

Terms of Reference

Customs Modernization and Infrastructure Development Project under Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS) – Bangladesh Phase 1 Project

Terms of Reference for Consulting Services

Tariff Modernization: Consultancy Services for Tariff Policy Analysis and Formulation of Implementation Plan, Valuation and Scoping Assessment for ASYCUDA/NSW/ARMS-backed software development for Tariff Analysis (Package No. SD-04)

Location	: Dhaka, Bangladesh
Appointment	: International
Period	: 18 months from the start of the contract

1. ACCESS Bangladesh

Bangladesh is well placed to play a key role in regional trade and logistics networks and act as a transit country in South Asia. There are key corridors and border crossing points that connect Bangladesh to neighboring countries using various modes of transportation like roads, railways, and inland waterways. Some of these corridors connect the western region of Bangladesh to the north and east and beyond to landlocked Bhutan, Nepal, and the northeastern region of India. Bangladesh can also facilitate movement between South Asia, Myanmar, and the rest of East Asia. To fully benefit from its strategic geographic location, Bangladesh needs to develop contemporary transport and trade facilitation systems, underpinned by a conducive policy environment.

The ACCESS Bangladesh project is designed to address three key constraints to enhancing regional connectivity and trade: (i) manual and paper-based trade processes; (ii) non-resilient, unsafe, and congested transport and trade infrastructure; and (iii) restrictive policies, regulations, processes, and inadequate capacity to support cross-border trade and transport.

The project supports the development of (1) Automated Border Management Systems at key border points, (2) the resilient improvement of the Sylhet-Sheola (43 km) section of the Bangladesh-China-India- Myanmar Economic Corridor, (3) increasing the infrastructure capacity and efficiency of the Benapole, Bhomra, and Burimari land ports, (4) construction of the Custom House Chattogram and Customs, Excise and VAT Training Academy, Chattogram, and (5) technical assistance to support contemporary border management, risk management, transit facilitation, customs cooperation, and harmonizing customs requirements.

2. National Tariff Policy and Role of National Board of Revenue

Bangladesh needs to diversify its export basket as exports remain highly concentrated. A diversified export portfolio could reduce the risk of export volatility, create new sources of export growth, and increase export earnings in the long term. Modernization of Bangladesh's tariff regime is a first crucial step to support export diversification. The World Bank's 2022 Country Economic Memorandum identified trade policy reform as a priority to sustain growth and diversify exports following planned LDC graduation in 2026, including reduction of tariffs and para-tariffs. Moving toward low and uniform tariffs and adopting a single rate for similar goods irrespective of origin can foster international trade. Para-tariffs that protect domestic producers from imports eventually need to be eliminated to comply with the WTO, LDC graduation of Bangladesh. Bangladesh's 8th Five-Year Plan identifies the need to reduce the nominal protection rate by 3-5 percent every year until 2025.

Robust economic growth has enabled the country to meet the LDC graduation criteria and Bangladesh is expected to graduate from the LDC status in 2026. Loss of preferential access due to graduation necessitates enhancing competitiveness of products and diversification of export baskets to keep the momentum of export performance. At the same time, Bangladesh is trending towards an Upper Middle Income Country economy, a goal that is set for 2031 in the Bangladesh Perspective Plan 2021-41 (Vision 2041). To achieve this goal, the 8th Five Year Plan targets to achieve 8.51 percent of real GDP growth by 2025. A pragmatic tariff policy, in support of other policies, can play a vital role for sustainable industrial development, enhancing competitiveness of domestic products, diversification of export products and markets, facilitating investment, meeting the challenges of graduation from LDC status, and generating employment to achieve the targeted growth of the economy. The necessity/demand for speedy reforms is further reinforced in the 8th Five Year Plan as the COVID-19 pandemic has affected all aspects of economy.

Against this backdrop, the Ministry of Commerce decided to formulate “National Tariff Policy of Bangladesh”. The National Tariff Policy was approved by the Cabinet on July 17, 2023 and published in the official gazette 10 August 2023. The key stakeholders have proposed this to be a dynamic process with new policy to be formulated every 5 years responding strategically to any developing challenges. Another working committee for LDC Graduation has been formed under the Ministry of Finance, with NBR as the lead agency for the phased implementation plan of the National Tariff Policy.

3. Objectives of the National Tariff Policy and Valuation

The National Tariff Policy of Bangladesh has been formulated with the aim of implementing the objectives laid out in the 8th Five Year Plan and meet the challenges for Bangladesh to graduate from LDC status in 2026 and will be targeted towards ensuring competitiveness and diversification of export products; rationalizing the tariff regime by removing anomalies and distortion, if any, encouraging investment (both domestic and Foreign Direct Investment) for sustainable industrial development; facilitating job creation; and recovery from economic slowdown resulted from COVID-19 Pandemic. The policy will concentrate on expanding and diversifying exports by mitigating anti-export biases. Besides, it will abolish minimum import values in line with the regulations of the World Trade Organization.

The Customs Administrations of WTO Members adhere to the provisions of the Customs Valuation Agreement, formally known as the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (GATT) 1994. This Agreement establishes a customs valuation system primarily based on the transaction value of imported goods. This value represents the price actually paid or payable for the goods when sold for export to the importing country, with certain adjustments for costs and charges.

Bangladesh, as a WTO member, has adopted contemporary customs valuation methodologies and issued a notification in 2000 to align with the requirements of the Agreement. However, there are concerns regarding the adherence to the specific procedures and steps outlined in the Agreement for determining customs value. Additionally, the customs administration currently employs “minimum value” for a substantial number of products.

4. Key Objectives

This project seeks consultancy services of a firm to support the implementation of the following objectives. The key objectives of the Consultant services (i.e., the Services) are as follows:

- To facilitate NBR to reduce NPR by 20% by the end of 8th FYP.
- To develop scenario papers with assessment of current tariff and related policies, gap analysis when compared to international best practices.



- Policy analysis and formulation of national tariff policy implementation plan including developing scenario papers on tariff revenue simulation.
- To develop a core group of officials who will be specialized in Tariff Policy Analysis including Trade Reform Impact Simulation Tool (TRIST) and guide NBR on future implementation plans.
- To conduct a scoping assessment for ASYCUDA/NSW/ARMS-backed software development for tariff analysis building on available software (e.g. World Bank TRIST, WITS etc.) and develop software requirements specification (SRS) document.
- To streamline Customs procedures and ensure accurate determination of transaction prices for goods valued under the valuation agreement, while prohibiting the use of arbitrary or fictitious Customs values.

5. Scope of Work

The consultancy service will entail the following-

1. Develop scenario papers on tariff policy analysis, revenue simulation etc. for NBR, preferably using Trade Reform Impact Simulation Tool (TRIST) developed by World Bank. From a policy perspective, it is crucial to understand the impact of trade policy reforms on import values, tariff and tax revenues, import prices, and consumer welfare. TRIST is an analytical tool developed by the World Bank, allows users to assess the short-term impact of tariff reforms on trade flows, tariff and tax revenues, and import prices using a partial equilibrium methodology in a Microsoft Excel platform.
2. Develop capacity building program of the officials in the core group (N.b., core group will have officials from NBR Customs Policy Wing, Research and Statistics Wing, Income Tax & VAT Wing along with officials from Bangladesh Trade and Tariff Commission) through Training of Trainers (ToT), On- the-Job (OTJ) trainings, in-depth training on WB TRIST, WITS and other supporting software.
3. Support NBR to formulate the implementation plan of the proposed National Tariff Policy which is predictable and will help reduce the effective rate of protection to 20%.
4. Coordinate several meetings with officials from relevant organizations including Ministry of Commerce (MoC) and Bangladesh Trade & Tariff Commission.
5. Support NBR to organize stakeholder consultation meetings and facilitate finalization of the implementation plan along with internal and external change management.

6. Support NBR & MoC to have series of dissemination event/awareness workshop on the approved National Tariff Policy and the Implementation Plan
7. Support NBR to develop internal Standard Operating Procedure (SOP) to regularly analyze, monitor and update the implementation plan on a periodic basis.
8. Carry out scoping and needs assessment for ASYCUDA/NSW/ARMS-backed software development for tariff analysis and develop SRS documents.
9. Develop/update an integrated tariff clarifications database
10. Review the HS descriptions in the Customs Tariff and reduce the generic descriptions (such as "others") and then conduct continuous review and improvements
11. Review the HS description in Bangladesh Customs Tariff (BCT) with the ASYCUDA World tariff description and suggest corrective measures (if any)
12. Review and address the inverted duty structures to encourage manufacture and value-addition creation in Bangladesh.
13. Review and analyses the existing Customs Valuation Rules 2000. Develop a roadmap for the effective implementation of Customs Valuation Rules 2000 in accordance with Article VII of GATT.

6. Deliverables

No.	Task	Description	Proposed Submission Date
1	Inception Report	Initial report outlining the detailed plan, methodology, and timeline.	Within 2 weeks of project commencement
2	Capacity Building Workplan	Detailed plan for capacity building, including identification of core group of officials.	End of Month 1
3	Training, Workshop Reports with attendance sheets.	Arrange Training of Trainers (ToT), On and off-the-Job (OTJ) trainings, workshop on Valuation, Tariff policy, WB TRIST, WITS and other supporting software. Tariff Policy (8):	One report for each event. Starting from 2 nd month till the end of the contract duration.



No.	Task	Description	Proposed Submission Date
		<p>i) TOT – 30 no of officials (NBR and Tariff Commission) - 2 batches</p> <p>ii) Capacity Building Training: 100 Senior Officials – 4 batches</p> <p>iii) Training/Workshop on WB TRIST and WITS – 30 no of officials (NBR and Tariff Commission) – 2 batches</p> <p>Valuation (20):</p> <p>i) TOT – 30 nos of officials – 2 batches</p> <p>ii) Capacity building training (for 3 days): Senior Level (AC to ADC): 200 officials – 8 batches</p> <p>RO and ARO Level (for 3 days): 500 officials – 10 batches. Venue: CEVTA/NBR</p> <p>Remunerations (500 taka per day for RO/ARO and 1000 taka for other senior officials/participants) and lunch with snacks to be provided to the participants.</p>	
4	NBR Internal Standard Operating Procedure (SOP)	SOP for updating the implementation plan on a periodic basis.	End of Month 6
5	Scenario Papers	Scenario papers on policy analysis, including assessment of current tariff policies and gap analysis.	End of Month 6
6	HS Description Report	Report on HS Description, Inverted Duty Structures, and existing duty-tax structure.	End of Month 9

No.	Task	Description	Proposed Submission Date
7	Mismatch Report on HS Description	Mismatch report on the HS description in Bangladesh Customs Tariff (BCT) against ASYCUDA World tariff description, along with corrective measures.	End of Month 10
8	Phased Implementation Plan of National Tariff Policy	Implementation plan for phased rollout of the National Tariff Policy and propose a roadmap for reducing the effective rate of protection to 20% by 2030.	End of Month 12
9	Implementation of Customs Valuation Rules 2000	To streamline Customs procedures and ensure accurate determination of transaction values in line of Customs Valuation Rules 2000 as per GATT standards.	End of Month 6
10	Scoping Report and SRS Document	Scoping assessment on ASYCUDA/NSW/ARMS-backed software development for tariff analysis building on available software (e.g. World Bank TRIST, WITS etc.) and develop software requirements specification (SRS)	End of Month 12
11	Developed/Updated Tariff and Rulings Database	Creation or update of a comprehensive database for tariff clarifications and rulings.	End of Month 15
12	Final Report	Comprehensive report summarizing all outputs, findings, and recommendations.	End of Month 17

7. Prerequisites for Outputs

- The project will designate a contact person to support the firm in achieving the deliverables described herein.
- NBR will provide the data required for the study and analysis.
- NBR will nominate prospective participants for various meetings, committees, inaugural visioning exercises, and learning events, etc.

- The firm will be required to furnish their own software, hardware and ICT support to fulfill the required outputs described herein.
- The firm shall provide all the facilities for their staff and other logistical requirements on their own to fulfill their obligations. These will also include support staff and office facilities, office equipment and supplies, required equipment and materials for field data collection, vehicles, and communications as required.

8. Key Expertise and Resource Planning

The proposed services under this Terms of Reference shall be carried out by a Firm with adequate experience and knowledge. The firm should prioritize the engagement of local expert having local practical experience, where practicable. The Firm should have significant experience and competence to carry out all activities referred to within this document, as described in the table below.

Key and Non-key Professionals	Preferred Experience & Qualifications
Key Professionals	
Team Leader (01) 18 months	<ul style="list-style-type: none"> • University degree in Management / Computer engineering / IT related discipline or relevant experience that demonstrates an acceptable level of skills and expertise. • At least 10 years of hands-on experience in tariff modernization or tariff policy or revenue policy initiatives. • At least 10 years of international professional experience as Project Manager/Team Leader in projects of similar nature. • Knowledge of issues facing Bangladesh related to tariff policy reforms. • Excellent written and spoken English.
IT Expert (01) 6 months	<ul style="list-style-type: none"> • University degree in Engineering, Computer Science, public management, business administration, or a related field. • Experience analyzing and assessing relevant data systems and associated ICT tools.

Key and Non-key Professionals	Preferred Experience & Qualifications
	<ul style="list-style-type: none"> • Experience working on enterprise IT solutions with government organizations in the South Asia Region would be preferred. . • Experience working with senior officials within government, inter-governmental, and non-governmental organizations. • Excellent written and spoken English. • Knowledge of ASYCUDA World or other Customs Computer systems can be an added advantage.
<p>Trade and Tariff Policy Expert</p> <p>9 months</p>	<ul style="list-style-type: none"> • Bachelor degree in any discipline. Masters degree in trade policy, or customs policy, or equivalent education will be preferred. • Must have at least 15 years working experience in tariff policy implementation or Customs operational environment. • Must have substantial understanding of Trade Facilitation issues and challenges. • Experience working on trade policy issues in Bangladesh or other countries in the South Asia Region. • Significant experience in the development and implementation of tariff policies. • Experience working with senior officials within government, inter-governmental, and non-governmental organizations. • Excellent written and spoken English.
<p>Senior Customs Specialist (Tariff Policy)</p> <p>9 months</p>	<ul style="list-style-type: none"> • Bachelor degree in any discipline. • Masters degree in international trade, or Public policy, or Public Finance, or Customs Management, or equivalent education will be preferred. • Must have work experience i.e., at least 15 years, working in Customs operational environment. • Experience working on trade policy issues and Customs valuation in Bangladesh or other countries in the South Asia Region shall be an added advantage. • Experience working with senior officials within government, inter-governmental, and non-governmental organizations.



Key and Non-key Professionals	Preferred Experience & Qualifications
	<ul style="list-style-type: none"> • Excellent written and spoken English.
Senior Customs Specialist (Valuation) 9 months	<ul style="list-style-type: none"> • Bachelor degree in any discipline. Masters degree in international trade, or Public policy, or Public Finance, or Customs Management, or equivalent education will be preferred. • Must have at least 15 years working experience in Customs operational environment. • Must have working experience on Customs Valuation. • Experience working with senior officials within government, inter-governmental, and non-governmental organizations. • Excellent written and spoken English.
Non-key Professionals	
Communication Specialist (01) 9 months	<ul style="list-style-type: none"> • At least 5 years of progressive experience in Communications, content development, Creative Writing and Public Relations. • Extensive experience in arranging and coordinating events and workshops with government institutions and private sector stakeholders. • Proficiency in both Bangla and English. • Hands-on experience in graphic design, illustration, and creative publications. • Bachelor's degree in business communications, or Mass Communications, or any other relevant discipline.
Legal Expert (01) 3 months	<ul style="list-style-type: none"> • Four years bachelor degree in Law that demonstrates an acceptable level of competence. • At least 5 years' experience working directly with trade related legislation. • Experience in the review of Customs, Other Government Agencies (OGA) laws, and other legislation. • Experience in drafting proposed legal or regulatory additions, or revisions.

9. Reporting

The Consultant shall report directly to the NBR PIU and assigned focal person for Tariff Policy Implementation.

10. Location of Services

The service will be carried out in Dhaka, Bangladesh .

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