. Second, the application was validated by the technical division which took 8 hours and 56 minutes on average that covers 38% of the overall mean time. Then the technical division delivered the documents to the DG/DDG which took 5 hours and 13 minutes on average that covers 32% of the overall mean time. Fourth, DG/DDG validated and approved the application which took 5 hours and 13 minutes on average covering 22% of the overall mean time. Finally, the document was sent to the reception for official stamp and issuance of outbound reference number which took 29 minutes on average covering 2% of overall mean time.
- It was observed that delivery of the documents from technical division to the DG/DDG took quite long time.
- The DG/DDG also took quite long to validate and approve. It was informed that DG/DDG were often engaged with meetings, so it took long time for them to work on the application.

#### # Recommendations:

- DOM should review and improve the process of delivery of the documents from the technical division to the DG/DDG which took 32% of the overall mean time.
- It is suggested that DG/DDG should delegate their representative to work on behalf of them while they are attending meeting. This could certainly accelerate the approval.
- It is recommended that DOM should participate the LNSW project to automate its process of permit application.
- It is suggested that the risk management should be introduced to technical certificate application at DOM. It could strengthen effective control while enhance facilitation for high compliant applicants. Risk categorization can help DOM focus only on high risk applications and make less stringent control over low risk applications.

#### 10) Processing of applications for import/export permit at DOLF, MAF

- Application for import/export permit at DOLF must proceed through the central reception of DOLF who manage all inbound and outbound documents.
- The application was carried out manually. It took 4 days 9 hours and 35 minutes on average – the overall mean time. It could take a minimum of 2 days and 30 minutes and a maximum of 6 days 23 hours and 55 minutes. The standard deviation was 2 days 3 hours and 15 minutes which indicated that some applications received approval much faster while some took much more time than the mean.
- The process started with the business operators submitting import/export permit application to the receptionist who screened and registered it as an inbound document, which took 4 hours and 31 minutes on average covering 5% of the overall mean time. Second, the application document was sent to the DG/DDG to consider and assign a specific technical division to perform validation. This process

took 1 day 17 hours and 10 minutes on average, which constituted 28% of the overall mean time incurred on issuing import/export permit. Third, the application was validated by the assigned technical division which took 8 hours 58 minutes that covers 10% of the overall mean time. Fourth, the document was delivered to the DG/DDG which took 5 hours and 7 minutes covering 6% of the overall mean time. Fifth, DG/DDG validated and approved the application which took 1 day 6 hours and 13 minutes on average that covers 34% of the overall mean time. Finally, the document was sent to the reception for official stamp and issuance of outbound reference number which took 15 hours and 36 minutes on average that covers 17% of the overall mean time.

- It was observed that DG/DDG also took quite long to consider and assign a technical division to conduct the application. This process consumed one third of the whole processing time.
- Compared to other steps, technical validation took about 10% of the whole processing time.
- The DG/DDG also took quite long to validate and approve. It was informed that DG/DDG were often engaged in meetings, so it took long time for them to work on the application. It was noted that step 2 and step 4 which were under the DG/DDG validation took 60% of the whole processing time.
- It was also observed that providing official stamp and outbound reference number took much longer time than technical validation.
- It was informed that during data collection there were some types of epidemic diseases of animals in neighboring countries. Therefore, DOLF raised stringent validation on relevant applications. As a result, it took much longer time to complete the process of permit issuance.

#### # Recommendations:

- It is recommended that DOLF consider reviewing the entire procedure of application processing and issuance of import/export permit. In particular, the second step which took 1 day 17 hours and 10 minutes for DG/DDG to assign a relevant technical division to validate the application was avoidable. All other authorities participating this TRS have already removed this step. To boost effectiveness and efficiency, the easiest way could be to train the receptionist to enable him/her to accurately classify inbound applications and distribute them to the relevant technical divisions accordingly. In doing so, DG/DDG would reduce their workload by delegating that function to the receptionist.
- It is suggested that DG/DDG should delegate their representative to work on behalf of them while they are attending meetings. She/he could obtain their post-facto approval on their return from the meeting. This could certainly accelerate the approval.
- It is suggested that DOLF should also improve process of providing official stamp and outbound reference numbers.
- It is recommended that DOLF should participate in the LNSW project to automate its process of permit application.

- It is suggested that risk management should be introduced to permit application at DOLF. It could strengthen effective control while facilitating processing of applications received from the compliant traders. Risk categorization can help DOLF focus on high risk applications and make less stringent control over low risk applications.

#### 11) Processing of applications for import/export permit at FDD, MOH

- Application for import/export permit at FDD proceed through the central reception of FDD who manage all inbound and outbound documents.
- The application is carried out manually. It took 3 days 7 hours and 52 minutes on average – the overall mean time incurred on issuance of import/export permit by FDD. It could take 4 hours and 52 minutes at the minimum and 9 days 21 hours at the maximum. The standard deviation was 1 day 16 hours and 38 minutes, which indicated that some applications received approval much faster while some others took much more time than the mean.
- First, business operators submitted application to the receptionist who screened and registered the application which took 36 minutes on average that covers 1% of the overall mean time. Second, the application was validated by the technical division which took 19 hours 53 minutes that constitutes 25% of the overall mean time. Third, the document was delivered to the DG/DDG which took 15 hours and 35 minutes covering 20% of the overall mean time. Fourth, DG/DDG validated and approved the application which took 1 day 15 hour and 13 minutes that covers 49% of the overall mean time. Fifth, the document was sent to the reception for fee payment, official stamp and issuance of outbound reference number which took 4 hours and 59 minutes that covers 5% of the overall mean time.
- It was observed that delivery of the documents from technical division to the DG/DDG took quite long time (20% of the overall mean time).
- The DG/DDG also took quite long to validate and approve. It was informed that DG/DDG were often engaged in meetings, so it took long time for them to work on the application.
- It was noticed that the process of fee payment, official stamp and issuance of outbound reference number looked complicated. Instead of giving the permit to the applicant at the reception. It was sent back to the relevant technical division before giving to the applicant.

#### # Recommendations:

- FDD should review and improve the process of delivery of the document from the technical division to the DG/DDG which took 15 hours and 35 minutes on average.
- It is suggested that DG/DDG should delegate their representative to work on behalf of them while they are attending meetings. She/he could obtain their post-facto approval on their return from the meetings. This could certainly accelerate the approval.

- It is recommended that after completion of the issuance of the outbound reference number of the permit should be given to the applicant right away instead of sending it back to the technical division which seem to be an unnecessary step.
- It is recommended that FDD should participate in the LNSW project to automate its process of permit application.
- It is suggested that the risk management should be introduced to technical certificate application at FDD. It could strengthen effective control while facilitating processing of applications received from the compliant traders. Risk categorization can help FDD focus on high risk applications and exercise less stringent control over the low risk applications.

#### 12) Processing of applications for import/export permit at DSM, MOST

- The application for import/export permit at DSM, MOST was carried out manually. It took 1 day 3 hours and 34 minutes on average – the overall mean time. It could take a minimum of 19 hours 30 minutes and a maximum of 1 day 22 hours 30 minutes. The standard deviation was 9 hours and 38 minutes which indicated that some applications received approval much faster while some others took much more time than the mean.
- First, business operators submitted application directly to the technical division for inbound registration. The technical started immediately which took 9 hours and 38 minutes on average that covers 34% of the overall mean time. Second, the application document was sent to the DG/DDG which took 11 hours and 27 minutes covering 42% of the overall mean time. Third, DG/DDG validated and approved the application which took only 10 minutes on average covering 1% of the overall mean time.
- It was observed that the application was not required to proceed via central reception which make the process shorter.
- It was noticed that delivery of the documents from the technical division to the DG/DDG took so long time (42% of the overall mean time).
- It was also noted that the process of fee payment, official stamp and issuance of outbound reference number look quite a long time (24% of the overall time).

#### # Recommendations:

- DSM should review and improve the process of delivery of the document from technical division to the DG/DDG which took 11 hours and 27 minutes (42% of the overall mean time).
- It is recommended that the process of fee payment and providing official stamp and outbound reference number should be reviewed and improved.
- It is recommended that DSM should participate in the LNSW project to automate its process of permit application.
- It is suggested that the risk management should be introduced to technical certificate application at DSM. It could strengthen effective control while

facilitating applications received from the compliant traders. Risk categorization can help DSM focus on high risk applications and make less control over low risk applications.

## 5.2 Goods Clearance at the Border Checkpoints

### # Findings:

- Overall, the average time for goods clearances went down by 40% from 8 hours and 10 minutes in 2019 to 5 hours and 7 minutes in 2020. Six out of ten major offices showed a decrease in average clearance time, whereas it found an increase at four offices, namely, Friendship Bridge 2, Nam Heuang, Nam Pao and Vang Tao.
- The average time for clearance of import, export and transit shipments decreased by 30%, 28% and 6% respectively.
- It was observed that the risk management was not implemented and maintained properly. About 50% of observed transactions were indicated as low risk (Green Channel). These transactions were supposed to be cleared fast with minimal or no intervention of customs. However, it was found that 75% of the green shipments were physically examined by the customs. As a result, the Mean clearance time of green shipments was also quite high (4 hours and 23 minutes) when compared to the average clearance time (5 hours and 7 minutes). The customs officers working at the border checkpoints claimed that risk profiles established in the ASYCUDA were out-of-date and hence they decided to overrule and examine many shipments assigned as low risk (green) by the system. This practice is inconsistent with the standard customs clearance procedures and risk management principles stipulated in the Customs Law.
- Some customs offices granted release approval even before physical inspection. At Friendship Bridge 2, Friendship Bridge 4, Nam Phao, Na Phao and Vang Tao for instance, the customs clearance processes did not comply with the customs declaration procedures prescribed in Customs Director-General Instruction No.00097/LCD, dated January 6, 2017. At these offices, customs released the goods prior to any documentary check and/or physical inspection required for compliance verification by the customs.
- Several government authorities are involved in controlling cross-border trade without legal authorization. According to the Prime Minister's Decree No. 558/PM, dated December 31, 2018, only three government authorities namely, customs authority, plant and animal quarantine authority and health (food & drugs) authority are entrusted to perform any necessary controls on importat, export and transit at border crossings and international airports. In practice, it was observed that there were as many as eight government authorities involved in cargo clearance process. Such practice had a negative effect on the goods clearance.
- Lack of coordinated border management. It was found that coordination among government authorities in goods clearance process was very weak. Only at Friendship Bridge 1 and Dansavan, customs conducted physical inspections jointly with other government authorities on a few certain shipments like fuel imports.
- Pre-arrival clearance was not operationalized. No pre-arrival processes were observed in 2020 TRS. At some offices like Friendship Bridge 1, warehouse declaration forms



were required as one of the supporting documents to be lodged with a detailed customs declaration form to proceed with the customs clearance processes. Even the Customs Law has provided legal ground on accepting a pre-arrival submission declaration to the customs seven days prior to the arrival of the goods to enhance trade facilitation, but this provision has not been operationalized.

- Pre-printed forms and paper copy of supporting documents are still required for customs declaration. ASYCUDA World was firstly deployed in 2012 to automate customs clearance processes and gradually eradicate the conventional practice of manual processing. Initially, Lao Customs decided to keep paper-based process while running the electronic processing in parallel, to ensure that frontline customs officers and traders could adapt themselves to a new business operation, an automated processing system. In 2017, Lao Customs made first revision in automated customs declaration procedures by accepting electronic copies of supporting document such as commercial invoices, packing lists, import/export permits and licenses as an attempt to eliminate paper supporting documents. However, it is yet to be fully operationalized in view of ASYCUDA facing constraints of storage capacity. Today traders are required to print out the detailed customs declaration by using the pre-printed forms, carry paper copy of supporting documents and present all paper documents to the customs at the face-vetting desk.

#### # Recommendations:

- **Improvement of risk management is an urgent need.**

Customs Department should focus on updating risk profiles in regular manner to ensure they reflect current trade patterns and non-compliant behaviors. Risk Management Unit should actively analyze historical data on goods clearance to identify key risk areas and degrees of impact. The result of the analysis should be fed into the risk criteria profiles in selectivity module of ASYCUDA system.

It is strongly recommended that front-line officers must stop conducting full inspection of low risk shipments. Such shipment should be released immediately. Random check over low risk shipments can be allowed for compliance verification in minimum proportion, which should not exceed 5%.

Implementation risk-based clearance processing should be monitored closely. Risk Management Unit should regularly assess compliance against risk criteria set in the ASYCUDA system. If high risk shipments found compliant at a certain degree, no fraud was found with the full inspection of 100 high risk transactions, for instance, Risk Management team should gradually migrate those compliant transactions to a lower risk category. This exercise can ensure that risk profiles are up-to-date and relevant.

- **Enhancement of automated processing can reduce goods clearance time**

Customs Department decided to keep enquiring traders to submit hard copy of paper forms to customs to process the clearance in order for customs officers and traders to be familiar with the electronic system before moving to full automation. Now most users seemed to be able to operate the ASYCUDA smoothly. Therefore, Lao Customs should take next steps of enhancing automated processing as follows:

- **To introduce ASYCUDA World Web Portal**

Today most traders use computers in data center provided by customs to access the ASYCUDA system and upload data for customs declaration. A few traders have direct access from their offices through fiber-optic line connection. ASYCUDA World being a web-based system, Customs should operate the web portal to allow users access to the system from their places using their own computers. This could save a significant amount of time for traders in preparation and lodgment of documents to the customs.

- **To eliminate face-vetting and activate pre-arrival processing**

Currently, the traders present declaration documents to the front-line customs officers, who have to log-in to ASYCUDA and validate the registration made by the traders. This process is called face-vetting. Even though the traders may have lodged the information in the system a few days prior to goods arrival and documents were physically submitted, without this face-vetting (validation of ACDD registration), customs officers working at downstream process would not be able to view or process the declaration without the validation of ACDD. This is an unnecessary hurdle for pre-arrival processing. It is recommended that Customs Department should automate the validation of registration of ACDD. Once traders complete filling in the required information for customs declaration in the system and submit the declaration, customs officers concerned should be able to view the information and start processing it without waiting for paper documents. In case of pre-arrival submission, customs would be able to make assessment if the declared information is complete. So, the shipments can be cleared faster.

- **To accept e-supporting documents**

ASYCUDA World has a function for attaching supporting documents in electronic formats. LCD should accept an electronic copy of invoice, packing list, certificate of origin, permit, license, etc. required as supporting documents for customs declaration. This is one of the standards stipulated in the Revised Kyoto Convention that Lao PDR, as a contracting party, must implement. It will be beneficial for both customs and traders. Customs can save cost for operating the data center while traders can save cost and time for preparing supporting documents.

- **To eliminate submission of pre-printed ACCD forms and apply digital signatures**

One of the optimal objectives of introduction of automated system is to remove manual and paper-based processing as much as possible. It is extremely cumbersome to the traders to prepare paper documents, travel to customs office and present them to the officers while there is an electronic system being operated in parallel. To drop paper documents, Customs Department should consider introducing digital signatures to declaration process. ASYCUDA system should be able to support application of digital signatures for authentication in customs clearance process. The law on digital signatures provides a firm legal ground of recognizing digital signatures on electronic documents that have equal value to the paper documents physically signed by competent persons. Customs Department should refer to this law to develop operational regulations to accept digital signatures.

- **Establishment of border agencies coordination to facilitate trade to enhance efficiency of control.**

The Lao National Single Window - LNSW has been established and deployed at Friendship Bridge 1 in the first phase. Customs Department as the focal point of the LNSW development, should take this momentum forward to enhance coordination and collaboration among government agencies and other stakeholders. Information on cargo and trade transaction should be shared among relevant stakeholders to enhance efficiency and effectiveness of border control. In the event a physical inspection needs to be carried out by multiple agencies, joint inspection is recommended to save time on clearance.

- Deployment of the LNSW to other border checkpoints can enhance efficiency and harmonization of goods clearance process throughout the country.

The processes utilizing the LNSW of permit/certificate/licence issuance are being integrated and linked with customs automated system. The LNSW should be deployed to other international border checkpoints to ensure harmonization and efficiency of goods clearance process. Import/export permit, certificate or license can be shared with customs and validated electronically through the LNSW.

- It is suggested that concerned authorities should assess the implementation of the Prime Minister Order No. 558/PM, dated 31<sup>st</sup> December 2018 on Border Checkpoints and International Airport to ensure that all border checkpoints are operated in accordance with this regulation.

## Chapter 6 Action Plan

This action plan was developed by the TRS Working Group to lay down constructive actions and timelines of improvement in the process of application for permit/certificate/license and goods clearance at the border checkpoints.

Item	Activities	Person/Entity in charge	Timeline	Resource	Remark
1	Improvement of import/export permit application process at DIMEX, MOIC				
1.1	Disseminate the result of TRS 2020 to DIMEX staff.	DIMEX	September 2021	LTC	
1.2	Liaise with relevant authorities to develop a comprehensive risk management system	DIMEX, Banks and LNSW developer	Augues – December 2021	LTC	
1.3	Establish MOU, SOP Customs, Food and Drug Department, Agriculture Department, Department of Livestock and Fisheries to develop joint risk profiles.	DIMEX, and relevant authorities	Augues – December 2021	LCT	
1.4	Work with relevant agencies including Customs, Department of Transport and LNSW Developer to improve the LNSW system to ensure stabilities and facilitation.	DIMEX and relevant parties	August – December 2021	LTC	
1.5	Consult with Provincial Secretariat of Trade Facilitation on improvement of permit application process	Central and Provincial Secretariat on Trade Facilitation	August – December 2021	LTC	
1.6	Conduct TRS 2022	Secretariat on Trade Facilitation	2022	LTC	
2	Improvement of Technical Certificate Application at DOT, MPWT				
2.1	Disseminate the result of TRS 2020 to DOT staff.	DOT	August 2021		

2.2	Review and simplify the application procedures (manual process)	Vehicle Management Division	August 2021 – February 2022		
2.3	Collaborate with Customs Department and LNSW Developer to improve the electronic procedures and expand the deploy of the system	Vehicle Management Division	August 2021 – December 2022		
3	Improvement of import/export permit at DOM, MEM				
3.1	Disseminate the result of TRS 2020 to DOM staff.	DOM	August 2021		
3.2	Simplify the application procedures by allowing to submit the application directly to the relevant technical division.	DOM	August 2021		
4	Improvement of import/export permit at DOLF, MAF				
4.1	Disseminate the result of TRS 2020 to DOLF staff.	DOLF	August 2021		
4.2	Develop SOP on risk analysis for importation of live animal.	DOLF	June – December 2021	LCT	
	Develop risk profile on animal and animal products to be fed to ASYCUDA selectivity module	DOLF	June – December 2021	LCT	
4.3	Organize workshop on introducing risk management and inspection handbook	DOLF	June – December 2021	LCT	
5	Improvement of import/export permit at FDD, MOH				
5.1	Disseminate the result of TRS 2020 to FDD staff.	FDD	August 2021		
5.2	Develop risk profile on food products, medicines, herbal medicines and cosmetics.	FDD	June – August 2021	LTC	

5.3	Training relevant staff on risk management implementation	FDD, Customs Department	October 2021	LTC	
5.4	Review and simplify the procedures for import/export permit application	FDD	October 2021		
5.5	Develop guidelines on application for permit at FDD.	FDD	November 2021	LTC	
6	Improvement of import/export permit application at DSM				
6.1	Disseminate the result of TRS 2020 to DSM staff.	DSM	August 2021		
6.2	Revise application form and procedures for import/export permit application	DSM	2021		
6.3	Organize workshops on new procedures to the business operators	DSM	2021		
7	Improvement of good clearance process at border checkpoints				
7.1	Disseminate the result of TRS 2020 to Customs officers.	Legislation Division, Customs Department	September 2021		
7.2	Update risk profile regularly	PCA, Customs Department	2021-2022	LTC	
7.3	Improve ASYCUDA to enable accession through Web portal	ICT Division, Customs Department	2021	LTC	
7.4	Improve ASYCUDA by activating automated registration to enable pre-arrival declaration processing	ICT Division, Customs Department	2021	LTC	
7.5	Improve ASYCUDA to accept attachment of electronic supporting documents to eliminate submission of paper documents leveraging LNSW platform for this purpose, until	ICT Division, Customs Department	2021	UNCTAD	

	storage capacity of ASYCUDA is upgraded				
7.6	Improve ASYCUDA to accept e-signature to progressively move to paperless environment.	ICT Division, Customs Department	2022	UNCTAD	
7.7	Develop joint control programs among border-based authorities namely Customs, Quarantine and Health authorities	Customs Department	2021-2022	LCT	
7.8	Deploy LNSW system to other international border checkpoints nationwide.	Customs Department and LNSW Developer	2021-2022	LNSW (BIVAC-LAO)	
7.9	Revise customs clearance procedures	Legislation Division, Customs Department	2022	LCT	
7.10	Assess the implementation of PM Order No. 558/PM on Border Management	Secretariat of National Trade Facilitation	2021-2022		