



Trade Facilitation
Agreement Facility

Project Implementation Grant

Enhancing the implementation of Sri Lanka's advance rulings mechanism through digitalization

Summary

WTO TFA linkage	Article 3: Advance rulings Sri Lanka Notification in Category C
Title	Enhancing the implementation of Sri Lanka's advance rulings mechanism through digitalization
Specific objective (outcome)	Sri Lanka Customs has a faster and more efficient advance rulings mechanism for traders and customs officials through an electronic system
Outputs	<ol style="list-style-type: none"> 1. The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes 2. An electronic system for the submission, processing, issuance and publication of advance rulings is functional
Applicant(s) Member	Sri Lanka
Beneficiaries	Sri Lanka Customs Traders in Sri Lanka
Political Partner(s)	Sri Lanka Customs National Trade Facilitation Committee
Duration	18 months
Amount	199'620 USD of TFAF grant + 60'000 USD of in-kind contribution by beneficiaries = 259'620 USD total project value
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Implementing partner	International Trade Centre (ITC)

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I. CONTEXT

1) The implementation of the WTO TFA in Sri Lanka

The WTO Trade Facilitation Agreement (TFA), which entered into force on 22 February 2017, lays out provisions to expedite the movement, release and clearance of goods as well as provisions for institutional cooperation between Customs administrations and among border authorities. It also contains provisions for technical assistance and capacity-building (TACB") to facilitate the implementation of the provisions of the WTO TFA by the WTO Members.

Sri Lanka ratified the WTO TFA on 31 May 2016. It submitted the notifications of implementation categories in February 2018 and the definitive implementation dates in August 2019 (see TFA database for the notifications). It has notified 23 measures in the category C – including Article 3, with the definitive implementation date set to 31 December 2025.

To coordinate the implementation of the WTO TFA, the Government of Sri Lanka has formally established the National Trade Facilitation Committee (NTFC) by means of the Cabinet Memorandum No. 15/1872/723/013 of 30 November 2015. The Committee, comprising 19 members, is chaired by the Secretary to the Treasury, Ministry of Finance. It meets on a quarterly basis and is made of representatives from Trade, Finance, Health, Agriculture, Standards, Export Development Board, Ports Authority and the key trade chambers, among others. A Secretariat, housed in Sri Lanka Customs, supports the operations of the NTFC.

In September 2024, a Roadmap for Trade Facilitation in Sri Lanka was approved by the Cabinet of Ministers. The result of a highly collaborative effort involving multiple local and international partners, the Roadmap for Trade Facilitation in Sri Lanka was designed to reform and simplify Sri Lanka's trade processes. It provides a clear path forward for implementing necessary changes to facilitate smoother and faster trade operations, both for imports and exports. Some of its primary objectives include: i) simplifying customs procedures, ii) boosting transparency, iii) enhancing efficiency, iv) strengthening the NTFC, and v) aligning with international standards.

The advance rulings mechanism was identified as a priority area by the stakeholders.

2) Alignment with TFAF strategic objectives

The WTO Trade Facilitation Agreement Facility (TFAF) has the objective to assist developing and least-developed WTO Members matching their TACB needs for Category C measures with donors and development partners' support. Through a grant programme, TFAF supports projects whose aim is to fill capacity gaps and address lack of capacity or resources for the implementation of the TFA, ensuring developing and least-developed WTO Members' compliance with the Agreement.

This project application by Sri Lanka appeals to TFAF's mandate to provide funding for the implementation of Category C measures of the WTO TFA if Members are not able to implement these measures otherwise. Sri Lanka has designated Article 3 of the TFA under Category C, requiring assistance and capacity-building to implement the measure. Over the past years, Sri Lanka has discussed requests for TACB to implement several Category C measures – including advance rulings – with various development partners, including World Bank, USAID and the Asian Development Bank (ADB). However, dedicated support to Sri Lanka to implement an efficient advance rulings mechanism Sri Lanka has not materialized. Thus, Sri Lanka has sought to request TFAF's

support to match its TACB needs for advance rulings with donors and development partners' support.

This project application originates from a national workshop organized by Sri Lanka NTFC in collaboration with TFAF on the TFA, held on 18 July 2024. One of the key objectives of this workshop was to learn more about the and how to benefit from it. During the discussions at the workshop and prior to it as well, it was highlighted that advance rulings, notified in Category C, was an area that had never received any technical assistance from any donor. Therefore, during the workshop, Sri Lanka Customs requested the WTO TFAF's assistance in implementing a digitized system for advance rulings in Sri Lanka. The rationale for providing assistance to Sri Lanka is that these efforts will support the country to advance compliance with Article 3 of the TFA in the following ways: i) issuance of advance rulings in a time-bound manner, and ii) publication of requirements and time periods/validity related to advance rulings.

3) Analysis of problem and potential

Problem statement: An efficient advance ruling mechanism requires an appropriate regulatory framework, administrative guidance, technical expertise, efficient internal processes, and controls. Whilst Sri Lanka has introduced the legal framework and traders are interested in using the mechanism to obtain advance rulings, the customs authorities are not yet able to efficiently manage and control the internal decision-making workflow and to provide a simpler digital process for economic operators. This project directly addresses the required improvement of the operational processes to ensure compliance with the WTO TFA and trade facilitation impact.

In Sri Lanka, advance rulings are currently issued only on tariff classification and are handled by the Commodity Classification Branch of the Sri Lanka Customs. Until March this year, the advance rulings were neither binding nor time bound. However, with the Gazette Notification No. 2373/26 dated 28 February 2024, the rulings issued were brought in line with the requirements of the WTO TFA, making them binding and time-bound among others.

The Commodity Classification Branch receives over 30 applications every month for advance rulings, with 231 applications received in the period March-September 2024, subsequent to the issuance of the Gazette. Currently, the entire process from the point of submitting the application to receiving the ruling is manual, requiring several internal processes within Sri Lanka Customs. The application form needs to be handed over to the Customs physically, sometimes with multiple visits if the application is not duly filled or if all the relevant supporting documents are not submitted; the payment needs to be made at the Customs Shroff; and the applicant/agent needs to visit the Customs physically to receive the ruling. If there is an appeal, the applicant/agent would need to visit Customs at least 4 times. This entails considerable time and cost to applicants, especially if they are based outside the capital Colombo. Furthermore, the current manual process requires applicants to print all relevant documentation, including supporting materials such as manuals, which contributes to an increased carbon footprint.

On the other hand, within the Customs, each file is moved multiple times from one person to another physically (i.e. from appraiser to Deputy Director of Customs to Senior Deputy Director of Customs and Director of Customs), with each official marking their observations on the physical documents. As a result, the Customs needs to maintain and store physical files safely, requiring physical storage space. Furthermore, the manual

record-keeping process prevents Customs from easily retrieving information on previous rulings made for similar products. The manual process also requires face-to-face interactions, which the Sri Lanka Customs aims to minimize as it consumes considerable time of the officials.

To summarize, Sri Lanka Customs has introduced a legal framework for advance rulings; however, it is yet missing subsequent administrative documents to ensure that it complies with the WTO TFA rules and best practice. The current advance rulings mechanism is fully paper-based and manual, requiring several internal processes within Sri Lanka Customs. This often leads to lengthy waiting times for issuing advance rulings, while also necessitating multiple physical visits by traders to submit documents and make payments. As a result, both Customs and traders suffer from increased time and costs, complicating and slowing down trade operations.

4) Causes and potential for change

Whilst Sri Lanka has recently adopted the legal framework to issue binding advance rulings on tariff classification for advance rulings, it is yet missing subsequent administrative documents to ensure that it complies with the WTO TFA rules and best practices. Furthermore, the process is mostly paper-based and lengthy. As a result, Sri Lanka Customs lacks the capacity to efficiently handle the growing volume of advance ruling requests. These challenges can be addressed through the proposed project, which aims to establish an electronic system for seamless submission, processing and issuance of advance rulings.

The lack of an internal IT system to manage the application and processing of the advance rulings is one of the main barriers for Sri Lanka Customs to improve the overall efficiency of the advance rulings mechanism. Digitalizing the issuance of advance rulings will facilitate importers and exporters by enabling online submission of applications and supporting documents, online payments and electronic issuance of rulings by Sri Lanka Customs. Through the provision of technical advisory services for the design and development of the electronic system, this barrier can be addressed. This system will also enable the publication of rulings online, improving workflow, reducing processing times and significantly enhancing resource efficiency.

To ensure that the system is operated effectively, the internal processes of Sri Lanka Customs need to be reviewed in line with the transition to digital processes. By providing technical expertise to review the existing regulatory framework and ensuring that it is appropriate to the digital environment, the project addresses the organizational shortcomings.

5) Synergies with other TACB projects of other development partners

The table below provides an overview of the TACB projects implemented in Sri Lanka by other development partners.

Table 1: Other partner's projects

TACB project	Description
Trainings on test procedures and risk management organized with the support of the World Bank	WB has organized two workshops in 2023 and 2024 to enhance the capacity-building of officials from Sri Lanka Customs and border regulatory agencies (BRAs) who are responsible for test procedures and coordinated risk

	management to facilitate trade
Training on post-clearance audit (PCA) organized with the support of ADB	ADB has provided assistance for a system-based audit training for Sri Lanka Customs officials and provided support to develop a standard operating procedure (SOP) for PCA. Later, the SOP was introduced to Sri Lanka Customs and made a standard procedure by a Departmental Order.
USAID support on authorized economic operators (AEO)	USAID has provided training and coordination for Sri Lanka's AEO programme, where 31 companies have been certified under the AEO Tier 1.
Multi-donor support on establishing the Sri Lanka National Single Window (NSW)	World Bank, ADB, UNCTAD and USAID have been providing support throughout the process of designing the Sri Lanka NSW and setting up its required organizational structures. The Ministry of Finance is working in collaboration with development partners such as the World Bank and ADB, as well as technical partners including UNCTAD and USAID, to mobilize the necessary funds and technical assistance for the project.
ITC support to promote a conducive trade facilitation environment, with JICA funding (phasing out)	<p>This project builds upon the results of the <i>Trade Facilitation for SMEs</i> project funded by GiZ and implemented by ITC in 2020-2023 and in particular, leverage the IT tool launched by the project to support the National Trade Facilitation Committee (NTFC) in monitoring the progress of trade Facilitation reforms in Sri Lanka. including the implementation of the tracking of its TFA commitments.</p> <p>The project's focus was to conduct an initial assessment of TFA reforms' implementation status, re-prioritize Sri Lanka's TFA requirement and develop a national roadmap/strategy to implement and prioritize Sri Lanka's TFA commitments. Moreover, the project also aimed to review the current status of the NTFC (e. g. structure, governance, accountability, membership, reporting, funding mechanisms), organize experience-sharing events on NTFCs' best practices bringing experts from leading countries to share their experiences and success stories and provide recommendations to enhance the Sri Lanka NTFC</p>

	set-up and operationalization.
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II. DESCRIPTION OF PROJECT INTERVENTION

6) Project objectives and results

Impact

The successful implementation of the project will contribute to facilitating trade and increasing the efficiency and predictability of trade rules among traders and businesses.

Specific objective (outcome)

Sri Lanka Customs has a faster and more efficient advance rulings mechanism for traders and customs officials through an electronic system.

Results/outputs

The outputs of the project are:

- i. The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes
- ii. An electronic system for the submission, processing, issuance and publication of advance rulings is functional

7) Target beneficiaries

The key beneficiaries of the project are Sri Lanka Customs officials and businesses involved in importing and exporting goods. Customs officials will implement the advance rulings mechanism more effectively, delivering greater value to businesses. Traders, in turn, will benefit from an efficient advance ruling system that reduces costs and minimizes delays in the clearance process, ensuring smoother and faster trade procedures.

8) Impact hypothesis

The outputs will help achieve the project's objective by reviewing and providing the required administrative guidance and organizational structure to process and issue advance rulings in a digital environment (**Output 1**), and by developing and making functional an electronic system to submit applications, issue and publish advance rulings (**Output 2**).

In more detail, **Output 1** targets the review of the required regulatory, administrative, organizational and operational frameworks for an effective advance ruling mechanism in Sri Lanka, keeping in view an expansion of the mechanism to cover also the origin of the goods. By reviewing its regulatory frameworks to accommodate a digital system and advising on an effective organizational structure responsible for the mechanism in Sri Lanka Customs and rolling out clear and smooth operational processes aided by technology, Sri Lanka Customs officials will have improved their capacity to manage advance rulings in compliance with the WTO TFA. This impact can be achieved under the assumption that the internal structure and standard operating procedures (SOPs) for managing the advance rulings mechanism are effectively enhanced following the recommendations and

technical guidance that will be provided under the project.

Consequently, **Output 2** will simplify and digitalize procedures for the advance rulings mechanism through the design, development and roll-out of a dedicated electronic system to manage effectively advance rulings applications, issuance and publication. The impact assumption is that this system will be used by Sri Lanka Customs officials to expedite the current procedures to issue advance rulings, cutting down delays and uncertainties.

9) Project strategy, activities and instruments

Duration: The duration of the project is 18 months – from 1 January 2025 to June 2026.

Strategy: The project will be implemented with Sri Lanka Customs, in coordination with the NTFC, to strengthen the required organizational/operational frameworks of Sri Lanka Customs to process requests and issue advance rulings through a dedicated electronic platform that will be designed and operationalized by the project. The project will rest on a solid capacity development process at the organizational level, ensuring that Sri Lanka Customs has the required technical capacities to manage sustainably the digitalization of the advance rulings mechanism. The project will also pilot the system with the the intended users – Sri Lanka Customs officials and the private sector in the country – on the correct use of the platform.

Output 1 supports the review and possibly enhancement of the enabling frameworks to effectively roll out an advance rulings mechanism in Sri Lanka. Activities include:

- Conduct a diagnostic assessment of the current frameworks of the advance rulings mechanism in Sri Lanka, including its regulatory and organizational frameworks as well as current SOPs
- Conduct consultations with Sri Lanka Customs and interviews with the private sector to factor in challenges and needs in the diagnostic process
- Provide recommendations to address the identified gaps in the areas analyzed in the diagnostic assessment
- Organize a validation workshop to validate and build consensus on the recommendations with Sri Lanka Customs and the private sector

Output 2 concerns the design, development, testing, and roll-out of a dedicated electronic system to streamline the management of Sri Lanka's advance rulings mechanism. Activities include:

- Develop the functional and technical IT specifications of the system to be developed
- Identify and engage the software development company through a bidding process to develop the platform
- Design the prototype of the system in consultation with Sri Lanka Customs
- Develop the advance rulings system
- Test the system, including through a pilot with selected traders

Inputs: To support Output 1, two international experts will conduct a comprehensive diagnostic assessment of Sri Lanka's current frameworks for advance rulings, including regulatory, organizational, procedural, and human

resources components. These experts will travel to Sri Lanka to gather first-hand information, engage in interviews with relevant stakeholders, and identify key areas for improvement within the advance rulings mechanism. Their work will be supported by a national expert and Customs officials, who will facilitate meetings, gather data, and conduct surveys to ensure a thorough understanding of the existing processes and enhancement needs.

For Output 2, an international expert, an IT specialist, and a Customs official will collaborate to develop the technical and functional specifications for the electronic advance rulings system, working under the guidance of Sri Lanka Customs. Once the specifications are finalized, an IT company or developers will be hired to develop and implement the system. This will include rigorous testing and a pilot phase with selected traders. The IT developers will maintain close communication with Sri Lanka Customs as well as the international and national experts, to report on progress, address challenges, and mitigate potential delays during the project's implementation.

Table 2: List of activities and timeframe

Output	Activity and timeframe	Instruments
Output 1 The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes	1.1 Conduct a diagnostic assessment of the current frameworks of the advance rulings mechanism in Sri Lanka, including its regulatory and organizational frameworks as well as current SOPs – Q1 2025 1.2 Conduct consultations with Sri Lanka Customs and interviews with the private sector to factor in challenges and needs in the diagnostic process – Q1 2025 1.3 Provide recommendations to address the identified gaps in the areas analyzed in the diagnostic assessment – Q1/Q2 2025 1.4 Organize a validation workshop to validate and build consensus on the recommendations with Sri Lanka Customs and the private sector – Q1/Q2 2025	Technical advice for the review of the regulatory, organizational and procedural frameworks of the advance rulings mechanism and formulation of recommendations Technical advice for consultations, survey and workshops
Output 2 An electronic system for the submission, processing, issuance and publication of advance rulings is functional	2.1 Develop the functional and technical IT specifications of the system to be developed – Q2/Q3 2025 2.2 Identify and engage the software development company through a bidding process to develop the platform – Q2/Q3 2025 2.3 Design the prototype of the system in consultation with Sri Lanka Customs – Q3 2025 2.4 Develop the advance rulings system – Q3/Q4 2025 & Q1 2026	Technical advice for the development of functional and technical IT specifications of the new electronic advance rulings system Technical advice and funding to develop the IT system of the electronic advance rulings platform and test/pilot its use with the private sector

	2.5 Test the system, including through a pilot with selected traders – Q1 2026	
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10) Sustainability of results

By providing a solid organizational and operational foundation for the advance rulings mechanism, developing a seamless electronic platform to run it smoothly, and building the capacity of Customs officials to use it efficiently, this project will ensure the mechanism's long-term sustainability and deliver enduring benefits to both Customs and the business community. Notably, Customs officials will be empowered to conduct regular, independent training sessions for traders, fostering a continuous and well-informed user base that will maximize the system's impact over time.

The hosting, backup and disaster recovery for the digitalized system will be managed by Sri Lanka Customs from the moment of implementation. Once development is complete, the system will be handed over to Sri Lanka Customs, whose ICT Directorate has the expertise and resources to manage both the system and its infrastructure.

The software developer will be required to provide all relevant information, including the source code, to Sri Lanka Customs. As the system will be custom-built, no licensing fees will apply.

Sri Lanka Customs' ICT Directorate is led by a Director of Customs and consists of 22 dedicated staff members. The team is highly skilled in managing complex systems, including the maintenance and upgrading of the ASYCUDA World system, the cargo control system, and addressing day-to-day operational issues. They also maintain the customs website, provide training to staff and stakeholders, and coordinate with other IT divisions within various departments.

11) Budget

The costs of the project are covered by the TFAF grant and the in-kind contribution by the beneficiaries. The total amount is 259,620 USD, whose breakdown is 199'620 USD of TFAF grant and 60'000 USD of in-kind contribution by beneficiaries.

Table 3: Total project budget

Type	Description	Amount (USD)
Personnel and travels		
	International experts (108 working days)	54'000
	Short-term national experts (111 working days)	22'200
International travels	4 international travels	19'040
	Per diem and other transport costs	
Other costs		

	2 events/workshops	7'500
	1 procurement contract for IT company	95'200
	Translation + printing of materials	1'680
Total TFAF grant		199'620
	Beneficiary contribution	60'000
Total		259'620

With regards to the contribution by the beneficiary, Sri Lanka will have to provide an in-kind contribution of minimum 30% of the TFAF grant.

Table 4: Financial contribution by beneficiary

Institution	Description	Estimated value
Sri Lanka Customs	Technical expertise (Sri Lanka Customs staff)	28'000
Sri Lanka Customs	Meeting logistics (administrative costs, facilities, printing)	3'000
Sri Lanka Customs	Office space (administrative costs, facilities, printing)	6'000
Sri Lanka Customs	Electronic system hosting, data recovery and back-up	23'000

III. PROJECT ORGANISATION

12) Political partner

Sri Lanka Customs and Sri Lanka NTFC will be the political partners of this project.

13) Implementing partner

Given its proven track record of successfully supporting the Government of Sri Lanka — including Sri Lanka Customs — in implementing the WTO TFA and digital trade facilitation solutions through multiple technical assistance projects, the International Trade Centre is highly recommended as the implementing agency for this project.

Over the past decade, ITC has been actively involved in delivering technical assistance in trade facilitation through several projects funded by the EU (2016–2021), GIZ (2019–2023), and the Japan International Cooperation Agency (JICA) (2023–2024).

ITC's technical assistance has supported several key areas, including the establishment of an online platform to

centralize all import, export and transit related trade information, with a step-by-step functionality embedded in the Sri Lanka Trade Information Portal. Additionally, ITC has strengthened the National Trade Facilitation Committee (NTFC) and developed a reporting and monitoring tool for NTFC, re-engineered and simplified trade procedures for selected export commodities, developed e-payment 3 gateways for key border regulatory agencies (BRAs), and fully digitalized the certificate of origin procedures.

With its extensive experience working alongside the Sri Lanka NTFC, Sri Lanka Customs, key BRAs, business community, and critical service providers, ITC is well positioned to implement this project having the required technical expertise and strong relationships nurtured over the years with the key stakeholders that will be involved in the implementation of this project.

14) Project management

The total duration of the project is 18 months, from January 2025 to June 2026.

International and national experts, as well as an IT development company/experts will be engaged for the review of the advance rulings' frameworks and development of the electronic platform. The selected implementing agency will support with project management and coordination tasks, including administrative and logistical requirements, in collaboration with Sri Lanka Customs.

A final project report will be developed and submitted to TFAF.

15) Risk analysis

The project may face low to medium impact risks that can affect its delivery. Mitigation measures will be adopted to ensure that the implementation of the project runs smoothly.

Table 6: Risks, impact and mitigation measures

List of risks	Probability	Impact	Risk treatment/response(s)
Lengthy process to adapt the required regulatory, organizational and/or operational changes	Medium	Medium	The project will sensitize Sri Lanka Customs on the international best practices of implementing an advance rulings mechanism, thus encouraging change adaptation and business process re-engineering.
Delays in the development process of the IT infrastructure of the electronic advance system, including consensus issues	High	High	Regular actions plans prepared by the IT company developing the system will be timely shared with Sri Lanka Customs to monitor progress. A Steering and Technical Committees, comprising Sri Lanka Customs, implementing agency and IT company' representatives, will be established and regular meetings of these Committees will be organized to take stock of the progress of the system development and address technical/operational and strategic

			issues.
Adoption and uptake of the electronic system for advance rulings by the private sector	Medium	Medium	<p>Continuous involvement of the private sector since the onset of the project, from the consultation phase to the IT development process, will help ensure that the private sector takes ownership and uptake of the platform.</p> <p>Capacity-building will be provided to traders to use the system effectively, sensitizing the users on its benefits in terms of reduction in the time and cost of trade.</p>

Appendix 1: Logical framework

	Indicators	Targets	Sources of verifications	Assumptions
Specific objective (outcome) Sri Lanka Customs has a faster and more efficient advance rulings mechanism for traders and customs officials through an electronic system	1. Percentage of reduction in the total processing time for advance ruling requests, from application submission to issuance	Baseline: 0 Target: 40% or above reduction in processing/issuance times of advance rulings in a digital environment compared to the current manual process	Technical documents and reports	Sri Lanka Customs has the means to measure the time reduction in processing requests and issuing advance rulings and make a comparison with the current manual process
Output 1 The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes	1.1 Number of diagnostic reports providing recommendations to address gaps in the regulatory, organizational and operational frameworks of the advance rulings mechanism in Sri Lanka, developed and validated by Sri Lanka Customs	Baseline: 0 Target: 1	Diagnostic report Consultations minutes and workshop reports	Sri Lanka Customs adopts the recommendations and re-engineered SOP to enhance its advance rulings mechanism
Output 2 An electronic system for the submission, processing, issuance and publication of advance rulings is functional	2.1 Number of functional and IT specifications for the electronic advance rulings system, designed and tested	Baseline: 0 Target: 1	Technical documents	The electronic system fully matches the functional and technical specifications developed by the project and agreed and validated by Sri Lanka Customs
	2.2 Number of electronic advance rulings systems, developed and piloted with selected private sector users	Baseline: 0 Target: 1	System developed, tested and available to the general public	
	2.3 Number of traders involved in the testing and piloting of the system	Baseline: 0 Target: 10	Technical documents	Traders demonstrate uptake of the new digital system for advance rulings

Appendix 2: Work plan

Output	Activities	Responsibility	Year 2025				Year 2026	
			Q1	Q2	Q3	Q4	Q1	Q2
Output 1: The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes								
1.1	Conduct a diagnostic assessment of the current frameworks of the advance rulings mechanism in Sri Lanka, including its regulatory and organizational frameworks as well as current SOPs	International expert National expert						
1.2	Conduct consultations with Sri Lanka Customs and interviews with the private sector in the country to factor in challenges and needs in the diagnostic process	Implementing agency International expert National expert						
1.3	Provide recommendations to address the identified gaps in the areas analyzed in the diagnostic assessment	Implementing agency International expert National expert						
1.4	Organize a validation workshop to validate and build consensus on the recommendations with Sri Lanka Customs and the private sector	Implementing agency						
1.5	Based on the gaps and identified needs, develop the re-engineered SOP(s) to cater for the implementation of the procedures connected to the advance rulings mechanism in an electronic environment	International expert National expert						
Output 2: An electronic system for the submission, processing, issuance and publication of advance rulings is functional								
2.1	Develop the functional and technical IT specifications of the system to be developed	IT expert Sri Lanka Customs Implementing agency						
2.2	Identify and engage a company through a bidding process to develop the platform	Implementing agency						

2.3	Design the prototype of the system in consultation with Sri Lanka Customs	IT company Sri Lanka Customs						
2.4	Develop the IT infrastructure of the advance rulings system	IT company						
2.5	Test the system, including through a pilot with selected traders	IT company Sri Lank Customs Implementing agency						

Appendix 3: Budget by output

Activities	Cost description	Costs / USD	Costs / USD	Total
		TFAF	In-kind	
Grand total amount		199'620	60'000	259'620
Output 1: The regulatory and procedural frameworks for the advance ruling mechanism are strengthened in view of the digitalization of the processes				
<i>Total amount</i>		<i>36'020</i>	<i>6'000</i>	<i>42'020</i>
1.1 Conduct a diagnostic assessment of the current frameworks of the advance rulings mechanism in Sri Lanka, including its regulatory and organizational frameworks as well as current SOPs 1.2 Conduct consultations with Sri Lanka Customs and interviews with the private sector in the country to factor in challenges and needs in the diagnostic process 1.3 Provide recommendations to address the identified gaps in the areas analyzed in the diagnostic assessment 1.4 Organize a validation workshop to validate and build consensus on the recommendations with Sri Lanka Customs and the private sector	International expert (500 per day, 38 days)	19'000		19'000
	National expert (200 per day, 28 days)	5'600		5'600
	2x international travels (DSAs + flights + terminal expenses)	9'520		9'520
	Cost of validation workshop, one day	1'900		1'900
	Government expert day (200 per day, 20 days)		4'000	4'000
	Office space and meeting facilities by Sri Lanka Customs		2'000	2'000
Output 2: An electronic system for the submission, processing, issuance and publication of advance rulings is functional				
<i>Total amount</i>		<i>163'600</i>	<i>31'000</i>	<i>194'600</i>
2.1 Develop the functional and technical IT specifications of the system to be developed 2.2 Identify and engage a company through a bidding process to develop the platform 2.3 Design the prototype of the system in consultation with Sri Lanka Customs 2.4 Develop the IT infrastructure of the advance rulings system 2.5 Test the system, including through a pilot with selected traders	International expert (500 per day, 70 days)	35'000		35'000
	National expert + IT adviser (200 per day, 83 days)	16'600		16'600
	Local IT company (procurement, per contract)	95'200		95'200
	2x international travels (DSAs + flights + terminal expenses)	9'520		9'520
	Official launch event of the new electronic advance rulings system, one day	5'600		5'600
	Translation and printing of materials	1'680		1'680

		Government experts day (200 per day, 120 days)		24'000	24'000
		Office space and meeting facilities by Sri Lanka Customs		7'000	7'000
Other costs					
	<i>Total amount</i>			<i>23'000</i>	<i>23'000</i>
	Electronic system hosting, data recovery and back-up for 2 years			23'000	23'000