



COLOMBIA

MAKING TRADE OF ESSENTIAL GOODS SIMPLER, FASTER AND MORE COST-EFFECTIVE



Introducing a risk management system for Colombia's National Food and Drug Surveillance Institute

Timeframe: **August 2017 - August 2019**

Donor funding: **USD 157,812**

In-kind contribution from business: **USD 150,220**

THE CHALLENGE

Inspectors at Colombia's National Food and Drug Surveillance Institute, Invima, were physically inspecting 100% of food and beverages arriving at the country's borders and wanted to increase their scrutiny of medicines and medical devices. Physical inspections are a vital part of Invima's

role in ensuring essential goods are safe for the public, but they are also time-consuming and costly for Invima and businesses who need to keep goods moving, particularly those companies trading perishable products.



HELPING COLOMBIA IMPLEMENT THE WORLD TRADE ORGANIZATION'S TRADE FACILITATION AGREEMENT

Article 5.1

Notifications for Enhanced Controls or Inspections

Article 7.4

Risk Management

Article 7.9

Perishable Goods

WHAT WE DID



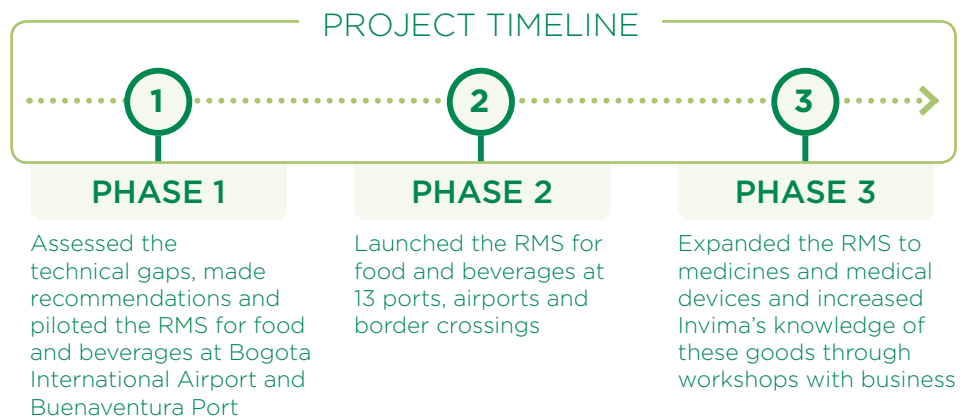
The Global Alliance for Trade Facilitation worked with Invima and business to introduce a risk management system (RMS), IVC SOA Puertos®, that can facilitate trade while protecting public health.

The RMS uses mathematical methods to assess the risk level of imports and exports arriving at the border and tell Invima inspectors whether a documentary or physical inspection is necessary. It does this by developing risk profiles over time based on factors such as the shipment's country of origin, manufacturer's and trader's track records of compliance and any health alerts.

Businesses who play by the rules benefit. Over time, compliant businesses can expect to see a reduction in physical inspections of their goods as the model 'learns' of their compliance. The system also supports the traceability of goods.

The project was co-created by the Alliance bringing together Invima with businesses who trade. Colombian business associations shared their insights with Invima and the Alliance so that the new processes best meet the needs of traders. These include the National Business Association of Colombia (ANDI), National Association of Foreign Trade (ANALDEX), Colombian-American Chamber of Commerce (AMCHAM), Latin American Association of Express

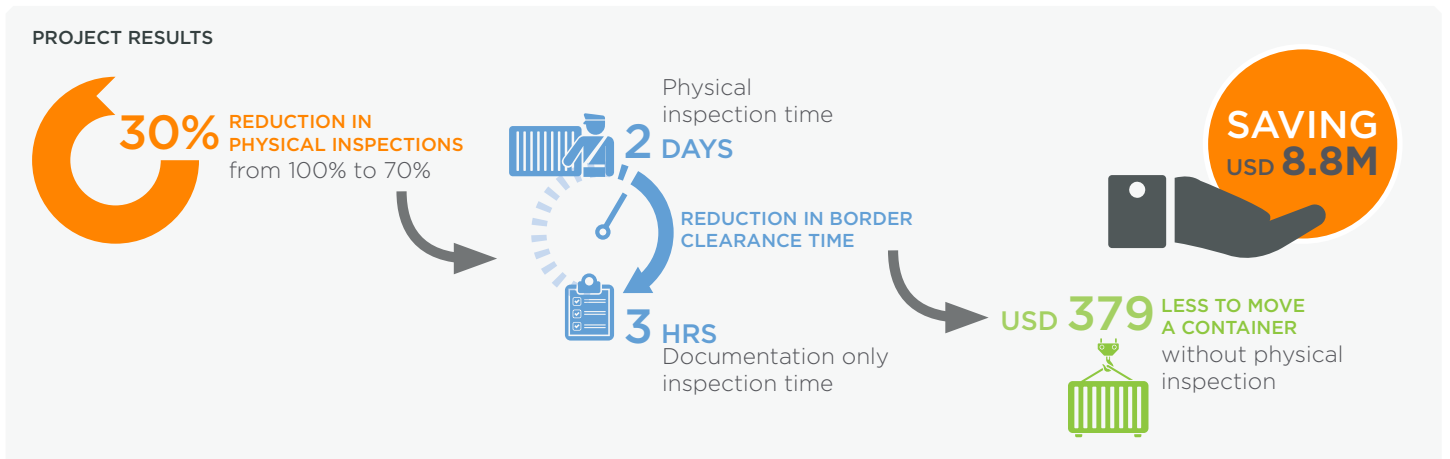
Delivery Companies (CLADEC), ICC Colombia, Bogotá Chamber of Commerce, Council of American Enterprises (CEA), Colombian Federation of Customs and Logistics Brokers (FITAC), and Business Alliance for Secure Commerce (BASC). The Colombian Ministry of Trade and the National Planning Department have also been involved.





THE RESULTS

In its first 18 months of operation, the RMS for food and beverages has delivered results for the government and business.¹



- Invima cut its average rate of physical inspections of food and beverages by 30% - from 100% to 70%. At some border crossings the rate has been cut to just 37%. Invima inspectors can now focus their resources on high-risk shipments and work more efficiently without jeopardising safety or security.
- Goods that only require a documentation inspection can be cleared by Invima in just three hours, compared to the up to two days (16 working hours) needed for physical inspection.
- The system is making trade more cost-effective for companies. When goods are physically inspected, traders must pay for container handling and storage and could face demurrage and detention fees. A container that undergoes only a documentary inspection by Invima costs on average USD 379 less to move than a container that is physically inspected - **that adds up to USD 8.8M in savings in 18 months for importers alone.**

1. Data is for imports of food and beverages between March 2018 and September 2019. The calculations focus on imports as they currently make up most requests for food and beverages processed by Invima (87% in this time period).

“The reforms will help Colombian businesses connect to international markets, as well as help Colombia to become more attractive for investment and deliver inclusive growth that can benefit all.”

Julio Cesar Aldana
Director - Invima



THE IMPACT



When trade is simpler, faster and more cost-effective, more trade happens, unlocking inclusive economic growth that can benefit government, business and consumers.

It is expected that customs revenues will increase over time thanks to efficiency gains and higher trade volumes. The benefits for traders could be even greater than the results show if predictability and fewer delays mean they can better retain customers. In the longer term, these cost savings can be passed on to consumers.

The project's impact goes beyond just the results. Both Invima and business have found the open public-private dialogue that underpinned the project has helped to build trust and understanding between the two sectors, that can potentially facilitate future reforms.

The project is demonstrating how governments, aid organisations and businesses can work together to get more done, faster and with better value for the public purse.

The project was designed and delivered with business efficiency – it took just one year to assess the functional and technical gaps, propose recommendations, pilot the system, and scale it up to 13 points of entry. Business has worked alongside Invima, contributing its resources and expertise in-kind to the value of almost USD 1 for every USD 1 in the donor-funded budget. **Overall the project has delivered approximately USD 29 of savings to business for every USD 1 of investment.**

“We had to build trust with the government and show them that facilitating trade doesn't have to mean they will lose control. The project was successful because Invima's leadership was willing to try this approach. Being closely involved in the project meant that we were able to suggest how the RMS could best meet the needs of both business and government. Trade facilitation is an important policy for government – one that can benefit everyone and lead us to a positive future.”

Juan Diego Cano

Legal Director - National Association of Foreign Trade, ANALDEX

VALUE FOR MONEY



“The most striking impact has been in the relationship between the private sector and government. There has been a lack of trust between the government and business in Colombia. Working together from the very beginning meant we all aligned behind a shared objective. We are building a tradition of public-private collaboration and trust in Colombia, and we hope to replicate this approach to develop other reforms.”

Maria Carolina Uribe

Industry Director - National Business Association of Colombia, ANDI

To find out more, visit www.tradefacilitation.org or contact us at info@tradefacilitation.org



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