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**WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES**

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Final Project Report

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## WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries

### Final Project Report

#### Introduction

1. With its letter of 2 July 2001, the USAID granted to the World Customs Organization the sum of \$875,000 to provide support for the programs described in the Schedule of the grant and in attachment 2 of the letter, entitled "Program Description". In the Schedule, the purpose of the grant is described as "to allow the WCO to carry out a project of providing Technical Assistance to certain sub-Saharan African countries on issues related to implementation of the WTO Valuation Agreement, as more specifically described in Attachment 2 (the program description) of this grant". The effective date of the grant is the date of the letter. The original expiration date of the grant was 31 July 2003. With its letter dated 1 April 2003, the USAID agreed to extend the end date of the programme until 31 December 2003. On 8 May 2003, the WCO Secretary General signed the acknowledgement of the letter constituting the First Amendment to the USAID Grant No. AFR-G-00-01-00005-00. With its letter dated 24 November 2003, the USAID agreed to extend the end date of the programme until 31 March 2004. On 15 December 2003, the WCO Secretary General signed the acknowledgement of the letter constituting the Second Amendment to the USAID Grant No. AFR-G-00-01-00005-00.

2. The WCO identified Kenya, Lesotho, Nigeria, Senegal, and Tanzania as beneficiaries of this technical assistance. The WCO recruited Mr. Richardt Vork, Denmark, as Project Manager with effect from 1 October 2001 for a two year period expiring on 30 September 2003. Following the extensions of the end date of the programme, the WCO extended the recruitment of the Project Manager until 31 May 2004.

3. The program description foresees that the programme consists of two phases. In phase 1 the WCO "will ascertain the current systems of customs valuation in the project countries by undertaking an initial needs analysis and, as a result will determine the needs in the areas of drawing up new legislation, training of personnel and other infrastructure requirements for implementation of WTO Valuation Agreement. Based on this assessment it will prepare a detailed work plan. The work plan will be provided to the USAID and USTR. It is expected that Phase 1 will be completed within approximately 9 months of receiving authorization to begin the program".

4. The WCO's strategy was to analyse each recipient country's situation, determine the needs, determine the actions necessary to address the needs, and deliver the required assistance. Consequently, the Project Manager conducted a needs assessment mission in each country. The WCO prepared the reports and work plans on this basis. The reports and work plans were reviewed, commented on and approved by the Customs administrations concerned. On 15 April 2002 the WCO sent the Needs Assessment Reports and the reports containing the needs analysis and detailed work plan to the USAID.

5. Phase 1 ended on 8 May 2002 when the USAID approved and agreed the Needs Assessment Reports and the reports containing the needs analysis and detailed work plan. The approval covers the suggested actions as well as the funding of the items requested by the beneficiary countries. These items were :

Study visits to another country (request by Kenya, Lesotho, Senegal, and Tanzania).  
Supply of WCO documentation for the Customs School (all five countries).  
Supply of audio-visual/IT equipment for the Customs School (all five countries).  
Supply of IT equipment necessary to ensure the viability of an envisaged Intelligence Unit (Kenya, Senegal), Central Valuation Unit (Tanzania), and Post Clearance Audit Unit/Section (Lesotho, Nigeria, Tanzania).  
A financial contribution towards the cost of developing the software for a national database with information on importers (FNID – Fichier National Informatisé et de Documentation) that can be used as an instrument for risk management (Senegal).

6. The USAID agreed that it would be possible for the programme to pay travel costs for WCO officials carrying out the expert missions for organizational review. After consultation with its Legal Department, the USAID agreed that it would be possible for the programme to pay customs experts (government officials) of WCO member countries, who participate in the implementation of activities. The WCO might also hire/pay consultants to implement the activities.

7. Phase 2 started on 8 May 2002. The program description stipulates that

"In phase 2 of the project, in consultation with the USAID, USTR, and the customs administrations of the project countries, the WCO will implement the agreed work plan. The WCO work will result in the following outputs :

As necessary, creation or refining of country work plans for implementation of the WTO Valuation agreement.

As necessary, development of technical assistance materials for customs officials and the private sector on restructured customs procedures.

Quarterly progress on the status of the WCO's work with countries covered by this project, including any significant accomplishments and/or problems. The reports will include any legislative or regulatory actions taken by project country governments.

A final Project Report including detailed information on progress in each of the project countries as well as a list of accomplishments and unfinished business (if any). Progress will be defined in terms of the requirements of proper implementation of the WTO Valuation Agreement and measurable improvements in efficiency and transparency in project countries. The Project Report will also include recommendations on how any future technical assistance programs may be structured."

8. The WCO sent the quarterly report on the status of the WCO's work with countries covered by the project :

The first quarterly report sent on 25 October 2002,  
The second quarterly report sent on 6 February 2003,  
The third quarterly report sent on 8 May 2003,  
The fourth quarterly report sent on 18 July 2003, and  
The fifth quarterly report sent on 15 October 2003.  
The sixth quarterly report sent on 21 January 2004.  
The seventh quarterly report sent on 7 April 2004.

9. The following constitutes the Final Project Report on the WCO/USAID Valuation Technical Assistance Programme to sub-Saharan Countries. The report covers the period from 2 July 2001 (the date of the grant letter) to 31 March 2004 (the end date of the project). The report takes into account the replies received until 10 May 2004 from the Customs administrations of the project countries.

10. The Final Project Report is composed of three parts :

A description of the management issues during the implementation of the project.  
Annex A containing two reports for each of the five project countries, namely an "Evaluation Mission Report – [Country name]" and a document "Evaluation and Analysis of Outcomes – [Country name]".  
Annex B containing other documents.

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## **Description of the management issues during the implementation of the project**

### **Activity management**

11. Project Manager Richardt Vork under the authority of WCO Director Chriticles MWANSA<sup>1</sup> managed the WCO/USAID Valuation Technical Assistance Programme to sub-Saharan Countries. The Project Manager was a specifically recruited official of the WCO. He was responsible for determining the detailed needs with regard to technical assistance, documentation and equipment, for proposing the appropriate actions to address the needs, for obtaining the necessary Customs experts from WCO Member administrations, and for the supervision of the delivery of the programme. Each project country had appointed a national co-ordinator with whom the Project Manager liaised for the actual delivery of the assistance. The Project Manager reported to the WCO and obtained prior approval of each technical assistance action.

12. The Project Manager conducted the activity management in accordance with the job description for the post. The job description is enclosed as annex B.1.

13. The Project Manager informed the Customs experts delivering the technical assistance actions of their roles and responsibilities.

14. All the beneficiary countries have expressed their satisfaction with the Project Manager's work.

### **Delays caused by security concerns**

15. The Project Manager had agreed timetables with a number of WCO Member administrations that would enable all the technical assistance to be delivered within the period foreseen in the contract between the WCO and the USAID, i. e. until 31 July 2003. However, on 26 February 2003 the U.S. Customs Service informed the WCO that (quote) :

"Pursuant to our discussions of February 26, 2003, the U.S. Customs Service corresponds to inform the WCO of the recent developments regarding the provision of technical assistance for Nigeria and Kenya Customs.

The U.S. Customs Service will be unable to deliver the contemplated technical assistance for Nigeria Customs, which was scheduled for March 2003. As a result of the current international unrest and the "high" alert stance from which the U.S. government currently operates, the U.S. Customs Service will be unable to release the technical assistance experts that would be required for the Nigeria training delivery.

Regarding Kenya, we respectfully request that you place the April delivery of valuation assistance on hold as we will monitor the security concerns and the U.S. will advise the WCO if it is able/unable to move forward with the training programs. Given the time constraints of a July 31, 2003 end date for delivering all training, the U.S. would concur

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<sup>1</sup> Mr. Chriticles Mwansa took up the post as Director of Tariff and Trade Affairs on 1 January 2004. He succeeded Mr. Holm Kappler who left the WCO on 31 December 2003.

with a WCO approach to solicit trainers from other Developed countries if so desired by the WCO or as an alternative seek a minimum 6 month extension to the July 31, 2003 end date.

Notwithstanding these recent developments, the U.S. will remain in contact to advise of any new developments.”  
Unquote

16. The U.S. Customs Service had agreed to conduct 14 training events, consisting of 11 workshops of 5 days duration and 3 Valuation seminars of half-day duration. The Project Manager immediately contacted other Member administrations and asked them to assist by providing experts for some or all of these workshops and seminars. Although positive, these administrations could not make experts available until after the summer holidays in 2003. It would therefore not be possible to conclude the delivery of the technical assistance by 31 July 2003. On 3 March 2003, the WCO suggested to the USAID amending the grant letter and determine the end date as December 31, 2003. On 1 April 2003, the USAID agreed to the extension.

17. The U.S. Customs and Border Protection (formerly U.S. Customs Service) conducted three workshops and a seminar in Tanzania and one workshop in Lesotho during the period June – August 2003. However, on 10 September 2003 the U.S. Customs and Border Protection informed the WCO that (quote) :

“I am corresponding to inform the WCO that the U.S. policy that restricts official government travel to Kenya is still in effect. There is no indication that the policy will change by the December 31, 2003 deadline. Thus, U.S. Customs and Border Protection will be unable to deliver training for the remaining portion of the WCO/U.S. - Sub-Saharan Valuation Technical Assistance Program.

It has truly been a pleasure to assist the WCO in its effort to provide training that will enhance our Membership Administrations' abilities to move toward a full implementation of the WTO Valuation Agreement.

We will be in touch with the WCO for a full return of deposit on funds that were provided by the WCO for the above referenced Program.”

18. The Project Manager obtained undertakings that German Customs experts would conduct two workshops and a Valuation seminar in Kenya. Two British Customs experts would conduct the remaining two workshops in Kenya, against payment of a fee.

19. In September 2003, the British, the German, and the Dutch Customs administrations declined to conduct workshops in Nigeria, even though the Program Manager offered the payment of a fee. Eventually, two Danish Customs experts were available for conducting four workshops and one Valuation seminar in Nigeria against payment of a fee. A second Valuation seminar in Kano, Nigeria, was conducted by a WCO official and the Project manager during the final evaluation mission. It was thus possible to deliver the entire technical assistance programme before the new end date of the programme, 31 March 2004.

## **Financial management**

20. The WCO Accounts Section managed the activity budget. The main types of expenses were :

Project manager and Customs experts cost (i. e. fees, salaries, travel expenses, airfare, per diem, and lodging for the Project manager and the Customs experts).

Travel expenses, airfare, per diem, and lodging for Customs officials from the beneficiary countries.

Other direct costs (production of materials, translation, equipment, resource materials, etc. WCO Administrative Fee.

21. The WCO Member administrations made all of the Customs experts available on the condition that the WCO pay their travel and subsistence cost. In most cases, the WCO Member administrations did not claim payment of a fee or of salaries for the Customs experts. The only instances where the WCO had to pay a fee were with regard to two British Customs experts that conducted two workshops in Kenya, and two Danish Customs experts that conducted four workshops and a Valuation seminar in Nigeria.

22. The low level of cost of the Customs experts made it possible to foresee a larger training programme than would otherwise have been possible.

23. The WCO shall send an external audit report to Mr. Pimpong, Branch Chief, Contract Audit Management Branch, Office of Procurement, in conformity with his letter dated 21 February 2003.

24. On the basis of expense estimates prepared by the Project Manager, and taking into account the roll-over of funds caused by delays in disbursements, the WCO requested advances (standard form 270) from the USAID as follows :

1	2	3	4	5	6	7
Request No	Advance for period MM/DD/YY	Amount in US\$	Date of request MM/DD/YY	Date of receipt of advance MM/DD/YY	Days elapsed between 4 and 5	Comments
1	10.01.01-12.31.01	75,000	10/04/01	01/07/02	95	The WCO had an outlay until the advance was received. Travel restrictions following the 09/11/01 events delayed the full disbursement of the first advance. The WCO rolled over the unspent funds to the first 3 months of 2003 for which no supplementary advance was requested.
2	04.01.02-06.30.02	119,300	05/22/02	06/26/02	36	The WCO had an outlay until the advance was received.
3	07.01.02-09.30.02	136,470	07/10/02	09/26/02	68	A zero advance was requested for July 02 because the WCO rolled over unspent funds from the second advance that was received on June 26.

1	2	3	4	5	6	7
Request No	Advance for period MM/DD/YY	Amount in US\$	Date of request MM/DD/YY	Date of receipt of advance MM/DD/YY	Days elapsed between 4 and 5	Comments
4	10.01.02-12.31.02	70,270	11/04/02	01/13/03	70	A zero advance was requested for October 02 because the WCO rolled over unspent funds from the third advance that was received on September 26. The disbursement of the advance was delayed, notably because the US Customs Service could not yet undertake missions, some Member Administrations did not invoice the WCO for their services during the quarter, and delays in procurement of equipment. The unspent funds were taken into account when advance request No 5 was formulated.
5	01.01.03-03.31.03	96,025	12/12/02	01/13/03	32	An urgent transfer of the advance was requested in order to meet the obligation to pay \$156,824 on 13 January 2003 to the US Customs Service, cf. the Memorandum of Understanding between the WCO and the USCS.

1	2	3	4	5	6	7
Request No	Advance for period MM/DD/YY	Amount in US\$	Date of request MM/DD/YY	Date of receipt of advance MM/DD/YY	Days elapsed between 4 and 5	Comments
6	04/01/03-06/30/03	172,980	03/19/03	04/02/03 05/22/03 06/06/03	14 45 60	\$66,610 Advance for April 2003. \$51,700 Advance for May 2003. Transfer awaited the receipt on May 6, 2003, by USAID of the Financial Status report. \$54,670 Advance for June 2003.
7	07/01/03-09/30/03	101,317	07/22/03	N.A. 08/08/03 09/15/03	 17 49	No advance requested for July 2003. \$72,197 Advance for August 2003. \$29,120 Advance for September 2003.
8	10/01/03-12/31/03	21,458	12/04/03	12/18/03	14	No advance requested for October and November 2003.
9.	01/01/04-03/31/04	82,180	20/01/04	03/09/04	43	No advance requested for January and February 2004.

25. On 6 January 2004, the WCO received \$116,264.09 corresponding to the unused amount of the advance that the WCO had paid to the US Customs Service. These funds were spent in January-March 2004 on the actions that the US Customs Service (now US Customs Border Protection) was unable to conduct. The WCO submitted quarterly Financial Status reports (standard form 269) to USAID. As of 31 March 2004, the WCO had received advances from the USAID amounting to \$ 875,000 which corresponds to the grant total. The expense figures for the first quarter of 2004 were included in the Financial Status report (standard form 269) for the period that the WCO sent to USAID on 4 May 2004. A final Financial Status report (standard form 269) will be submitted within 90 days following the expiration of the grant, and any cash remaining on hand will be refunded to USAID.

26. The WCO had to request reimbursement of £630 from each of four Customs officers from Kenya Customs who participated in a study visit to U.K. Customs and Excise. The

WCO had paid each of them an advance that covered per diem and hotel expenses, but due to a misunderstanding the participants left London without paying their hotel room bill of £630 for each person. HM Customs and Excise, U.K., paid the bills and sent an invoice for four times £630 to the WCO. The WCO paid the invoice from HM Customs and Excise and claimed reimbursement from the four participants. As of 27 January 2003, the WCO had recovered the funds from three of the participants. In June 2003, the Kenya Revenue Authority, Customs and Excise Department, promised to pay the outstanding funds, £630, on behalf of the fourth Customs officer. The WCO received the funds in early July 2003.

### Revision of Grant Budget

27. On 6 February 2003 the WCO suggested that the USAID should agree to revise the funding levels for the cost components (but not the grant total) of the grant. The justification for the proposal was indicated in the second quarterly report to the USAID, paragraphs 16 to 21. The USAID agreed to the revision of the funding levels for the cost components with its letter dated 1 April 2003. The background was as follows :

28. Attachment 1 to the grant letter contains the following specification of funding levels :

<u>Cost Element</u>	<u>Total Estimated</u>
<b><u>COST COMPONENTS</u></b>	<b><u>SUBTOTAL</u></b>
Project Manager and Customs Experts	545,000
Travel expenses, airfare, per diem, and lodging	200,000
Other direct costs (production of materials translation, equipment, resource materials, etc.	50,000
WCO Administrative Fee	<u>80,000</u>
<b>GRANT TOTAL</b>	<b>\$875,000</b>

29. The WCO suggested that the grant budget should be revised in order to foresee the following funding levels for the cost components :

<u>Cost Element</u>	<u>Total Estimated</u>
<b><u>COST COMPONENTS</u></b>	<b><u>SUBTOTAL</u></b>
Project Manager and Customs Experts	620,000
Travel expenses, airfare, per diem, and lodging	55,000
Other direct costs (production of materials, translation, equipment, resource materials, etc.	120,000
WCO Administrative Fee	<u>80,000</u>
<b>GRANT TOTAL</b>	<b>\$875,000</b>

Note 1 : The cost component "Project Manager and Customs Experts" covers fees, salaries, travel expenses, airfare, per diem, and lodging for the Project Manager and the Customs Experts.

Note 2. The cost component "Travel expenses, airfare, per diem, and lodging" covers the travel expenses for Customs officials from the beneficiary countries.

## **Work plan and staff resources**

30. The WCO prepared a work plan foreseeing that each country would receive a number of workshops for Customs officials and seminars for the business community. The work plan had to be revised because of the delays incurred. The remaining workshops and seminars were conducted in Kenya and Nigeria between January and March 2004, and the work plan was completed. The programme also funded expert missions on various Valuation-related topics, Customs officers' study visits to other Customs administrations, participation in the WCO Fellowship Programme, the supply of WCO manuals, WCO training tools and limited amounts of audio-visual and IT equipment, and a financial contribution towards the cost of developing the software for a national database (Senegal) with information on importers (FNID – Fichier National Informatisé et de Documentation) that can be used as an instrument for risk management.

31. As part of the technical assistance, the WCO helped the project countries with seeking funding from other donors. The European Commission informed the WCO of the possibility of co-funding of trade-related IT-infrastructure projects aiming at improving the functioning of Customs. The Delegations concerned of the European Commission have expressed a positive attitude towards co-funding projects in Kenya, Lesotho and Tanzania, provided that a formal request supported by each government was made by the countries through the agreed channels. The WCO also contacted the International Monetary Fund and the World Bank. For further details, see below under the heading "Impact – funding by other donors" paragraphs 35-38.

32. The staff resources consisted of the Project Manager who was employed full-time for the programme, and Customs experts made available short-term by the Customs administrations of Canada, Denmark, France, Germany, Morocco, Netherlands, United Kingdom, and United States. The Project Manager briefed the Customs experts in detail of the situation in each country and provided copies of the relevant Needs Assessment Reports, training material etc. to the Customs experts.

33. The WCO obtained firm commitments from the Customs administrations mentioned above to make experts available for the actions foreseen until 31 July 2003. However, delays soon occurred. On December 17, 2002 the WCO signed a "Memorandum of Understanding Between The World Customs Organization (WCO) And The United States Customs Service (now Customs and Border Protection) concerning the WCO/USAID Valuation Technical Assistance Programme to sub-Saharan Countries". The MOU foresaw that full programme delivery would take place before the expiration of the grant on 31 July 2003. As mentioned in paragraph 17 above, security concerns delayed the implementation of the MOU, and the USAID agreed to two no-cost extensions of the programme until 31 March 2004. In June – August 2003 the US Customs and Border Protection conducted workshops in Tanzania and Lesotho. In September 2003 the U.S. Customs and Border Protection informed the Project Manager that they were unable to provide the training to Kenya and Nigeria. The Dutch Customs administration agreed to make Customs experts available for the risk management workshops in Kenya and Nigeria. The Dutch experts conducted the workshop in Kenya in June 2003, but in September 2003 the Dutch Customs administration informed the Project Manager that they could not conduct the risk management workshop in Nigeria. Customs officers from Denmark, Germany and the United Kingdom provided the remaining training in Kenya and Nigeria between January and March 2004.

## **Performance Management**

34. The formal evaluation took place in April 2004 on the basis of an evaluation mission by the project manager and a WCO Senior Technical Officer (in Senegal the mission was conducted by the project manager and a French Valuation expert) in each of the beneficiary countries. Three of these evaluation missions were conducted in October 2003 (Tanzania and Lesotho) and in December 2003 (Senegal). The evaluation missions to Kenya and Nigeria were conducted in February 2004. In accordance with paragraph 4 of the Program Description (Attachment 2 to the grant letter), the progress has been measured in terms of the requirements of proper implementation of the WTO Valuation Agreement and measurable improvements in efficiency and transparency in project countries. During the delivery of the technical assistance, performance was measured by monitoring the timely delivery of the technical assistance actions, by the use of "WCO Course Evaluation Forms" filled in by participants, by reports prepared by the facilitators of each workshop, and through the feedback received from the Customs administrations. The technical assistance actions have been well received. For further details, see part 2 of this report containing two reports for each of the project countries, namely an "Evaluation Mission Report – [Country name]" and a document "Evaluation and Analysis of Outcomes – [Country name]".

### **Impact – funding by other donors**

35. The WCO informed the World Bank, the European Commission, and the WTO of the technical assistance programme. In its reply, the European Commission informed the WCO that co-funding of the WCO's activities is a possibility, but needs to be agreed and supported first by the respective African authorities. Accordingly, the WCO has assisted the Customs administrations of Kenya, Lesotho, Nigeria, and Tanzania with seeking co-funding from the European Commission for IT projects envisaged by these Customs administrations (computerisation of the Customs clearance process in Kenya, Lesotho, and Tanzania, and a communication link of the ASYCUDA system in the Customs Processing Centres in Nigeria).

36. The European Commission agreed to provide co-funding to the Customs administrations of Kenya and Lesotho, and the Commission Delegation in Tanzania expressed a positive attitude towards co-funding projects in Tanzania, provided that a formal request supported by the government was made by Tanzania through the agreed channels. With regard to Nigeria the European Commission informed the WCO that "the European Commission can not intervene, without the integration of the modernisation of the Nigeria Customs Service into the country support strategy that the European Commission has agreed with Nigeria in the framework of the 9th European Development Fund (EDF). Furthermore, it will be necessary with the formal support from the Government of Nigeria (through the national authorising officer of the EDF funds) to prioritise trade, and trade facilitation in particular, under the European Commission's national indicative development programme". The WCO informed the Comptroller-General of the Nigeria Customs Service accordingly and suggested that he consider raising the issue with the National Authorising Officer of the EDF funds. The Project Manager informed the Nigeria Customs Service of the name and other address details of the Nigerian Authorising Officer of the EDF funds.

37. The Director General of Senegal Customs expressed his interest that WCO assists in the preparation of requests for co-funding for trade-related I.T. infrastructure projects of the

Customs administration of Senegal. However, the Director General did not identify the projects for which co-funding should be requested, and the WCO therefore could not move the issue forward during the duration of the programme.

38. At the request of the Commissioner General of the Kenya Revenue Authority and the Commissioner of the Kenya Customs and Excise Department, the WCO also wrote to the International Monetary Fund and the World Bank, explaining the funding needs of the Kenya Customs and Excise Department for an I.T. project to upgrade the customs clearance process. The IMF replied that it was unable to provide the requested funding. Following the request of the WCO, the World Bank Kenya Country Director held a meeting on the issue with the Commissioner of Kenya Customs. The Commissioner thanked the WCO for facilitating the fruitful meeting. In February 2003, the Commissioner informed the project manager that the Customs clearance modernization project had become part of a larger information technology project (KREISA) encompassing the entire Kenya Revenue Authority. The International Monetary Fund had agreed to assemble a package of funding from donors including the World Bank and the European Commission. The EU funding agreed in 2003 would be part of the new package.

39. In the case of Nigeria, the Customs administration needs to get the task "modernisation of the Nigeria Customs Service" integrated into the country support strategy that the European Commission has agreed with Nigeria in the framework of the 9th European Development Fund (EDF). The Nigeria Customs administration also needs to obtain the formal support from the Government of Nigeria (through the national authorising officer of the EDF funds) to prioritise trade, and trade facilitation in particular, under the European Commission's national indicative development programme. In order to obtain funding for the Customs administration of Tanzania, It is now up to the Tanzania Revenue Authority to raise the matter with the relevant government departments in order to present a formal request to the European Commission. With regard to Senegal, the new Director General needs to identify a modernisation project for which external donor funding can be sought.

40. The WCO informed the WTO of the envisaged technical assistance actions. The WTO offered to assist the WCO with the delivery of the technical assistance, but that did not become necessary.

#### **Sustainability:**

41. The WCO/USAID programme contributed to capacity building within the Customs administrations, and increased the level of understanding within the business community of the obligations and benefits resulting from the implementation of the WTO Valuation Agreement.

#### **Delivery of the technical assistance**

42. The WCO has delivered the following technical assistance that is enumerated in annex B2.

#### WCO documentation

43. The WCO supplied the WCO documentation and WCO training tools (CD-ROM) to the Customs schools of all five countries, as indicated in annex B3.

44. For each workshop and seminar, the WCO supplied appropriate Valuation-related documentation to the participants. Each participant in the workshops received a WCO Certificate. A sample of a WCO Certificate is attached in annex B4. The Project Manager instructed the facilitators to prepare a report on each workshop and to ask each participant to fill in the WCO Course Evaluation Form. The Project Manager analysed the participants' replies to the questions in the form. For each workshop, the WCO sent the Head of Customs a copy of the facilitators' report and of the analysis of the participants' replies to the WCO Course Evaluation Form. This material is voluminous and is therefore not included with the present report. As a result of an addressing error, the WCO Course Evaluation Forms filled in by the participants in two workshops in Kenya were lost in the mail.

#### Audio-visual and I.T. equipment

45. The WCO determined the needs for audio-visual and I.T. equipment of the Customs schools of all five countries and authorised the procurement of the equipment in question. The procurement took place and the WCO paid all the invoices. The project countries agreed not to levy taxes on the equipment supplied within the grant.

46. Only limited quantities of equipment to Customs Headquarters could be funded under the WCO/USAID programme, and there are unfulfilled needs for equipment for new units in Customs Headquarters (e. g. post clearance audit units). Co-funding by the European Commission and, possibly, the International Monetary Fund and the World Bank, should make it possible to achieve significant improvements.

#### Expert missions, training, study visits etc.

47. The WCO organised expert missions, workshops, seminars, study visits, and participation in the WCO Fellowship Programme. Except as described in paragraph 45, all of the events went very well.

48. In May 2003, Customs officers from Lesotho and Tanzania conducted a study visit to South Africa Customs focusing on post clearance audit (action L10 and T11). The participants prepared reports on the study visit. Judging from the two reports, the participants believed that they did not gain much benefit from the study visit, and that the organisation of the study visit was poor. The WCO was concerned that the participants' time and the WCO/USAID programme funds would appear to have been expended without sufficient benefit being obtained. The participants suggested organising a second study visit. The WCO wrote to the Head of Customs of South Africa asking him to indicate what problems were encountered with regard to the preparation of the study visit and during the study visit itself. The WCO felt that before any consideration could be given to a possible return study visit, the inefficiencies and problems of the first visit needed to be identified and dealt with. The Head of Customs of South Africa initiated an inquiry and sent a report to the WCO. The WCO sent a copy of the report to the Heads of the Customs administrations in Lesotho and Tanzania.

49. The Project Manager discussed the issue during the final evaluation missions to Lesotho and Tanzania in October 2003. The two Commissioners of Customs and Excise took note of the report established by the South Africa Customs and agreed to consider the incident as closed. They asked the Project Manager to envisage a second study visit focusing on post clearance audit in Kenya or South Africa. The Kenya Customs administration replied that it did not yet have a functioning post clearance audit programme, but it offered to host a study visit on Valuation issues from 14 – 21 March

2004. The South African Customs Service agreed to host a second study visit from 17 to 31 March 2004. Two Customs officers from Lesotho and two from Tanzania participated in each study visit. The two study visits were very successful.

50. On 11 February 2004, Mr. Yoon LEE chaired a meeting in Washington with two WCO representatives (Mr. Chritides MWANSA, Director, and Mr. Richardt VORK, project manager) with the purpose to discuss achievements/results and further work to do after the successful implementation of the grant components. During the meeting, the USAID representatives suggested that the WCO could prepare a text for inclusion in the USAID's website. The purpose of the text would be to draw the attention of the USAID field offices (notably the Trade Hubs and the National Missions) to the World Customs Organization and its potential to conduct technical assistance to Customs administrations. The WCO sent the text to USAID on 5 April 2004.

## **Evaluation reports and recommendations on future technical assistance programmes**

51. The WCO has prepared two reports for each of the project countries, namely an "Evaluation Mission Report – [Country name]" and a document "Evaluation and Analysis of Outcomes – [Country name]". The WCO has sent these reports to the Customs administrations, asking for their agreement or comments. The Customs administrations of Kenya, Lesotho, Senegal, and Tanzania have agreed to the reports. In an e-mail dated 4 May 2004, the project manager indicated to the Nigeria Customs Service that in the absence of a reply from the Customs Administration by 11 May 2004, the WCO would consider that the Customs Administration agrees with the document, and that the WCO would then send it to USAID and USTR for agreement. The Nigeria Customs Service has not replied, but in accordance with the negative clearance procedure set out in the e-mail dated 4 May 2004, I consider that Nigeria has also agreed to the reports.

52. For each project country, the document "Evaluation and Analysis of Outcomes – [Country name]" contains recommendations on how any future technical assistance program may be structured. In summary, the WCO considers that the WCO/USAID programme constitutes a successful model that should be used for future technical assistance programmes.

\* \* \*

53. Annex B consists of the following :

1. Job description for the project manager (hard copy only).
2. Overview of the technical assistance that the WCO has delivered within the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.
3. Overview of the WCO documentation, WCO training tools (CD-ROM), and audio-visual and information technology equipment supplied to the Customs Schools.
4. Overview of the WCO documentation supplied to the participants in workshops and Valuation seminars for the business community.
5. A sample of a WCO Certificate.
6. Letters (hard copy only) from each of the project countries with their agreement and comments to the "Evaluation Mission Report – [Country name]" and the document "Evaluation and Analysis of Outcomes – [Country name]".
7. List of the Customs experts from WCO Member administrations that have participated in the conduct of the technical assistance events (expert missions, workshops, and seminars).

# WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries

31 March 2004

## Evaluation and Analysis of Outcomes

### Kenya

#### I. Introduction

The evaluation and analysis of outcomes of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan Countries is based on the needs assessment mission conducted from 4 to 6 December 2001, in Nairobi, and on the Needs Analysis and Detailed Work Plan dated 25 March 2002.

#### II. Progress in Kenya

##### Area 1 – Progress relating to legislation

Kenya implemented the WTO Valuation Agreement on 1.1.2000 by means of Clauses 10 and 17 of the Finance Act, 2000. Kenya notified the legislation on 9 January 2002 to the WTO. On the same date, Kenya notified its replies to the "Checklist of Issues". The WTO circulated the notification with doc. G/VAL/N/1/KEN/1 and G/VAL/N/2/KEN/1, both dated 21 January 2002.

On 6-7 May 2002, the WTO Committee on Customs Valuation agreed to conclude the examination of the legislation of Kenya (doc. G/VAL/M/27).

##### Area 2 – Progress relating to training of personnel and the business community

There is consensus between the Kenya Revenue Authority and the Kenya National Chamber of Commerce and Industry (KNCCI) that the training provided within the WCO/USAID programme has had a significant positive impact on the way Customs conducts its business. The Customs officers that have benefited from the training now have a better understanding of the requirements of the WTO Valuation Agreement and how they translate into practice. They are now more confident with the determination of the value under the Agreement.

The Kenya Revenue Authority has expressed its satisfaction with the broad scope of the training, which included Valuation, "train-the-trainers", risk management, and post clearance audit workshops. The training also included expert missions on organisational management, and a study visit focusing on how a developed country (the United Kingdom) has dealt with the challenge of implementing the Agreement. 94 persons, including middle and senior managers, participated in the training conducted within the WCO/USAID programme. Many of these persons participated in more than one training event. Funded by the WCO/USAID programme, the Kenya Revenue Authority hosted a study visit on Valuation issues for two Customs officers from Lesotho and two from Tanzania.

The Kenya Revenue Authority is aware of the need to train staff as part of the transition from pre-shipment inspection towards destination inspection. In this regard, the Kenya Revenue Authority has transferred the responsibility relating to the lodging of Import Declaration Forms from the pre-shipment inspection companies to the Customs Service, together with the

relevant staff and equipment. Furthermore, the Customs Service now conducts all the destination inspections.

Since the start of the WCO/USAID programme and in addition to the various courses conducted within the programme, the Training Institute has conducted Customs courses with Valuation included as one of the subjects. Introductory courses are provided annually to about 40 new Customs officers. Furthermore, in the same period the Training Institute has trained 40 Customs officers from Rwanda and 40 additional officers from Rwanda will be coming shortly. The training Institute will also train Customs officers from Tanzania.

Following the expert missions conducted by experts from the Canada Customs and Revenue Agency, the CCRA sponsored risk assessment and post clearance audit training in Canada of a Customs officer of the Kenya Revenue Authority.

Representatives of the Kenya National Chamber of Commerce and Industry expressed their appreciation of the monthly consultative meetings with the Kenya Revenue Authority. They confirmed that there has been a tangible improvement in the way Customs now operates. The clearance time and the number of Valuation disputes and complaints have diminished considerably. They felt that the top management of the Kenya Revenue Authority showed understanding of the need to modernise and simplify the Customs procedures in order to facilitate trade and investment. They expressed their strong support for improved automation of the Customs Service, using a one-stop approach.

The KNCCI representatives confirmed that the WCO/USAID Valuation seminar conducted in Nairobi for the business community had contributed to importers' increased awareness of their role and associated obligations under the WTO Valuation Agreement. The KNCCI representatives appreciated that the Kenya Revenue Authority makes teachers available for the KNCCI Training Department. In this framework, a workshop on Customs clearance was scheduled for the last week of March 2004 in order to provide education of importers with regard to Customs procedures and the WTO Valuation Agreement.

### Area 3 – Progress regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement

Progress has been or is expected soon to be accomplished in a number of ways :

- The Kenya Revenue authority has adopted a Corporate Plan for the period 2003/4 – 2005/6 which foresees a process of modernisation and automation, including improved communication between headquarters, regional and field offices. Tenders have been approved and the award of the contract is expected to occur in June/July 2004.
- Plans for the introduction of a formal risk management programme will be finalised in the context of the automation of the Customs clearance process.
- A Post Clearance Audit Unit will be established in April 2004.
- An Intelligence Section will be established within the Valuation Unit.
- The ADP support for Customs Valuation control will be upgraded in the context of the automation project. Already, data from daily entries are being collected and processed, and limited Internet access has been made available to Valuation officers.
- The Kenya Revenue Authority has established a 24-hour Complaints and Information Centre (CIC), through which members of the public can forward their complaints, suggestions and issues concerning services offered by the Authority. The CIC is under the Office of the Commissioner General.

- The Commissioner confirmed that the Kenya Revenue Authority would move away from pre-shipment inspection and shift to destination inspection. The current contracts with the pre-shipment inspection companies COTECNA and Bureau Veritas expire on 31 May 2005. From that date, pre-shipment inspection will no longer be used and the Kenya Revenue Authority will rely on destination inspection.
- The Kenya Revenue Authority confirmed that the efficiency of the training delivered by the Training Institute has been enhanced due to the supply of WCO Valuation training tools, manuals and audiovisual/IT equipment, using funds within the WCO/USAID programme.

### **III. Unfinished business**

#### **Area 1 – Outstanding problems relating to legislation**

None.

#### **Area 2 - Outstanding problems relating to the education of the private sector**

- There are outstanding needs for education of the private sector, in particular the informal sector traders.

#### **Area 3 – Outstanding problems regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement**

- The Kenya Revenue Authority has not yet placed the relevant legislation of Kenya (notably Clauses 10 and 17 of the Finance Act, 2000 that implemented the WTO Valuation Agreement) and the "Brief Guide to the Customs Valuation Agreement" on its website for the information of the business community.
- There are outstanding needs for information technology equipment and ADP support for the Valuation Unit, the new Post Clearance Audit Unit, and the Valuation officers.
- Post clearance Audit is not yet operational, although a team has been established at Headquarters level.
- The members of the Administrative Tax Tribunal (representatives from Customs, lawyers, and business) have not yet been appointed. The Commissioner envisaged that they will be appointed before June 2004 and the Tribunal will then become operational. It will provide a quicker and less costly resolution of Valuation disputes, in line with Article 11 of the WTO Valuation Agreement.

### **IV. Overall evaluation of the outcomes of the WCO/USAID programme in Kenya**

Overall, Kenya has achieved clear and measurable progress with regard to the proper implementation in Kenya of the WTO Valuation Agreement within the parameters of the WCO/USAID programme :

- A significant reduction in the clearance time for imported goods (the current aim is clearance within 12 and 48 hours) and in the number of complaints and disputes.

- Progress on facilitation of international trade by :
  - Moving from pre-shipment inspection to destination inspection.
  - Adoption of an ambitious modernisation and automation programme, that will include the setting up a fast track system for approved traders.
  - Establishing and implementing a more professional and focused post clearance audit capability.
  - The Administrative Tax Tribunal to become operational in June 2004.
  - Monthly consultative meetings between the Kenya Revenue Authority and the business community.
  - Establishment of a 24-hour Complaints and Information Centre (CIC), through which members of the public can forward their complaints, suggestions and issues concerning services offered by the Authority.
  
- As described in Section III Unfinished business, some issues remain :
  - There are outstanding needs for education of the private sector, in particular the informal sector traders.
  - There is a need to further improve the Kenya Revenue Authority website in order to include Valuation information for the benefit of the business community.

It is to be emphasised that, due to the use of the pre-shipment inspection service, the situation has not been clear regarding the determination of the Customs value when there is doubt about the truth or accuracy of the declared value of the imported goods. It can be predicted that, after the pre-shipment inspection contracts expire, pressure will build on the Kenya Revenue Authority for it to make quick and sound decisions as there will be an increase in cases where there is doubt about the truth or accuracy of the declared value. Consequently, disputes between the importers and the Kenya Revenue Authority could arise more often. The Kenya Revenue Authority needs to be well prepared so that the situation can be handled properly according to the provisions of the Agreement.

The Kenya Revenue Authority has expressed its gratitude for the assistance provided within the current WCO/USAID programme and requested that a future programme be considered. The Kenya Revenue Authority would like any future programme to include technical assistance regarding the implementation and maintenance of the WTO Valuation Agreement (including risk management and post clearance audit), classification of goods within the WCO's Harmonized System on the classification of goods, automation, and integrity.

## **V. Recommendations**

The WCO recommends :

1. That the work conducted by the Kenya Revenue Authority to implement and work with the WTO Valuation Agreement be acknowledged as positive and progressive.
2. That USAID consider a supplementary technical assistance programme for Kenya in response to the request by the Kenya Revenue Authority for further assistance with the WTO Valuation Agreement and also the Nomenclature established by the Convention on the Harmonized Commodity Description and Coding System ("the Harmonized System"), automation, and integrity.

## **WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries**

### **Evaluation Mission Report Kenya 16 – 19 February 2004**

#### **Member Administration Senior Executive**

Mr. M. G. WAWERU, Commissioner General,  
Kenya Revenue Authority.  
E-mail address : mgwaweru@kra.go.ke

Mr. Francis THURANIRA, Commissioner for Customs & Excise,  
Kenya Revenue Authority, Customs and Excise Department,  
Times Tower, Haile Selassie Avenue, P.O. Box 40160, NAIROBI, Kenya.  
Tel. +254 2 310900.  
Fax +254 2 341217/318204.  
Website : www.revenue.go.ke

#### **Locations of Mission**

Mombasa and Nairobi.  
Kenya Revenue Authority Training  
Institute (the Customs School), and  
Customs House, Mombasa.  
Headquarters of the Kenya Revenue Authority, Customs and Excise Department, Nairobi.

#### **Date of Mission**

The mission was conducted from 16 to 19 February 2004.

#### **Acting Programme Co-ordinator**

Mrs. Ebby KHAGULI, Principal Revenue Officer,  
Kenya Revenue Authority, Customs and Excise Department,  
Same address as above.

#### **Implementation date of the WTO Valuation Agreement**

Kenya started to implement the Agreement on 1 January 2000 at the expiration of the five-year delay period granted to developing countries. Kenya has notified its legislation to the WTO.

#### **Status**

Kenya is an active member of the WCO and a member of the WTO. The United Nations and the WTO recognize Kenya as a developing country. Kenya is a member of the East African Community (EAC), and the Common Market for Eastern and Southern Africa

(COMESA). Kenya benefits from tariff preferences under the Generalized System of Preferences (GSP), the Global System of Preferences between developing Countries, and regional arrangements. Kenya also benefits from the African Growth and Opportunity Act of the USA, and the ACP/EU Cotonou Partnership Agreement signed in June 2000.

### **Objectives of Mission**

1. To determine progress with regard to implementation in Kenya of the WTO Valuation Agreement;
2. To evaluate the outcomes of the actions conducted within the WCO/USAID programme;
3. To verify the location of the WCO documentation, audio-visual equipment, and IT equipment that have been supplied using programme funds;
4. To establish if any future technical assistance programme is necessary.

### **List of persons consulted and of participants**

Annex 1 contains a list of persons consulted during the mission.

### **WCO Representatives**

Mr. LIU Ping, Senior Technical Officer, Valuation Sub-Directorate, and Mr. Richardt VORK – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.

### **Programme**

Annex 2 contains the programme of the mission.

### **Meetings with the Kenya Revenue Authority**

#### **The Commissioner General**

Mr. M. G. WAWERU, Commissioner General of the Kenya Revenue Authority, accompanied by Mr. Francis M. THURANIRA, Commissioner for Customs and Excise, received the WCO representatives. Mr. WAWERU was grateful for the technical assistance, the WCO manuals, and the audio-visual and information technology equipment provided within the WCO/USAID programme. He felt that the Kenya Revenue Authority Customs Department had achieved good progress as a result of the WCO/USAID programme. There is now a need to translate the obtained knowledge into practice, and work remains to be done both with regard to Valuation and in the areas of tariff classification, automation, and integrity.

Mr. WAWERU confirmed that Kenya intends to cease using pre-shipment inspection when the current contract expires in July 2005. The Kenya Bureau of Standards will be responsible for the quality assurance. The Customs Service is actively preparing itself for the challenge of the phasing-out of pre-shipment inspection. The responsibility relating to the lodging of Import Declaration Forms has already been transferred from the pre-shipment inspection companies to the Customs Service, together with the relevant staff and equipment. Furthermore, the Customs Service now conducts all the destination inspections.

The Customs Service has provided post clearance audit training to Customs officers, and Mr. WAWERU agreed with the WCO representatives that it would be important to begin conducting post clearance audits as soon as possible in order to prepare both the Customs officers and the private sector for the situation after the phasing out of the pre-shipment inspections. In this connection, Mr. THURANIRA mentioned that he intended to recruit two supplementary auditors before beginning to conduct post clearance audits in April 2004.

Mr. WAWERU agreed with the WCO representatives that automation of the Kenya Revenue Authority was a burning issue. The current system was getting obsolete in that the software of the current information technology system for Customs clearance was failing and the hardware obsolete to the point that spare parts were difficult to obtain. Among the many benefits expected of the new system, he mentioned electronic transactions in receipt of manifest information, on-line processing of Customs declarations and payment of government revenue, real-time statistics. The WCO representatives suggested that it would be beneficial to incorporate in the new system automated risk management function, generation of a Valuation data base, support for post clearance audit, and links to intelligence-based prevention and investigation.

The Government of Kenya was in full support of automation within the Kenya Revenue Authority and had made available substantial funding. Mr. WAWERU was grateful for the WCO's assistance in March 2003 in obtaining co-funding from the European Commission. The scope of the automation project and the funding issue had evolved since 2003, and the International Monetary Fund was now working on preparing a package of financial support from several donors, including the European Commission and the World Bank, for the development of automation of the Kenya Revenue Authority through a project called KREISA (Kenya Revenue Enterprise Integrated System Architecture).

Mr. WAWERU said that the Government and the executives of the Ministry of Finance and of the Kenya Revenue Authority fully supported the correct implementation of the WTO Valuation Agreement. The Kenya Revenue Authority has adopted a Corporate Plan approach to revenue administration for the financial year 2003/4 – 2005/6 reflected the political will with regard to the correct implementation of the WTO Valuation Agreement. A "Balanced Score Card" was used as a performance measurement strategy at all levels of management (see Annex 3).

Mr. WAWERU was keenly interested in continuing to receive technical assistance in order to cement what had already been achieved, and to improve the performance of the Customs and Excise Department in certain other areas. The Kenya Revenue Authority would write to USAID, asking for a second WCO/USAID programme, notably concerning Valuation (including risk management and post clearance audit), classification of goods, automation, and integrity.

The Commissioner, Senior Executives and Managers of the Customs & Excise Department of the Kenya Revenue Authority

The WCO representatives met with Commissioner Francis THURANIRA, Senior Executives and Managers of the Customs & Excise Customs Department of the Kenya Revenue Authority in Nairobi, Senior Executives and Managers of the Customs & Excise Customs House and the Kenya Revenue Authority Training Institute in Mombasa.

The WCO representatives visited the Long Rooms in Mombasa and Nairobi, and the Training Institute of the Kenya Revenue Authority in Mombasa.

The main points of the discussions were :

- **Impact of the technical Valuation assistance.**  
The Kenyan senior executives and managers expressed their appreciation of the technical assistance relating to the WTO Valuation Agreement. The implementation of the WTO Valuation Agreement in 2000 and the phasing-out in July 2005 of the pre-shipment inspection created an important need for training of officers. The WCO/USAID Valuation training had had a remarkable effect. The Customs officers that have benefited from the training now have a better understanding of the requirements of the WTO Valuation Agreement and how they translate into practice. They are now more confident with the determination of the value under the Agreement (it was claimed that the Transaction Value apply to no less than 90% of imports). The Valuation seminar for the business community conducted within the framework of the WCO/USAID programme had been highly appreciated. The senior executives and managers attached great importance to the two workshops scheduled for March 2004. The themes of the two workshops are "Train the Valuation trainers" and Valuation post clearance audit.

- **Valuation training.**  
Most Customs training takes place in the Training Institute and, in some cases, in Customs Headquarters. Valuation is included as one of the subjects in the curriculum of the normal Customs courses. Introductory Courses are provided annually to about 40 new Customs officers. Furthermore, the Training Institute has trained 40 Customs officers from Rwanda and 40 additional officers will be coming shortly. The Training Institute will also train Customs officers from Tanzania.

In order to increase the capacity of the Training Institute, several staff quarters were being transformed into lodgings for the students. Further student lodgings would become necessary, but funding was a difficulty.

The Kenya Revenue Authority officers underlined the need for more international assistance with regard to training, notably in the areas of Valuation, risk management, post clearance audit, and the Harmonised System. There was need for further education of the economic operators in the area of the WTO Valuation Agreement.

- **WCO manuals and other documentation.**  
Mr. Francis M. THURANIRA, Commissioner, and Mr. J. K. LANGAT, Deputy Principal (the Principal, Mr. Stephen M. A. ANALO, was out of town), Kenya Revenue Authority Institute, Mombasa, said that they found that the WCO manuals and documentation, delivered using the funds of the programme were very useful for Customs training. Two training manuals and two CD-ROM containing the WCO Basic Valuation Training Module were still in Headquarters. The material would be forwarded to the Training Institute.

- **Audio-visual and information technology equipment.**  
The location of the audio-visual and the information technology equipment supplied with programme funds was verified. Two flip chart stands, two mobile screens, one overhead projector, one portable projector, a laptop computer, two personal computers with CD-writers, two printers, a digital video camera, a television, and a video-recorder had been delivered to the Training Institute. The Training Institute's Deputy Principal said that the Training Institute had never been so well equipped, although more equipment would still be needed. Mr. LANGAT provided the WCO representatives with a wish list for more audio-visual equipment. The most pressing need would be for a public address system with microphones and two loudspeakers, for use in a very long classroom.
- **The current Customs clearance process.**  
The current Customs clearance process is still as described in the needs assessment report, comprising such process steps as reception, general control, data input, intensive control, payment control, release and shipping manifest control. However, clearance times have been reduced during the last two years, from many days to between 12 and 48 hours.

The Long Room in Mombasa processes 4,000 declarations per month. There has been a 40 % traffic increase in the last year. A team leader and five Valuation officers verify the declared values, using the data from the pre-shipment inspection companies and/or following destination inspection of the goods, often at the importer's premises. The importers often refuse to let the Valuation officers see the sales contract.

The Long Room in Nairobi has recently been moved to the building where the Headquarters of the Kenya Revenue Authority are located. On the basis of self-assessment by the importer, duties have to be paid before the lodging of an entry.

- **Pre-shipment inspection.**  
The Kenya Revenue Authority uses the services of two pre-shipment inspection companies, COTECNA and Bureau Veritas. The contracts with these companies expire at the end of May 2005. From that date, pre-shipment inspection will no longer be used, and the Kenya Revenue Authority will rely on destination inspection. In order to prepare for the change, Customs officers have been attached to the two companies, and all work, staff, and equipment relating to the handling of Import Declaration Forms have been transferred to the Kenya Revenue Authority. In reply to a question from the WCO representatives regarding the usefulness of IDF after the end of pre-shipment inspection, the Kenya side said that they felt that IDF gives prior warning of intended imports, facilitates targeting, and is useful for statistical prevision of use of foreign currency. The Kenya Revenue Authority collects a fee of 5000 KSh for processing each IDF. However, the Kenya side said that the IDF would be discontinued if it were no longer justified when the pre-shipment inspection ends.

- **Informal sector**  
Some features of the informal sector trade were discussed. It was revealed that, as a common type of practice, goods were purchased and brought in by individual traders in small quantities, without formal documentation, under the control of an intermediary who split the transactions. These small individual importers often do not have permanent addresses. It was suggested that the economic significance of the informal trade in Kenya should first be analysed with a view to developing appropriate control strategies. If it is economically significant, the suggestion was made to treat informal traders as high risk importers through having them registered for Customs control purposes by their income tax pin number and a special tax can be levied on transactions by those who do not comply with the registration requirement.
- **Risk analysis.**  
The current computerised clearance system does not provide support for risk analysis. The verification and the valuation officers conduct the risk analysis manually when they examine the import declarations. The WCO representatives underlined the need for co-operation between the officers in charge of risk management, intelligence, and post clearance audit, ideally in the form of sharing of information in a common data base. The Customs officers were looking forward to the implementation of the Customs reform and modernisation project.

Following the expert mission conducted by experts from the Canada Customs and Revenue Agency, the CCRA has sponsored risk assessment and post clearance audit training in Canada of a Customs officer.

- **Post clearance audit.**  
The Customs Act contains authority for the Customs Service to conduct post clearance audit and to ask the importer and his clearing agent for any documents relating to the imported goods. Until now, the importers and the clearing agents had been reluctant to provide the Customs officers with other information than the invoice, claiming that business contracts and correspondence were protected by privacy. The Kenyan senior executives and managers agreed that meaningful post clearance audit would require using the full powers of the law to obtain all the relevant information.

In order to prepare for the phasing-out of pre-shipment inspection, the Kenya Revenue Authority has trained a team of 6 Customs officers in post clearance audit with a view to starting post clearance audit work in Nairobi. The aim is to train a total of 27 officers in post clearance audit, and to recruit one or two professional auditors. The WCO representatives suggested that it is important to use the time available before the end of pre-shipment inspection to gain experience with post clearance audit, and to accustom the private sector to post clearance audit.

- **Modernisation of the Customs clearance process.**  
The Kenya Revenue Authority has decided to call for tenders towards a large automation project called KREISA. The project will include automation of the Customs Service. The new automation system will include functionalities resulting in improved access to and sharing of data collected via the system, improved risk

management, and will enable the Valuation officers to obtain Internet access for price referencing for use as a risk management tool. On this occasion, the Kenya Revenue Authority expects to obtain supplementary information technology equipment and network access. The overall result of the introduction of the new system will be a significant improvement to the Customs clearance process and the ADP support for Customs Valuation.

- **Co-funding from the European Commission for the introduction of a new computerised Customs clearance system.**  
In March/June 2003, the European Commission expressed its willingness to provide co-funding for the introduction of a new computerised Customs clearance system. Since then, the Customs clearance project had become part of a larger information technology project (KREISA) encompassing the entire Kenya Revenue Authority. As a result, the International Monetary Fund was assembling a package of funding from donors including the World Bank and the European Commission. The EU funding agreed in 2003 would be part of the new package.
- **Progress with regard to the new computerised Customs clearance system.**  
The Kenya Revenue Authority has started a prequalification tendering process in September 2003. The University of Nairobi completed the evaluation of the bids on 24 December 2004. The Board of the Kenya Revenue Authority has invited five bidders to submit their proposals. The development of the new information technology systems will be supervised by a Steering Committee for Information and Communication Technology, chaired by the Commissioner General and with all Commissioners being members. Each Commissioner chairs a departmental sub-steering committee. The Kenya Revenue Authority expects that it can award the project contract in June/July 2004. The project is expected to be implemented during a period of four years.
- **Trade facilitation through improved risk management.**  
The Kenya Revenue Authority is aware of the cost in time and money of the physical inspection and intends to reduce the number. In order to accelerate Customs clearance, the Kenya Revenue Authority will introduce post clearance audit in Kenya, and an "approved importer" scheme will be open to high-level compliant traders.
- **Agreements on Mutual Administrative Assistance.**  
Kenya has no agreements on mutual administrative assistance. There is frequent informal co-operation with the Customs Services of the other EAC countries, notably Tanzania.
- **Administrative Tax Tribunal.**  
Kenya has established an Administrative Tax Tribunal. The Tribunal is not yet operational. Commissioner THURANIRA said that the members of the Tribunal (representatives from Customs, lawyers, and business) would be appointed before June 2004, and the Tribunal will then become operational. The Tribunal will make it possible to resolve disputes involving Customs (and the tax authorities) more speedily and with less costs than the ordinary Courts could do. Until now, no appeal case had occurred that could be submitted to the Administrative Tax Tribunal.

- Relations between the business community and the Kenya Revenue Authority. A consultative forum has been established where the Kenya Revenue Authority discuss issues with the private sector in monthly meetings.

The Kenya Revenue Authority has issued booklets and brochures explaining the Customs procedures and the WTO Valuation Agreement. The Senior Executives and Managers agreed that the Kenya Revenue Authority's website should be used for providing information to the public on Customs rules and procedures, including with regard to the WTO Valuation Agreement<sup>1</sup>.

- Integrity of officers. The Kenya Revenue Authority attaches high importance to the integrity of its officers, and operates a zero tolerance policy in case of corruption.

#### **Meeting with the Kenya National Chamber of Commerce and Industry.**

The WCO representatives met with Mr. Agayo S. OGAMBI, Manager, Kenya Trade Point, and Mr. John MATHEKA, Senior Trade Officer. The KNCCI side expressed their appreciation of the support provided within the WCO/USAID programme and confirmed that there has been tangible improvements in the way Customs now conducts its business. The clearance time (the current aim is clearance within 4 days) and the number of disputes have diminished considerably.

Mr. OGAMBI confirmed that the regular consultative meetings with the Kenya Revenue Authority function well. The KNCCI side was content that the top management of the Kenya Revenue Authority showed understanding of the need to modernise and simplify the Customs procedures in order to facilitate trade and investment. They expressed their strong support for improved automation of the Customs Service, using a one-stop approach. The opening of the possibility for on-line transactions between Customs and importers could have a significant impact on the progress of computerisation of private companies throughout Kenya.

They confirmed the business community's support for abandoning pre-shipment inspection in favour of destination inspection. They expressed concern with regard to standards of quality. Mrs. GIKONYO explained that the Kenya Bureau of Standards would take responsibility for the quality assurance of imported goods, and that certificates issued by foreign authorities would be recognised.

They also felt that the Kenya Revenue Authority should introduce a scheme for approved traders; to that end the Kenya Revenue Authority needed to know its customers better. They agreed that it would be necessary to introduce post clearance audit as part of a facilitation package.

The KNCCI side said that there was a need for better education of importers with regard to Customs procedures and the WTO Valuation Agreement. Many importers did not know enough of what needs to be declared. This was particularly the case of informal traders.

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<sup>1</sup> On 20 January 2004, the Project Manager sent an electronic version of the "Brief Guide to the Customs Valuation Agreement" to the Kenya Revenue Authority, Department of Customs and Excise, with a view to its inclusion in the website and its use by the Training Institute.

The website of the Kenya Revenue Authority should be improved, and Customs should issue more booklets and news bulletins regarding Customs procedures.

The KNCCI had a training department, and the Kenya Revenue Authority made teachers available. Mrs. GIKONYO confirmed that the Kenya Revenue Authority is prepared to continue with this, and offered to arrange a workshop on Customs clearance; the workshop could take place in the last week of March 2004. This offer was accepted by the KNCCI.

#### **Meeting with USAID Regional Economic Development Service, Office of East and Southern Africa, Nairobi**

The WCO representatives explained the progress achieved within the current WCO/USAID Valuation technical assistance programme. Good progress had been achieved, but there was a need to consolidate the results, and to transform the knowledge gained into practice. The Customs and Excise Department had expressed its request for an additional programme, focusing on Valuation, but also including tariff classification, automation, Customs procedures, and integrity. Mrs. Ebby KHAGULI expressed the Kenya Revenue Authority's warm appreciation of the WCO/USAID programme. She explained that the Kenya Revenue Authority is in the process of modernisation and automation, and that further technical assistance was urgently required in the area of trade facilitation.

Mr. Greg HOWELL, Regional Private Sector Advisor, explained that as part of a five year project, the USAID has established three regional offices in Nairobi, Accra, and Gaborone. The project covers food security and trade development, including capacity building, investment, telecommunications, and in-bond transit. Each regional office is responsible for determining programs within its geographical area. The regional USAID office in Nairobi has committed all its regional funds, either to work with COMESA or through the award of a four-year contract to the company Bearing Point, USA. The contract contains an element of Customs assistance, and Bearing Point employs a Customs expert (though not necessarily an expert on Customs Valuation). The main focus is on the facilitation of transport and trade through the development of the Northern Corridor from Mombasa to the North East Congo.

The USAID offices in Kenya, Nigeria, Senegal, and Tanzania do not currently have a trade programme, but that could change in six months time. The national offices might obtain a budget that could fund technical assistance to the Customs and Excise Departments. Mr. Howell suggested that the Kenya Revenue Authority address a letter to him outlining the needs for Customs technical assistance. Mr. Howell undertook to examine the request, to inform the USAID Kenya office of it, and to organise a meeting between USAID and the Kenya Revenue Authority. The situation would be the same for technical assistance to the Tanzania Revenue Authority. The Customs authorities in Nigeria and Senegal might consider addressing their request to their USAID delegation. Mr. HOWELL said that the contact person in USAID Washington is Mr. Ryan Washburn (e-mail address : [rwashburn@usaid.gov](mailto:rwashburn@usaid.gov)).

The USAID representatives said that it would be for the regional management to decide whether a future program would be part of the regional hub's activities. Bearing Point has a work plan, but Customs Valuation is not a priority within that plan. However, they underlined that there is close co-operation between the regional and the national USAID offices.

### **Evaluation of the general results of the mission**

The objectives of the mission were successfully completed. The meetings in Mombasa and Nairobi enabled the WCO representatives to form an opinion on the progress of implementation in Kenya of the WTO Valuation Agreement and on the outcomes of the actions conducted within the WCO/USAID programme.

As stated in the document "Evaluation and Analysis of Outcomes", the Kenya Revenue Authority has benefitted positively from the WCO/USAID programme and continues to work towards achieving all of its obligations under the WTO Valuation Agreement.

### **Recommendation**

1. That this report be noted.

Forwarded 16 March 2004.



LIU Ping  
Senior Technical Officer



Richardt Vork,  
Project Manager

### **Annexes:**

1. List of persons encountered during the mission.
2. Programme of mission.
3. "Balanced Score Card".



**Customs and Excise Department**  
**Balanced Score card**  
**For Business Plan 2003 / 4 – 2005 / 6**



**Presentation by A. H. Mwaruwa**  
**Assistant Commissioner**  
**Research and Corporate Planning**



## C & E D BSC FOR BUSINESS PLAN 2003/04-2005/06

**PERSPECTIVE 1:  
STRATEGIC OBJECTIVE**

**FINANCIAL (TO EXCEED TARGET)**

**1.1 (A): BROADENING THE TAX BASE**

**(B): NEW BUSINESS**

**1.2: IMPROVE VOLUNTARY COMPLIANCE**

**1.3: IMPROVE FINANCIAL MANAGEMENT**

**1.4: IMPROVE STATUS OF ASSESSMENT/ AUDIT**

**AND INTRODUCE RISK ASSESSMENT TECHNIQUES**

**PERSPECTIVE 2:  
STRATEGIC OBJECTIVE**

**INTERNAL PROCESSES (TO IMPROVE ON EFFICIENCY)**

**2.1: IMPROVE DEBT AND ARREARS MANAGEMENT**

**2.2: EXEMPTIONS MANGEMENT**

**2.3.1: ENHANCE THE EFFECTIVENESS OF EXCISE AND  
HYDROCARBONS CONTROL**

**2.3.2: ENHANCE THE EFFECTIVENESS OF TRANSIT MONITORING**

**2.3.3: BUSINESS PROCESS IMPROVEMENT**

**2.3.4: SURVEILLANCE OF MUB'S, EPZ'S, AND TREQ.**

**2.4: ENHANCE THE EFFECTIVENESS OF VALUATION**

**2.5: ENHANCE THE EFFECTIVENESS OF PREVENTIVE SERVICES**

**2.6.1: COMPUTERIZATION IMPLEMENTATION OF "QUICK WINS"  
UNDER KREISA**

**2.6.2: IMPLEMENTATION OF KREISA**

**PERSPECTIVE 3:  
STRATEGIC OBJECTIVE**

**CUSTOMER (FOR QUALITY SERVICE DELIVERY)**

**3.1: DEVELOPMENT AND IMPLEMENTATION OF SIMPLIFIED COMPLIANCE PROCEDURES**

**3.2: DEVELOPMENT AND IMPLEMENTATION OF SIMPLIFIED COMPLIANCE  
PROCEDURES**

**3.3: IMPLEMENTATION OF EFFECTIVE QUEUE MANGEMENT/PAPERLESS  
OFFICE**

**PERSPECTIVE 4:  
STRATEGIC OBJECTIVE**

**PEOPLE (FOR STAFF MOTIVATION)**

**4.1: REVITALIZATION OF HUMAN RESOURCES INITIATIVES**

**4.2: DEVELOPMENTAL COMMUNICATION STRATEGY**

**PERSPECTIVE 5:  
STRATEGIC OBJECTIVE**

**INTEGRITY ASSURANCE (TO CHECK ON CORRUPTION)**

**5.1: REDUCE TAX EVASION AND DETER CORRUPTION**



**PERSPECTIVE 1: FINANCIAL - (TO EXCEED TARGET)**

**Strategic Objective**

**1.1 (a): Broadening the tax base Initiatives**

- Improve administration of **Excise** section.
- Introduce **E-recruitment** and avail relevant forms on the website.
- Conduct business process review by examining the different stages/forms with a view of simplifying them.
- Introduce **EDI** and **Direct Trader Input** concepts.
- Create a mobile enforcement team/unit.
- Introduce a taxpayer recruitment policy.
- Develop and implement a Taxpayer recruitment policy.
- Propose Introduction of Excise duty on luxurious articles and other services, e.g. **casino/gambling**.
- Propose Introduction of **Cruise ship passenger service charge** on agency basis.
- Enhance interdepartmental sharing of Taxpayers client data.
- Develop formal mechanisms for sharing information
- Develop a formal Taxpayer education program.



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Targets:

Increase the number of existing taxpayers by four per annum.

Shorten the recruitment period from five days currently to one day.

Documentation of Taxpayer recruitment policy.

Come up with two articles per annum.

Monthly Exchange of information.

Creation of Taxpayers Education office.

Budget: Kshs. 30 m.

Accountability: Commissioner; Excise, MIS, HR, Accounts PR.

## **Strategic Objective 1.1 (b): *New Business.***

### **Initiatives:-**

- Restructuring the Customs Laboratory.
  - Purchase modern and appropriate Laboratory equipment.
  - Recruit qualified personnel.
  - Explore possibility of joint venture/partnership with established laboratory fee (e.g. government chemist).
- Establish a consultancy office to sell consultancy and Customs training services:
  - Draw up Customs related curricular programmes.
  - Advertise the services.

### **Targets**

- Achieve an approved policy on selling consultancy services.
- Establishment of a consultancy office.

**Budget:** Kshs. 35 m. **Accountability:** Commissioner, Chief Chemist, SAC Prog., SAC Rev., HR.





## Strategic Objective 1.2: Improve Voluntary Compliance

### Initiatives

- Propose **reduction of duty rates on cigarettes, finished items.**
    - Draw up a proposal to Treasury on the reduction of duty rates.
  - Simplify clearance, registration and documentation.
    - Conduct business process review by examining the different stages/forms within Customs with a view to simplifying them and implement recommendations.
    - Introduce **electronic** lodgment and processing of documents.
  - Introduce easy to read **handbooks/pamphlets** for both officers and taxpayers on Customs procedures.
  - Improve accessibility to information through the website.
  - Host C & E Act on the web by 2004.
    - Establish **an office for maintaining and updating of WCO and CED websites.**
  - Propose separation of **arrival and departure** passengers at all international airports, to ensure that **duty free goods are accessible only to outgoing passengers.**
    - To recommend to the Kenya Airports Authority to undertake the separation.
- Enforce that arriving passengers do not buy duty-free goods.



### Targets:

- Increased voluntary compliance by 5%.
- Reduced cost of collection of Excise duties by 5%.
- Completion of a report on simplified procedures and documentation for clearance of goods and lodgment of entries.
- **Three** handbooks to be prepared per year on per sector basis.
- Achievement of compliance with law on duty-free shopping.
- Carry out **four** audits per year.
- Position Paper submitted to KAA on ideal duty-free shopping arrangement.

**Budget:** Kshs. 30 m in the plan period. **Accountability:** Commissioner,  
Regional Heads, Excise,

Finance, MIS, PR, HR



### Strategic objective 1-3: Improve Financial Management

#### Initiatives:

- Maintain /restrict operating cost at current levels.
- Develop a detailed budget based on activities.
- Improvement of expenditure approval and budgetary control process in the Department.
- Communication of approved budget to all sections.
  - -Cost allocation formulae to be set before commencement of year **one** of the plan period and reviewed regularly.
  - -Identify and Implement suitable **software**, which will link all the cost centers
  - -Network cost centers by installation of **WAN** and **LAN**.

#### Targets:

- Maintain cost of collection to match prescribed rates.
- Ensure full, frequent **reconciliation** of **collections** with **receipts** and **bankings**.
- Conclude programme for **direct** payment of duties to **banks**.
- Improve **receipting** systems to **eliminate** possible cases of **fraud**.

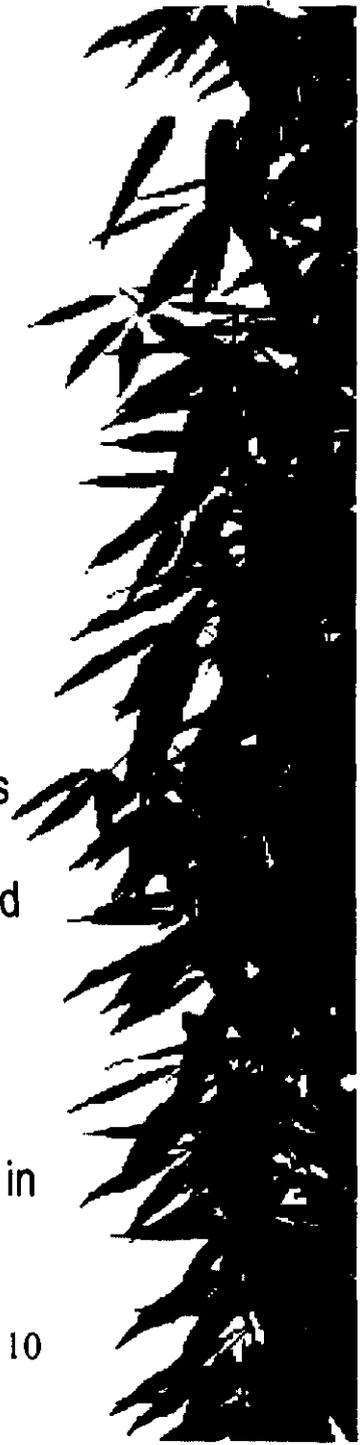
Budget: Kshs.10 m. Accountability: Commissioner, **AFC**, **MIS Manager**.



**Strategic objective 1.4: Improve Status of Assessment/Audit and Introduce Risk Assessment Techniques**

**Initiatives:-**

- Establish **Post Clearance Audit office** to capture taxpayers whose compliance is high.
  - Train relevant officers and redeploy.
- Conduct **quarterly audits and reconciliation of security bonds and activities** within these facilities.
  - Enhance **audits** and bond **reconciliation**.
  - Streamline operations.
- Re-introduce an inspectorate/compliance **verification** team to review forms and procedures.
  - Establish an inspectorate / compliance verification team to review forms and procedures.
  - Carry out **periodic evaluation** of the **effectiveness** of inspectorate.
- Develop standardized, clear **working manuals**.
  - Drafting, printing and publishing manuals.
- **Effective use** of the **RILO** office – proper communication and coordination in the region is lacking.
  - Demystify RILO/ **create awareness** of the **services** rendered by the RILO office.





**Targets:**

- **Creation of a Post Importation Audit unit.**
- **Conduct four audits per region per annum.**
- **Revise and update at least two chapters of the Departmental Instructions per year.**
- **Entrench the Department position regionally and internationally in gathering and dissemination of information.**

**Budget Kshs. 50 m. Accountability: Commissioner, SAC Prog., PR, MIS, Valuation,**

**RILO, SAC Rev., and Regional Heads.**



## **PERSPECTIVE 2: INTERNAL PROCESSES (TO IMPROVE ON EFFICIENCY)**

### **Strategic Objective 2.1: Improve Debt and Arrears Management .**

#### **Initiatives:-**

- Formally, **constitute a debt analysis and categorization** unit.
- Establish a central debt management office with branches in the regions.
- Develop and implement a debt management policy and explore possibility of **write-off** of uncollectible debt.
- Conduct a comprehensive review of current debt / arrears portfolio.

#### **Targets:-**

- Office to be established in first **six** months.
- Strive to reduce the **age** of debt to **seven** years in **medium** term with a view to reducing it **further** to **three** years in the **long** term.
- Expected to increase revenue by **5%** of the debt stock **per annum**.
- Reduce debt stock by **20%**.
- Irrecoverable debts to be presented for **write-off** to the Board.

**Budget:** See Item 1.4. **Accountability:** Commissioner, SAC Rev & Regional Hds.



## **Strategic Objective 2.2: Exemptions Management**

### **Initiative**

- Carry out a comprehensive review of the **Third Schedule** of the C & E Act, Cap .472.
- Draw up a proposal to Treasury with a view of reducing the items in the Third Schedule.
- Review the existing processes.
- Identify and implement suitable software for **tracking** exemptions/remissions.
- Develop and implement a clear policy and procedures on waivers, exemptions and remissions.

### **Target:**

- Eliminate possibility of **use/abuse** of exemptions by **unqualified** persons.

**Budget:** See *Item 1.4*. **Accountability:** Commissioner, **SAC Rev**, and **MIS**.



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### **Strategic Objective 2.3.1: Enhance the Effectiveness of Excise and Hydrocarbons Control.**

#### **Initiatives:**

##### **Petroleum Dumping**

- Establish an office at Headquarters to handle Excise and Hydrocarbons.
  - Draw up operational procedures and structure of the office.
- Review best practices in bio coding from existing legislation.
- Develop capacity to carry out dipping, calibration of rail wagon tankers, and audits.
- Introduce vessel tracking (Reuters) and increased use of primary loading documents.
- Restrict bunkering to pipeline only.
  - Enforce the rendering of fuel bunkering services with KPA and Oil marketers.
- Review modes of transportation of petroleum products regularly.
  - Initiate a joint study with all relevant stakeholders.

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**Targets:**

- Expected to increase revenue by Kshs. **1 billion** in the plan period as follows:
  - Year 1 Kshs. **200 m**
  - Year 2 Kshs. **300 m**
  - Year 3 Kshs. **500 m**

**Budget:** Kshs. **10 m** over the plan period. *(See also item 2.3.2)*

**Accountability:** Commissioner,

**Ag.SAC Oil, Regional  
Heads.**





## **Strategic objective 2.3.2: Enhance the Effectiveness of Transit Monitoring.**

### **Initiatives**

Transit goods.

- Introduce electronic cargo tracking system.
  - Evaluate different systems available in the market.
  - Recommend the preferred system.
- Re- activate radio communication systems mounted on TMU vehicles.
  - Request the Communication Commission of Kenya and the Kenya Police to allocate the use of radio frequency.
  - Identify and train officers on use of the radio communication.
- Enhance interregional intelligence sharing (information is exchanged on ad-hoc basis).
  - Formalize exchange of information.
  - Draw up MOU's with neighbouring Revenue Authorities.
  - Strengthen dialogue with neighbouring Revenue Authorities.



### Targets

- Expected to increase revenue by Kshs. **500 million** in the plan period as follows:
  - Year 1 Kshs. **100 million**
  - Year 2 Kshs. **150 million**
  - Year 3 Kshs. **250 million**

### Budget:

- Kshs **60 million** in the plan period as follows: Year 1: Kshs. **30 m.**, Year 2: Kshs. **20 m.**, Year 3: Kshs. **10 m.**

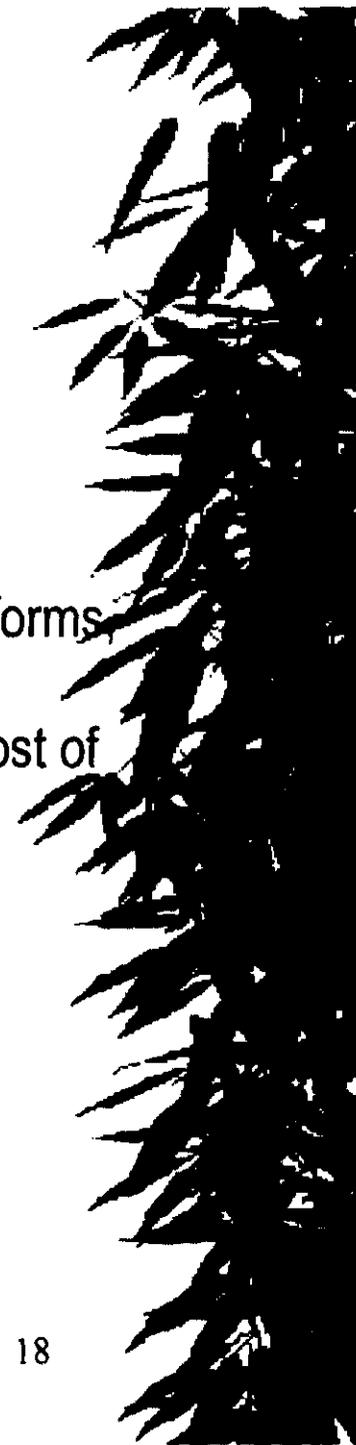
Accountability: Commissioner; **Ag.SAC TMU**, Regional Heads.



**Strategic objective: 2.3.3: Business Process Improvement.**

**Initiatives: Bonded warehouses**

- **Automate** Bonded Warehouse processes.
  - Conduct business process review by examining the different stages/forms, receipts, register within customs with a view to simplifying them.
  - Check on benefits of warehousing for regional market vis-à-vis the cost of multiple handling.
  - **Acquire** a suitable system for bonded warehouse.
  - Streamline operation.





**Targets**

- To have in place an approved tracking system by end of 2003/04 financial year.

**Budget:** Cost borne by operators. (Also, see costs under MIS item 2.6.2.).

**Accountability:** Commissioner, MIS, and Regional Heads.



### Strategic objective 2:3:4: MUB's, EPZ's, and TREO.

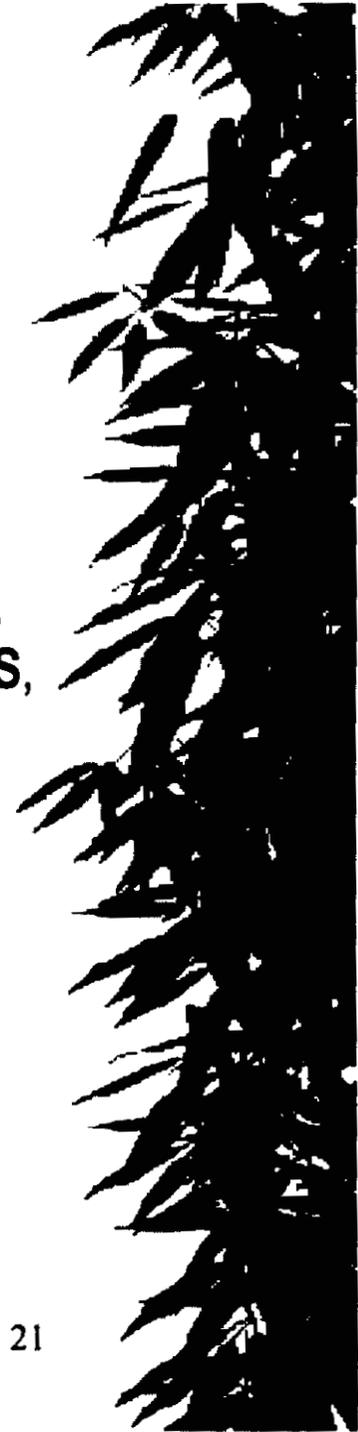
#### Initiatives:

- Explore possibility of merging the functions of MUB's and EPZ's in terms of the **surveillance tools**.
  - Undertake a comprehensive review of the MUB's and EPZ's with a view to merging the functions by looking critically at distinctive features.
- Propose harmonization of all statuses that may contain provisions conflicting the C & E Act, and regulations.
  - Draw up a proposal to the relevant Authorities (e.g. EPZA, Treasury, etc).
  - Streamline operations.
  - Enhance audits and bond reconciliations.



**Targets:** The review to be completed within the **first quarter** of year 1.  
**Budget:** Cost borne by operators. **Accountability** Commissioner, MIS,  
**Programmes, Regional**

Heads, SAC Hqs.





**Strategic Objective 2:4. Enhance the Effectiveness of Valuation.**

**Initiatives: Valuation.**

- Review the structure of Valuation Branch in line with additional functions that will arise from the phasing out of the PSI companies. *DONE*
- Take full advantage of WCO technical assistance.
- Establish the approved Valuation Branch structure.
- Replace PSI systems with CRMS.
- Constitute a committee to work out the modalities of building capacity in selectivity, targeting and database building.
- Identify and attach officers to PSI companies to oversee completion of wind down programs for PSI's.
- Develop capacity to access external database (e.g. Database(s) of other Customs Authorities).
- Enhance Valuation database.
- Build Valuation database from both entries and PSI data.
- Provide E-mail/Internet facility to allow accessibility to values.





**Targets:**

- Achieve an approved national Valuation structure.
- Valuation Handbooks.
- Phase-out PSI functions by end of June 2005.

**Budget:** Kshs.10 m.

**Accountability:** Commissioner, **AC Valuation**, MIS Manager, and HRM.



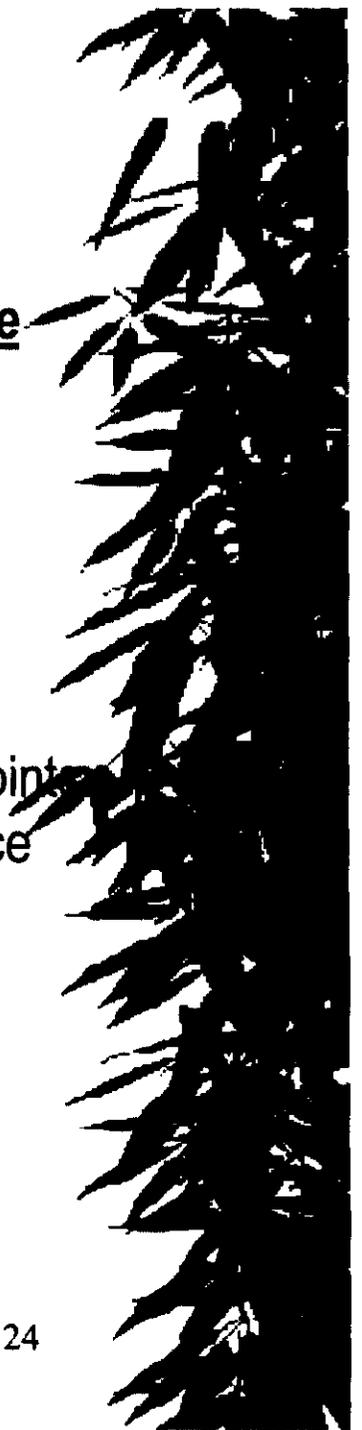


**Strategic Objective: 2.5: Enhance the Effectiveness of the Preventive Services.**

**Initiatives:**

- Review the structure of the Customs Preventive Services.
  - Restructure the Customs Preventive Services.
  - Recruit and train competent Preventive officers.
  - Publicize seizures and interdictions.
- Introduce a **dog section** in CPS for drug trafficking control at entry points.
- Increase border posts in line with the current trade patterns to enhance security.
  - Appoint and gazette more entry points.
  - Request for technical assistance from the WCO.

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**Targets:**

- Increased **capacity** in **combating drug trafficking** and **illegal conveyance of weapons and ammunition.**
- Enhance internal security.
- Elimination of drug trafficking, contraband etc.
- Improved corporate image.
- Improved national image.
- Complete the structuring of the CPS within the **first year** of the plan.
- Raise interceptions of traffickers of drugs and precursor substances both incoming and outgoing.
- Introduction of export profiling.

**Budget:** Cost of hiring technical experts and specialists and acquiring specialized equipment/ tools.

**Accountability:** Commissioner.



**Strategic Objective 2.6.1: Computerization Implementation of "Quick Wins" under KREISA.**

**Initiatives:**

- Conduct a survey on usage of computer facilities.
- Conduct a survey on computer literacy.
- Acquire adequate hardware and software.
  - Facilitate the acquisition of laptops by staff through loan schemes.
  - Intensify use of IT based solutions in decision making.
- Relocation of the Customs Laboratory and Longroom to Times Tower.
- **Acquire and implement the use of scanners.**
- Set LAN and WAN to facilitate connectivity through internet\intranet.
  - Review the existing telecommunications infrastructure with a view to ensuring compatibility.
  - Enable stakeholders to access information and services using the Internet, telecommunication networks.
  - Implement the use of audit and computer based control procedures for bonded warehouses, Oil installations, Excise manufacturers, Transit monitoring, MUB's, EPZ's, and TREO.
  - Work out modalities of transition, forwarder, disconnection, installation, and testing the system at Times Tower; data migration, and giving notices to staff and stakeholders.
- Provide accurate and timely statistics.
  - Recruit qualified statistical staff.
  - Equip the statistical section with proper tools.
  - Decentralize data processing activities.
  - Sensitize stakeholders and staff on the importance of external trade statistics.
  - Enable stakeholders gain access to services and information including external trade data, etc.





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**Targets:**

- Increased computer to staff ratio from 1:5 to 1:4, 1:3 and to 1:2 during the plan period.
- Targeting to increase collection by Kshs **1.5 billion** in the plan period as follows: **Year 1: Kshs. 300 m, Year 2: Kshs.450 m, Year 3: Kshs 750 m.**
- Level of verification to increase from 5-10% to 30-40%.
- **Acquisition of the scanner.**
- 100% LAN and WAN coverage for computerized stations.
- Installation of Internet based technologies for electronic lodgment of documents and payment of duty/taxes through appropriate banks.
- Attain reduced compliance costs and reduced administrative costs by both KRA and the taxpayer.
- Increased level of audit trails for payment and release of goods.
- To relocate North Region, MIS, Statistics and Laboratory by December 2003 from Forodha House to Times Tower building.
- To reduce the time lag in provision of external trade data (**Real time data capture**).

**Budget:**

- Kshs.16 million p.a. (*Also refer to item 2.6.2*).
- (Kshs. 800 million for acquisition of scanners: **Cost to be borne by Treasury**).

**Accountability:** Commissioner, **MIS Manager**, and HR.



### **Strategic objective 2.6.2: Implementation of KREISA**

#### **Initiatives**

- Develop and implement a Customs replacement system that allows for integration with other KRA and other relevant stakeholder systems.
    - Carry out a detailed review of the current Customs ( *Boffin* ) system.
    - Identify suitable software for the replacement system.
    - To identify a project manager for Customs and Excise Department Information Technology reform.
  - To implement community based systems.
    - Involve the relevant stakeholders to partner in the development of the new Customs system.
    - Work out modalities to interface community based system with the Customs replacement system.
  - Create systems with audit trails.
    - Review existing processes and make changes as necessary.
    - Acquire systems with audit trail facility.
    - Carry out profiling, Risk targeting, Intelligence gathering and surveillance of goods, traders, agents, and manifests.
  - Automate MUB, EPZ and TREO processes.
    - Electronic receipt of goods into bonded facilities / free zones.
    - Electronic book keeping.
- Introduce and implement Tradenet.



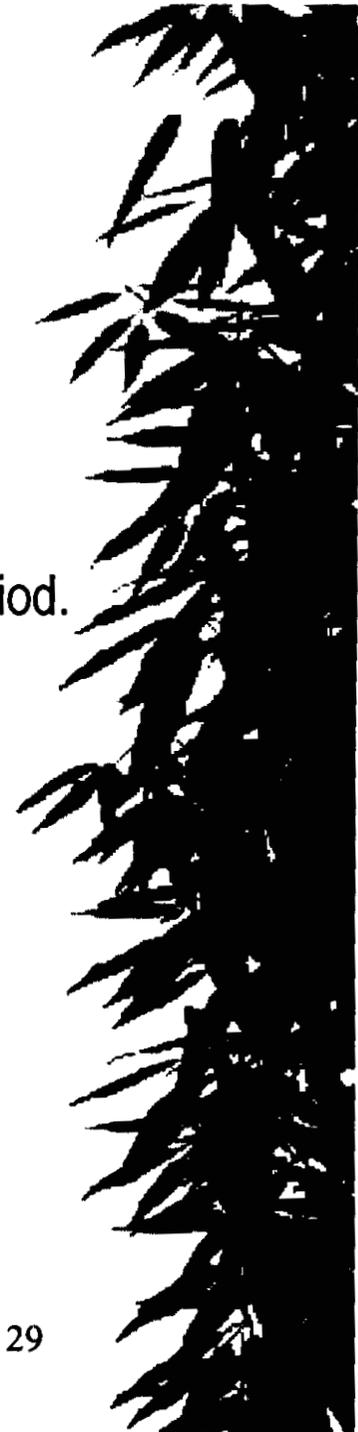


### **Targets**

- To implement the new replacement system by the end of the plan period.
- Tradenet.
- Relocate Longroom to Times Tower.

**Budget:** Kshs 960 million.

**Accountability:** Commissioner, **MIS Manager**, and HR.





### **PERSPECTIVE: 3: CUSTOMER (FOR QUALITY SERVICE DELIVERY)**

#### **Strategic objective 3.1: Development and Implementation of Simplified Compliance Procedures**

##### **Initiatives:**

- Enhance joint Taxpayers' seminars with a bias focusing on Associations such as KIFWA, KAM, KMI, etc.
- Put in place a system of analyzing and using information from suggestion boxes in all Customs areas.
  - Ensure prompt address of complaints/ suggestions.

**Targets:** - Hold one joint seminar quarterly.

**Budget:** See item 3.2..

**Accountability:**-Commissioner, PR, Regional Heads.



**Strategic objective 3.2: .Development and Implementation of Simplified Compliance Procedures**

**Initiatives**

- Simplify forms (e.g. Single Entry Document) and procedures.
- Automate the revised procedures by ensuring online, manifest, risk analysis, lodgment of entries, checking of entries, direct payment of duties / taxes via EFT, Valuation confirmation, and release of goods.
  - Review and simplify all forms, returns, and entries.
  - Avail all Customs forms, returns, and entries, together with transaction/checklist requirements on the Website.
  - Avail all publications and forms at Customs Information center.
  - Fast track processing of entries for large taxpayers within the **first** and **second** years.
  - Introduce information Billboards /Notice boards at all Customs stations.
  - Introduce electronic flipchart at International airports.

**Targets:** - Number of forms simplified- **two** per annum.

**Budget :** - Kshs **50 million** **Accountability:** : Commissioner, **MIS, SAC Prog., PRM, HRM.**



**Strategic Objective 3.3: Implementation of Effective Queue Management/ Paperless Office.**

**Initiatives:**

- Implement a **queue** management system.
  - Install a **public address** system in the Long rooms.
  - Introduce **movement badges**.
  - Introduce **electronic display** system in the Long rooms.
  - Introduce an **express line** for payments above Kshs. **2 million**.
  - Introduce a **chute/ conveyor** system for document delivery.
- Review modalities to outsource functions (e.g. Gross Payment Account, Excise, Licenses, Customs warehouse rent, and penalties and fines).
  - Initiate negotiation with banks with a view of direct payment by taxpayers to the bank.
  - Appoint designated banks.
  - Enter into some contractual agreement with the banks.

**Targets:** - Reduce the queues in Customs premises by **70%**.

**Budget:** - Kshs. **30 million**.

**Accountability:** Commissioner, **AFC**, PR, MIS Manager.



## **PERSPECTIVE 4: PEOPLE: (FOR STAFF MOTIVATION)**

### **Strategic Objective 4.1: Revitalization of Human Resources.**

#### **Initiatives: -**

- Review Departmental organizational structure/staff establishment.
  - Establish a review committee.
- Retrain officers in bonded warehousing procedures.
  - Develop/design a tailored training program for warehousing procedures.
- Implement continuous professional staff development.
  - Carry out conversion courses.
  - Preparation of annual training programme.
  - Formulate career paths.
  - Use of internal trainers.

**Targets:** Achieve an approved establishment and structure within one year

**Budget:** Cost to be determined.

**Accountability:** Commissioner, HR.





## **Strategic objective 4.2: Departmental Communication Strategy**

### **Initiatives:-**

- Develop and Implement a clear and concise departmental communication strategy and implementation plan.
- Rationalize mailing processes and create departmental mailing offices.
- Effective coordination and **tracking** of communication.
- Effective communication systems to enable proper dissemination of **Alert notices**.
- Develop a clear internal communication policy.
- Establish a central communication desk.
- Install **LAN** and **WAN**.

**Targets:** -Achieve **100%** awareness for all communication.

**Budget:-** Refer to item 2.6.2 **Accountability:-** Commissioner, HR



## PERSPECTIVE 5: INTEGRITY ASSUARANCE (TO CHECK ON CORRUPTION)

### Strategic Objective 5.1: Reduce Tax Evasion and Deter Corruption

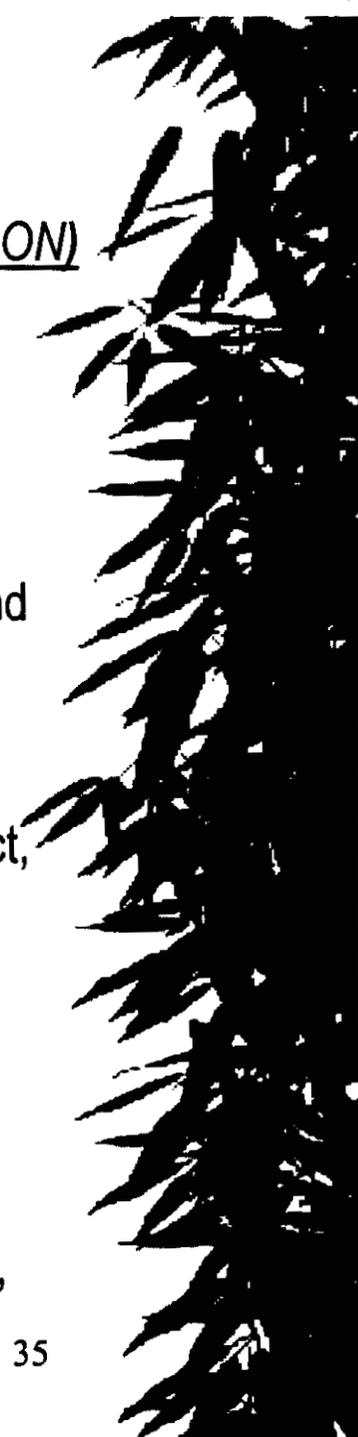
#### Initiatives:

- Appointing Integrity Assurance officers.
- Setting up Corruption Preventative Offices.
  - Uphold high ethical standards by adopting zero tolerance on corruption and fraud.
  - Reduce human interaction between officers and members of the public by automation.
  - Implement fully the provisions of Anti-Corruption and Economic Crimes Act, and the Public Officers Ethics Act.
  - Discourage the use of discretionary powers on fines, rents, penalties and waivers.

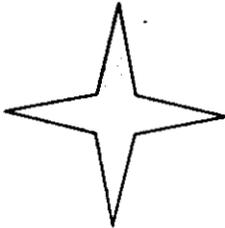
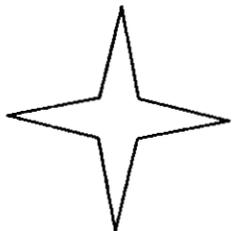
#### Targets:

- Achieve **single digit rating** in various Integrity watchdog institutions.
- Use the Global Forum reports for self-appraisal.

Budget:-Refer to item 4.1. **Accountability:** Commissioner, Regional Heads, HR.



**Thank you for listening.**



# **WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries**

21 January 2004

## **Evaluation and Analysis of Outcomes**

### **Lesotho**

#### **I. Introduction**

The evaluation and analysis of outcomes of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan Countries is based on the needs assessment mission conducted from 19 to 21 February 2002, in Maseru, and on the Needs Analysis and Detailed Work Plan dated 25 March 2002.

In 2003, the Lesotho Revenue Authority became operational. The former Customs and Excise Service has become a Department within the Lesotho Revenue Authority.

#### **II. Progress in Lesotho**

##### Area 1 – Progress relating to legislation

The Customs and Excise Act 1982 (Act No 10 of 1982) and the Customs and Excise Regulations 1984 constitute the legal basis for Lesotho's implementation of the WTO Valuation agreement. These legal texts were adopted in order to implement the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade. Lesotho notified its new legislation to GATT. Lesotho has not yet notified the WTO of the status of that notification. However, WTO doc. G/VAL/W/24/Rev. 1 of 12 March 1999 contains the following summary of Lesotho's response to a request for information made by the WTO Committee on Customs Valuation:

Quote

- Lesotho is now implementing the Agreement on Customs Valuation.
- WCO programme for the implementation is in place.
- We need technical assistance in training and computer software/hardware.
- A computer expert would be more preferable.

Unquote

In 2003, Lesotho introduced value added tax (VAT). The Customs Service collects VAT on imported goods based on the C.I.F. value for duty purposes, plus duty and excise duty.

In October 2003, a Bill regarding the establishment of a Revenue Appeals Tribunal was due for presentation to Cabinet seeking Cabinet approval of the policy underlying the legislation. Following Cabinet approval the Bill would be forwarded to the Office of Parliamentary Counsel for drafting in preparation of the parliamentary process..

## Area 2 – Progress relating to training of personnel and the business community

The year 2003 has been a year of transition from the former separate Tax and Customs Departments to the Lesotho Revenue Authority.

The WCO has noted the following progress :

- **Change and modernisation of the Customs and Excise Department.**  
The establishment in 2002/2003 of the Lesotho Revenue Authority has resulted in a climate of positive change and modernisation of the Customs and Excise Department. The Lesotho Chamber of Commerce (LCC) has confirmed that the creation of the Lesotho Revenue Authority has had positive effects. In the view of the LCC, the Lesotho Revenue Authority has a management team of high quality and competence, with a good understanding of the importance for the national economy of the efficiency of the Lesotho Revenue Authority. The LCC appreciates the programmes relating to the modernisation of Customs and is satisfied with the efficient functioning of the consultative process. The way Customs operates has improved significantly. Customs clearance times have decreased, and the manufacturers are satisfied with the speed of the Customs clearance, but still consider that more can be done.
- **Better qualified personnel.**  
Of the staff in the former Customs service, the Lesotho Revenue Authority retained only persons that (1) possessed a minimum standard of formal education, (2) who had an impeccable record of integrity, and (3) who showed a satisfactory performance at an interview. In October 2003, because of this decisive effort, ninety percent of Lesotho Revenue Authority staff was new. The application of the rigorous selection criteria resulted in a level of competence of the Lesotho Revenue Authority's staff that is higher than in the former Customs Service.
- **Increased competence and improved understanding of the WTO Valuation Agreement.**  
The Lesotho Revenue Authority management has noted the increased competence obtained through the training provided within the WCO/USAID programme. 63 Customs officers participated in one or several of the training courses organised within the WCO/USAID programme. The Lesotho Revenue Authority retained 32 of these officers, the majority of them having attended more than one training course.
- **2004 Training Programme includes Valuation training.**  
The Lesotho Revenue Authority Training Institute's 2004 training programme includes Valuation training. The Training Institute was not able to conduct Valuation training courses of its own in 2003 because the Lesotho Revenue Authority was in a transition period during the whole of 2003. This will move forward in 2004.
- **Less integrity problems.**  
The Commissioner General considers that problems of integrity within Customs have largely been overcome. Integrity training is a high priority for the Lesotho Revenue Authority, and the Commissioner General has asked the WCO for assistance in this regard.

- Improved relations between the business community and the Lesotho Revenue Authority.  
The desire of the Lesotho Revenue Authority to improve and maintain good relations with the business community has manifested itself in several ways :
  - Creation of a "Customer Care Front Desk" in Headquarters to provide guidance and help to the business community and the private sector.
  - Creation of a well-functioning consultative process involving the business community.
  - Creation of a Centralised Publication Office whose remit is to issue guidance and technical assistance materials for the business community and the private sector. This will be of particular importance when the Lesotho Revenue Authority introduces computerised Customs clearance procedures in 2004.
  - Operation of an education program for the licensed Customs Clearance Agents.
  - The representatives of the Lesotho Chamber of Commerce confirmed an increased awareness of importers' role and associated obligations under the WTO Valuation Agreement following a Valuation seminar conducted in Maseru for the business community as part of the WCO/USAID programme.
  - Education of importers and improved access to information technology in rural areas.  
The Lesotho Chamber of Commerce has decided to contribute to the education of importers, and to provide all the Lesotho Chamber of Commerce's district offices with a package comprising a personal computer, a printer, a fax, and Internet access; the district offices will make this equipment accessible to LCC members. Many companies have already embraced the use of information technology, but others need to modernise their administrative systems.
- Introduction of Value Added Tax.  
The Commissioner General and the Lesotho Chamber of Commerce agree that the introduction of Value Added Tax has reduced distortion of competition and acts as a motivator for compliance. Some companies however still need to adjust to the requirements of compliance and record keeping.

Area 3 – Progress regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement

The Lesotho Revenue Authority became operational in 2003, and immediately began a process of modernisation. Progress has been or is expected soon to be accomplished in a number of ways :

- The Lesotho Revenue Authority management has confirmed that it is determined to ensure the correct implementation of the WTO Valuation Agreement. The senior management is aware of the need to appoint and train Valuation officers, and in due course to establish a Central Valuation Unit.

- The Lesotho Revenue Authority management has confirmed that it wants to facilitate trade and accelerate the Customs clearance process for compliant importers through recourse to risk management and the development of post clearance audit programmes.
- Information technology has been introduced in Headquarters where an intranet is in operation, and is being introduced in the Customs Houses. The Customs and Excise Department will introduce the ASYCUDA++ computerised Customs clearance system in 2004. The ASYCUDA++ package contains functionalities resulting in improved access to and sharing of data collected via the system, improved risk management, and enables Valuation officers to obtain Internet access for price referencing for use as a risk management tool. The overall result of the introduction of ASYCUDA++ will be a significant improvement of the Customs clearance process and of the ADP support for Customs Valuation.
- Improved co-operation between the Customs, VAT and Direct Taxation Departments. In October 2003, the Customs Service introduced a policy of informing the Lesotho Revenue Authority VAT and Direct Taxation Departments of suspected fraud cases concerning imports.
- Improved efficiency of the Training Institute.  
The Lesotho Revenue Authority has confirmed that the efficiency of the training delivered by the Training Institute has been enhanced because of the supply of WCO Valuation training manuals and audiovisual/IT equipment, using funds within the WCO/USAID programme. The Lesotho Revenue Authority Training Institute has established an ASYCUDA++ training room. The training room is equipped with about 20 personal computers connected to a network.
- Revenue Appeals Tribunal.  
A Bill regarding the establishment of a Revenue Appeals Tribunal has been prepared. Following Cabinet approval the Bill will be forwarded to the Office of Parliamentary Counsel for drafting in preparation of the parliamentary process. When the Revenue Appeals Tribunal has been established, it will provide a quicker and less costly resolution of Valuation disputes, in line with Article 11 of the WTO Valuation Agreement.

### **III. Unfinished business**

#### **Area 1 – Outstanding problems relating to legislation**

- There is a need to ensure that the legislation take account of the adoption of the WTO Valuation Agreement.
- Lesotho has not yet notified the status of its GATT notification of its legislation to the WTO.
- Lesotho has not yet notified its reply to the WTO "Checklist of Issues".

It should be noted that Lesotho is a member of the South African Customs Union. In order to assist the Lesotho Revenue Authority with formulating the notification, the WCO has provided copies of the notifications of Kenya and South Africa, and a blank copy of the WTO "Checklist of Issues".

- The Cabinet has been asked to approve the underlying policy, but Lesotho has not yet adopted a law establishing a Revenue Appeals Tribunal.

#### Area 2 – Outstanding problems relating to training of personnel and the business community

- The management of the Lesotho Revenue Authority needs to provide Valuation training, including post clearance audit and risk management training, to additional Customs officers. In particular, the management of the Lesotho Revenue Authority needs to train and appoint Valuation officers.
- The Training Institute expects that it could be difficult to find trainers within the Lesotho Revenue Authority that are qualified to conduct training in post clearance audit and risk management. This indicates that there is a need for training of additional staff in order to qualify them to conduct training courses on post clearance audit and risk management.

#### Area 3 – Outstanding problems regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement

- The Lesotho Revenue Authority has not yet placed the legislation concerning the implementation of the WTO Valuation Agreement and other relevant Valuation material, e. g. the "Brief Guide to the Customs Valuation Agreement", on its website for the information of the business community.
- There are unfulfilled needs for information technology equipment to a future Post Clearance Audit Unit and to a future Central Valuation Unit.
- Customs officers in the Customs Houses should have easier access to legislation, regulations, and manuals. One way of achieving this could be by making the texts available on the intranet.

#### **IV. Overall evaluation of the outcomes of the WCO/USAID programme in Lesotho**

Overall, Lesotho is on the road towards achieving clear and measurable progress with regard to the proper implementation in Lesotho of the WTO Valuation Agreement. The creation of the Lesotho Revenue Authority is undoubtedly the main factor in the change process. The progress has been supported by the training, WCO documentation, and the audio-visual and information technology equipment provided within the WCO/USAID programme. The WCO is confident that the positive climate of change will continue in 2004.

The Lesotho Revenue Authority and the Lesotho Chamber of Commerce and Industry have confirmed that there has been a significant reduction in clearance time of imported goods.

Furthermore, the Lesotho Revenue Authority is moving towards facilitation of international trade by introducing the ASYCUDA++ computerised Customs clearance system in 2004 that will be supported by a fast track system for approved traders. A more professional and focused risk management and post clearance audit capability will also be introduced.

Lesotho has not yet established its Revenue Appeals Tribunal. However, a Bill is currently moving through the legislative process.

While there is a well functioning consultative process between the business community and the Lesotho Revenue Authority in place, further initiatives will augment a closer working relationship.

There remain some outstanding issues as described in section III. Unfinished business.

The Lesotho Revenue Authority expects to be able to cover the unfulfilled needs for information technology equipment to the Post Clearance Audit Unit and a future Central Valuation Unit in the context of the introduction of the ASYCUDA++ computerised Customs clearance system in 2004. With the assistance of the WCO, the LRA has obtained co-funding for this purpose from the European Commission.

The Lesotho Revenue Authority expressed its gratitude for the assistance provided within the current WCO/USAID programme and requested that a future programme be considered. The Lesotho Revenue Authority would like any future programme to include technical assistance regarding the implementation and maintenance of the WTO Valuation Agreement, the WCO's Harmonized System on the classification of goods, and integrity training.

#### **V. Recommendations**

The WCO recommends :

1. That the work conducted by the Lesotho Revenue Authority to modernise the Customs Service and to implement and work with the WTO Valuation Agreement be acknowledged as positive and progressive.
2. That USAID consider a supplementary technical assistance programme for Lesotho in response to the request by the Lesotho Revenue Authority for further assistance with the WTO Valuation Agreement and also the Nomenclature established by the Convention on the Harmonized Commodity Description and Coding System ("the Harmonized System"). Integrity training should be included in such a programme.

**WCO/USAID Valuation Technical Assistance Programme  
to Sub-Saharan countries**

**Evaluation Mission Report  
Lesotho 29 – 31 October 2003**

**Member Administration Senior Executive**

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Fax +266 2232 3295  
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Lesotho Revenue Authority, Department of Customs and Excise,  
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Tel. +266 2231 4408  
Fax +266 2232 3296  
E-mail address : [t.khasipe@lra.org.ls](mailto:t.khasipe@lra.org.ls)

Mr. Retselisitsoe MOTSOENENG, Acting Commissioner, Assistant Commissioner, Excise  
Production and Export Control,  
Lesotho Revenue Authority, Department of Customs and Excise,  
Same address as above.  
Tel. +266 5221 5137  
Fax +266 2231 0390  
E-mail address : [r.motsoeneng@lra.org.ls](mailto:r.motsoeneng@lra.org.ls)

**Location of Mission**

Maseru.  
Lesotho Revenue Authority Headquarters, Training Institute, Customs Offices (Maseru  
Bridge and State Warehouse), Office of the President of the Lesotho Chamber of  
Commerce and Industry, and the Embassy of the U.S.A. Co-ordinator:

**Date of Mission**

The mission was conducted from 29 to 31 October 2003.

## **Programme Co-ordinator**

Mrs. Limpho DEBESHE, Senior Customs Officer,  
Tel. +266 5221 5025  
Fax +266 2232 3295  
E-mail address : [l.debeshe@ira.org.ls](mailto:l.debeshe@ira.org.ls)

## **Implementation date of the WTO Valuation Agreement**

In 1983 /1984, Lesotho amended its Customs and Excise Act 1982 (Act No 10 of 1982) in order to implement the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade. In 1984, Lesotho adopted the Customs and Excise Regulations 1984<sup>1</sup>. Until the entry into force of these changes, Lesotho determined "the value for fiscal and customs purposes of any imported goods" as "the normal price thereof" (Chapter IX, Section 67 of the C&E Act 1982). Lesotho notified its new legislation to GATT; cf. the documents mentioned in footnote 1. According to WTO doc. G/VAL/M/14 of 22 June 2000, Lesotho had not yet notified the WTO of the status of that notification. However, WTO doc. G/VAL/W/24/Rev. 1 of 12 March 1999 contains the following summary of Lesotho's response to a request for information made by the WTO Committee on Customs Valuation:

Quote

- Lesotho is now implementing the Agreement on Customs Valuation.
- WCO programme for the implementation is in place.
- We need technical assistance in training and computer software/hardware.
- A computer expert would be more preferable.

Unquote

## **Status**

Lesotho is an active member of the WCO and a member of the WTO. The United Nations and the WTO recognize Lesotho as a least developed country. Lesotho is a member of the South African Customs Union (SACU) and the South African Development Community (SADC). Lesotho benefits from tariff preferences as the Generalized System of Preferences (GSP), and the Global System of Preferences between developing Countries. Lesotho also benefits from the African Growth and Opportunity Act of the USA, and the ACP/EU Cotonou Partnership Agreement signed in June 2000.

## **Objectives of Mission**

1. To determine progress with regard to implementation in Lesotho of the WTO Valuation Agreement;
2. To evaluate the outcomes of the actions conducted within the WCO/USAID programme;
3. To verify the presence of the WCO documentation that has been supplied using programme funds;
4. To verify progress with regard to procurement of audio-visual and information technology equipment for the Training Institute using programme funds.
5. To establish if any future technical assistance programme is necessary.

<sup>1</sup> Legal Notice No. 126 of 1984, published as Supplement No. 3 to Gazette No. 8 of 25<sup>th</sup> January 1985.

### **List of persons consulted**

Annex 1 contains a list of persons consulted during the mission.

### **WCO Representatives**

Ms. Lee DEEGAN, Senior Technical Officer, Valuation Sub-Directorate, and Mr. Richardt VORK – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.

### **Programme**

Annex 2 contains the programme of the mission.

### **Meetings with the Lesotho Revenue Authority**

#### The Commissioner General

Mr. Kevin DONOVAN received the WCO representatives. He was grateful for the technical assistance provided within the WCO/USAID programme and for the WCO's assistance in obtaining co-funding from the European Commission for the introduction of the ASYCUDA++ computerised Customs clearance system.

Mr. DONOVAN explained the profound staff changes that had taken place within the Customs Service because of the establishment of the Lesotho Revenue Authority. Ninety percent of staff was new. Of the staff in the former Customs Service, the Lesotho Revenue Authority had retained only persons that possessed a minimum standard of formal education, had an impeccable record of integrity, and were selected for employment based on their performance at an interview. Because of this decisive effort, Mr. Donovan expressed the view that the level of competence of the Lesotho Revenue Authority's staff was higher than in the former Customs service, and problems of integrity within Customs had largely been overcome. Mr. DONOVAN considered that integrity training was a high priority for the Lesotho Revenue Authority.

Mr. DONOVAN said that the European Commission had agreed to provide 300,000 € for the introduction of the ASYCUDA++ computerised Customs clearance system that was near implementation. The Lesotho Revenue Authority intended to introduce a charge on importers for the ASYCUDA++ service.

The Lesotho Revenue Authority did not yet have Valuation specialists or a Central Valuation Unit. A comprehensive formal risk management and post clearance audit programme was about to be introduced. In order to increase the level of compliance by importers, the Lesotho Revenue Authority intended to introduce electronic seals.

Mr. DONOVAN was interested in obtaining technical assistance within any future WCO/USAID programme, notably with regard to integrity training, Valuation (including risk management and post clearance audit), and classification of goods. Mr. DONOVAN would write to the Secretary General of the WCO and ask for assistance in these areas.

Mr. DONOVAN was aware of the benefits that delegates may gain from participation in WCO meetings. The Lesotho Revenue Authority could afford to participate in some of the future WCO meetings.

Senior Managers of the Customs & Excise Department of the Lesotho Revenue Authority  
On 29 October 2003, the WCO representatives met Mr. Retselisitsoe MOTSOENENG, Acting Commissioner (Commissioner Thabo KHASIPE was out of town). On 30 October 2003, the WCO representatives met senior managers of the Customs Department of the Lesotho Revenue Authority. The WCO representatives also visited two Customs Houses in Maseru (Maseru Bridge and State Warehouse), and the Training Institute of the Lesotho Revenue Authority. The main points of the discussions were :

- **Legislation relating to Valuation.**  
In 1986, Lesotho notified the WTO of its legislation regarding the implementation of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade. Following the adoption of the WTO Valuation Agreement, Lesotho had not yet notified the WTO of the status of that notification or of its reply to the WTO<sup>2</sup> "Checklist of Issues". The Legal Officer of the Lesotho Revenue Authority legislation was aware of the notification requirement and of the need to ensure that the legislation take account of the adoption of the WTO Valuation Agreement.
- **South African Customs Union.**  
The relative importance of Customs duties must be expected to diminish in line with the reductions of the rates of duty in the external tariff of the South African Customs Union.
- **Modernisation of the Customs Service.**  
The Lesotho Revenue Authority became operational in 2003. Mr. MOTSOENENG provided a copy of the organizational structure of the Lesotho Customs and Excise Department (Annex 3). Modernisation of the Customs Service is well under way. Information technology has been introduced in Headquarters where an intranet is in operation, and is being introduced in the Customs Houses. The management is determined to ensure the correct implementation of the WTO Valuation Agreement and is also aware of the need to establish a Central Valuation Unit and to appoint and train Valuation officers. The Lesotho Revenue Authority has initiated the process in this regard. The management is planning to facilitate trade and accelerate the Customs clearance process for compliant importers through the recourse to risk management and the development of a post clearance audit programme.
- **Modernisation of the Customs clearance process.**  
The Customs clearance process is still manual as described in the needs assessment report. The Lesotho Revenue Authority will introduce the ASYCUDA++ computerised Customs clearance system in 2004. The ASYCUDA++ package contains functionalities resulting in improved access to and sharing of data collected via the system, improved risk management, and enables Valuation officers to obtain Internet access for price referencing for use as a risk

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<sup>2</sup> On 12 November 2003, the project manager provided a copy of Kenya and South Africa's notifications to the WTO of their legislation regarding the implementation of the WTO Valuation agreement.

management tool. An ASYCUDA++ training room has been established in the Training Institute. The training room is equipped with about 20 personal computers connected to a network.

- **Post clearance audit.**  
An embryonic Post Clearance Audit Section (a verification team composed of six officers) exists at the State Warehouse for ensuring compliance with the requirements of the African Growth and Opportunity Act of the USA. In that framework, the verification team has conducted risk profiling and has identified manufacturers/exporters for post clearance audit control. These companies import the bulk of their materials from Asia and reexport the goods after processing. The verification team conducts the visits without prior notice to the selected companies but has not yet visited other importers/traders. Further training with regard to risk management and post clearance audit remains necessary. The managers expressed their interest in participation in a further study visit focusing on post clearance audit as requested by the Commissioner of Customs and Excise of Tanzania.
- **Value added tax.**  
In 2003, Lesotho introduced value added tax (VAT). The Customs Service collects VAT on imported goods, whereas a separate VAT Department of the Lesotho Revenue Authority is responsible for the collection of VAT on transactions within Lesotho. The VAT is collected based on the C.I.F. value plus customs duty and excise tax. The introduction of VAT has increased the need for Customs officers with Valuation knowledge. The Lesotho Revenue Authority has found that VAT acts as a motivator for compliance. In October 2003, the Customs Service introduced a policy of informing the Lesotho Revenue Authority VAT and Direct Taxation Departments of suspected fraud cases concerning imports.
- **Penalty regime.**  
The penalty regime remains based on the C&E Act 1982 Chapter XI as described in the needs assessment mission report.
- **Collection of statistics.**  
The Lesotho Revenue Authority still collects statistics manually as described in the needs assessment report. The Lesotho Revenue Authority is aware of the need to improve the collection of statistics. The collection of statistics will be improved significantly when the ASYCUDA++ computerised Customs clearance system becomes operational in 2004.
- **Revenue Appeals Tribunal.**  
A Bill regarding the establishment of a Revenue Appeals Tribunal has been prepared. Following Cabinet approval, the Bill will be forwarded to the Office of Parliamentary Counsel for drafting in preparation of the parliamentary process.

- **Customs clearance agents.**  
The recourse to a Customs clearance agent is obligatory. The Customs clearance agents must obtain a licence from the Lesotho Revenue Authority. The Lesotho Revenue Authority grants the licence following an interview to ascertain the competence of the clearance agent. The Lesotho Revenue Authority reviews the licence after 3 months. Currently there are eight licensed Customs clearance agents. The Lesotho Revenue Authority operates an education program for the Customs clearance agents and has established a consultative process with importers and Customs clearance agents.
- **Relations between the business community and the Lesotho Revenue Authority.**  
The Lesotho Revenue Authority endeavours to provide guidance and to assist the private sector to resolve Valuation (and other) problems/queries. The Lesotho Revenue Authority has established a "Customer Care Front Desk" in Headquarters, and a Centralised Publication Office that issues guidance and technical assistance materials for the private sector. The Authority is building a database with historical and import data regarding importers.
- **Valuation training.**  
63 Customs officers participated in one or several of the training courses organised within the WCO/USAID programme. The Lesotho Revenue Authority retained 32 of these officers (the majority of them having attended more than one training course) for service. The management is aware of the need to train Valuation trainers and to provide Valuation training and Valuation investigation training to additional Customs officers.
- **WCO manuals and other documentation.**  
Mr. MOTSOENENG said that the WCO manuals delivered using the funds of the programme are very useful for Customs training and for the Customs offices. However, the Customs offices need additional copies of the manuals. Mr. MOTSOENENG therefore requested the supply of 30 supplementary sets of the Valuation Compendium and the Valuation Control Handbook, as well as the required number of the amending supplement N° 4 to the sets of the Valuation Compendium already supplied. Mr. MOTSOENENG was provided with two CD-ROMs containing the WCO Basic Valuation Training Module. The CD-ROMs are destined for the Training Institute.
- **Audio-visual and information technology equipment.**  
The WCO had authorised the Lesotho Revenue Authority to place orders for audio-visual and information technology equipment for the Training Institute. Mr. MOTSOENENG said that the procurement process was in progress but had not yet been concluded.
- **Requested technical assistance.**  
The managers were appreciative of the technical assistance relating to the WTO Valuation Agreement. Because ninety percent of the Lesotho Revenue Authority's senior managers and staff are new, training, including training of the Valuation trainers, remains a high priority.

- The senior managers had prepared a list of requested technical assistance, as follows :
  1. Valuation training.
  2. Risk analysis.
  3. Investigations & intelligence training.
  4. Guidance on enforcement of international property rights.
  5. Orientation programme – spectrum of WCO technical assistance.
  6. Physical equipment.
  7. Integrity training.
  8. Harmonized System (Tariff) training.

### **Meeting with the Lesotho Chamber of Commerce**

The WCO representatives met Mr. Simon K. PHAFANE, Deputy President, and Mr. Thuso N. THOKORA, Executive Secretary of the Lesotho Chamber of Commerce (LCC). The LCC has 400 members divided in three groups : banks, employers' associations, and ordinary members. The LCC is currently working on an enlargement of its membership with several large companies and other organisations. The LCC is involved in the development of a concept for codification of business rules. The stages foreseen are (1) collection of the applicable rules, (2) study of whether the impact of the rules is facilitative to the starting of new businesses, (3) discussions in a working group, and (4) creation of a web site where the information will be accessible to the business community and to the government.

Mr. PHAFANE confirmed that the creation of the Lesotho Revenue Authority has had positive effects. He felt that the Lesotho Revenue Authority had appointed a management team of high quality and competence, with a good understanding of the importance for the national economy of the efficiency of the Lesotho Revenue Authority. The LCC appreciates the programmes relating to the modernisation of Customs and is content with the good functioning of the consultative process. A National working group composed of representatives from the National Bank, the Statistical Office, Customs, the Ministry of Trade and Industry, and the LCC has been established. He expected that improvement of the collection of statistics will be one of the results of the introduction of the ASYCUDA++ computerised Customs clearance system in 2004.

The LCC representatives stated that the way Customs operated has improved significantly. Customs clearance times have decreased, and the manufacturers were satisfied with the time reduction. Mr. PHAFANE did not doubt that more could be done. He was looking forward to the introduction of fast-track clearance for compliant importers.

The introduction of value added tax has reduced distortion of competition, although some companies may need time to adjust to the requirements of compliance and record keeping. Many companies already have embraced the use of information technology, but others will need to modernise their administrative systems. The LCC will contribute to the education of the importers, and will provide to all the LCC's district offices, a package comprising a personal computer, a printer, a fax, and Internet access. The district offices will make this equipment accessible to LCC members.

The LCC representatives stated that importers complained that they did not get sufficient information from the Customs clearance agents.

### **Meeting with the Deputy Chief of Mission, Embassy of U.S.A.**

The WCO representatives met Mr. Karl P. ALBRECHT, Deputy Chief of Mission, and Mrs. Moroesi AKHIONBARE, Economic Commercial Assistant, Embassy of U.S.A. The WCO representatives explained the technical assistance actions that have been conducted within the programme, and the positive developments in Lesotho with regard to the functioning of the Customs Service, in particular with regard to the implementation of the WTO Valuation Agreement.

Mr. ALBRECHT was grateful for the briefing. He agreed that the establishment of the Lesotho Revenue Authority has resulted in significant improvement of the Customs Service. He considered that the Lesotho Revenue Authority has adopted an approach aimed at supporting international trade, and cited a recent case where the Lesotho Revenue Authority sought the Embassy's co-operation in order to solve a potential problem relating to the AGOA's origin rules. He expected the rate of progress to continue as the Lesotho Revenue Authority continues the modernisation of its procedures and introduces computerised Customs clearance.

### **Evaluation of the general results of the mission**

The objectives of the mission were successfully completed. The meetings in Maseru as well as the field visits enabled the WCO representatives to form an opinion on the progress of implementation in Lesotho of the WTO Valuation Agreement and on the outcomes of the actions conducted within the WCO/USAID programme.

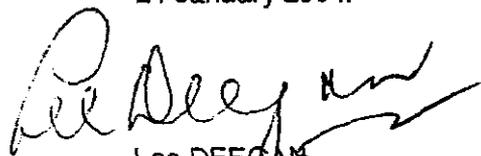
As stated in the document "Evaluation and Analysis of Outcomes", the Lesotho Revenue Authority has benefitted positively from the WCO/USAID programme and continues to work towards achieving all of its obligations under the WTO Valuation Agreement.

### **Recommendation**

1. That this report be noted.

Forwarded.

21 January 2004.



Lee DEEGAN  
Senior Technical Officer



Richardt Vork,  
Project Manager

Annexes:

1. List of persons consulted during the mission.
2. Programme of mission.
3. Organizational structure of the Lesotho Customs and Excise Department.

List of persons.

Lesotho Revenue Authority

Kevin DONOVAN, Commissioner General.

Retselisitsoe MOTSOENENG, Acting Commissioner, Assistant Commissioner, Excise Production and Export Control.

Matlali MOHALE (Mrs.), Assistant Commissioner, Audit & Risk Analysis.

Motlatsi MALOPE, Assistant Commissioner, Investigations & Intelligence, Border Control.

Nelson MONEYMANE, Human Resources Director.

Ima MAHASE, Human Resources Development Manager.

Lebohang RAMONE, Manager, Maseru Border Post.

Mosinoa MOHLANOU, Manager, Excise, Tariff and Valuation.

Embassy of the United States of America, Maseru, Lesotho

Karl P. ALBRECHT, Deputy Chief of Mission.

Moroesi AKHIONBARE, Economic/Commercial Assistant.

Lesotho Chamber of Commerce and Industry

Simon K. PHAFANE, Deputy President.

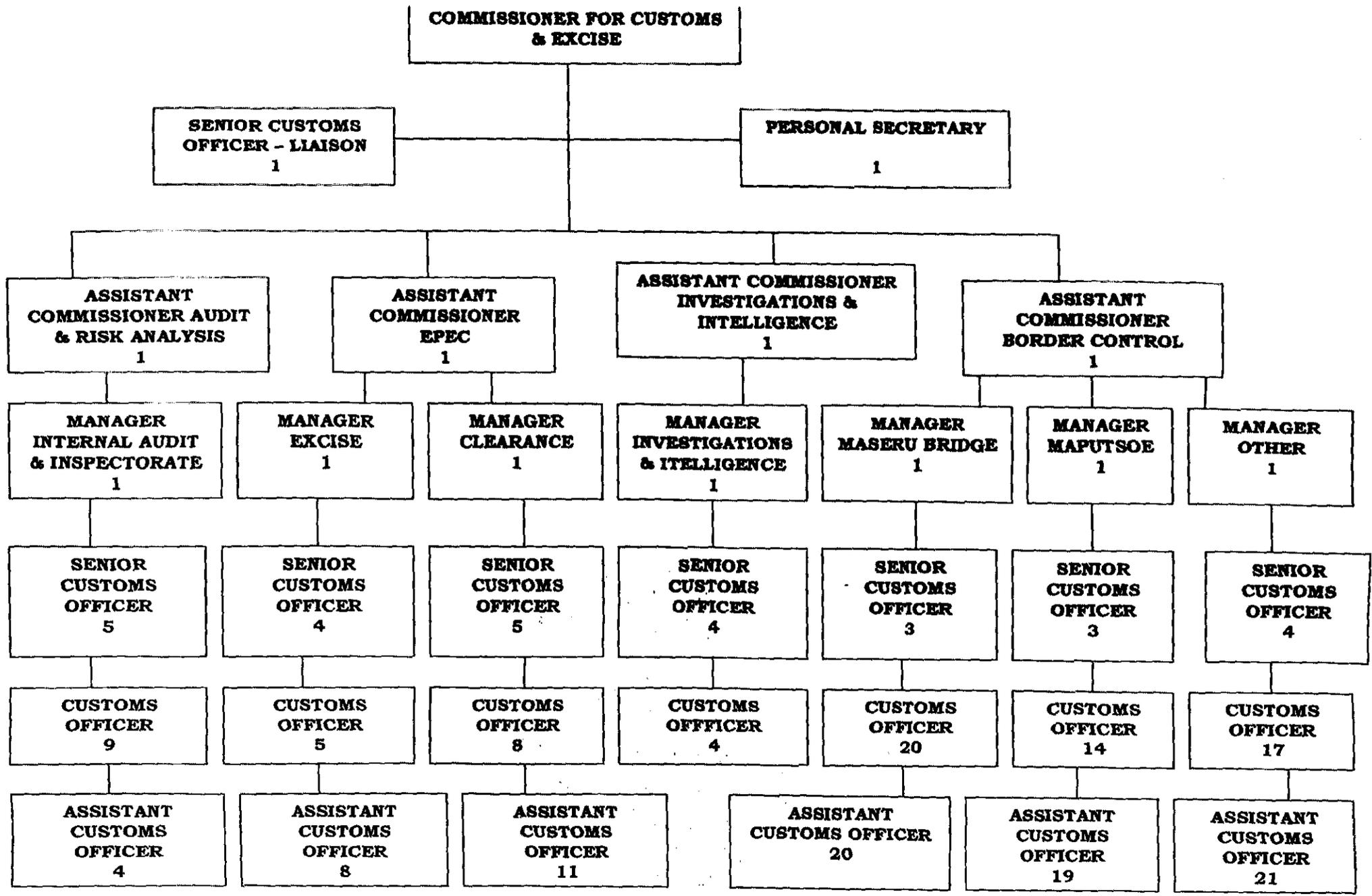
T. THOKARA, Executive Secretary a. i.

**Programme for the mission to Maseru, Lesotho**

- 29 October 2003      Arrival of Ms. Lee DEEGAN, Senior Technical Officer, and Mr. Richardt VORK, Project Manager.
- Meeting with Mr. R. MOTSOENENG, Acting Commissioner for Customs & Excise.
- 30 October 2003      Meeting with Mr. Kevin DONOVAN, Commissioner General, Lesotho Revenue Authority.
- Meeting with senior management of the Customs & Excise Department of the Lesotho Revenue Authority.
- Meeting with the Deputy Chief of Mission, U.S. Embassy, and a staff member of the U.S. Embassy.
- Visit to the Training Institute.
- 31 October 2003      Meeting with representatives of the Lesotho Chamber of Commerce and Industry..
- Visit to Maseru Bridge Customs Office and State Warehouse Customs Office.
- Departure of the WCO representatives.

Organizational structure of the Lesotho Customs and Excise Department  
of the Lesotho Revenue Authority.





# **WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries**

6 April 2004

## **Evaluation and Analysis of Outcomes**

### **Nigeria**

#### **I. Introduction**

The evaluation and analysis of outcomes of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan Countries is based on the needs assessment mission conducted from 5 to 8 February 2002, in Abuja and Lagos, and on the Needs Analysis and Detailed Work Plan dated 12 April 2002.

#### **II. Progress in Nigeria**

##### Area 1 – Progress relating to legislation

With entry into force on 10 July 2003, the legislature has adopted Act No 20 to Amend the Customs and Excise Management Act to Provide for a new Method of Valuation of Goods Based on the Transaction Value. The Nigeria Customs Service has prepared draft Service instructions for the implementation. Within the WCO/USAID programme, the Nigeria Customs Service has received assistance to facilitate the preparation of the notification to the WTO of the legislation and of the replies to the "Checklist of Issues".

Pending a government order to start the actual implementation of the Act, the Nigeria Customs Service still applies the Brussels Definition of Value. Nigeria had invoked the five-year delay period granted to developing countries. The delay period expired on 31 December 1999. The WTO obligation to implement the Valuation Agreement took effect on 1 January 2000.

##### Area 2 – Progress relating to training of personnel and the business community

The Nigeria Customs Service has confirmed that the technical assistance provided within the WCO/USAID programme had been very good and timely. The Training Colleges have drawn substantial benefit from the WCO manuals, other documentation, as well as the training tools and the audio-visual and information technology equipment funded by the programme. The training provided to the Customs officers was essential for the successful launch of the implementation of the WTO Valuation Agreement in accordance with Act No 20. The challenge for the Nigeria Customs Service would now be to graduate from the training stage into practical operation of the Valuation Agreement.

The Lagos Chamber of Commerce and Industry appreciated the Valuation seminars that were scheduled in Lagos and Kano.

The Nigeria Customs Service has expressed its satisfaction with the broad scope of the training, which included Valuation, "train-the-trainers", risk management, and post clearance audit workshops. The training also included expert missions on organisational management. 131 staff from the Customs Service, including middle and senior managers, participated in the training conducted within the WCO/USAID programme.

The Nigeria Customs Service is aware of the need to continue training staff as part of the transition from the Brussels Definition of Value towards the WTO Valuation Agreement. In this regard, the two Customs Training Colleges will henceforth provide Valuation training on the basis of the WTO Valuation Agreement.

Representatives of the Lagos Chamber of Commerce and Industry expressed their appreciation of the structured dialogue between the business community and the Nigeria Customs Service. They confirmed that there has been a tangible improvement in the way Customs now operates. The clearance time and the number of complaints have diminished considerably. The LCCI representatives strongly supported modernisation of the Nigeria Customs Service, including further automation of the Customs clearance process. They confirmed the business community's support for abandoning pre-shipment inspection in favour of destination inspection.

The LCCI representatives appreciated the WCO/USAID Valuation seminars scheduled in Lagos and Kano for the business community. They were confident that the seminars would contribute to importers' increased awareness of their role and associated obligations under the WTO Valuation Agreement. More than 200 participants attended the two Valuation seminars.

The LCCI representatives requested that the Nigeria Customs Service make instructors available for training organised by the LCCI in order to provide education of importers with regard to Customs procedures and the WTO Valuation Agreement. The LCCI confirmed that the participants would be prepared to pay the cost of the instructors.

#### Area 3 – Progress regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement

Progress has been or is expected soon to be accomplished in a number of ways :

- The Nigeria Customs Service has prepared Service instructions for the implementation of the WTO Valuation Agreement, and is ready to begin implementing the Agreement as soon as the Federal government issues the instruction to do so.
- UNCTAD has prepared a project document for a country-wide introduction of the ASYCUDA++ automated Customs clearance system which will significantly improve the Customs clearance process.
- The ADP support for Customs Valuation control will be upgraded in the context of the automation project.
- The representatives of the Nigeria Customs Service confirmed that they want to move away from pre-shipment inspection and shift to destination inspection.
- The WCO/USAID training and the supply of WCO Valuation training tools, manuals and audiovisual/IT equipment, have been important for the Training Colleges that are about to begin providing training on the WTO Valuation Agreement.
- The Training Colleges plan to provide Valuation training to Customs Clearance Agents or to importers in the form of seminars arranged in co-operation with the Chamber of Commerce.

### **III. Unfinished business**

#### **Area 1 – Outstanding problems relating to legislation**

- The Federal Government has not yet instructed the Nigeria Customs Service to commence actual implementation of the Act No. 20 of 10 July 2003 that introduced the principles of the WTO Valuation Agreement into the Nigerian Customs and Excise Management Act.
- Nigeria has not yet notified to the WTO its legislation or its reply to the "Checklist of Issues".

#### **Area 2 - Outstanding problems relating to the education of the private sector**

- There are outstanding needs for education of the private sector, in particular the informal sector traders. As mentioned above, the Training Colleges plan to provide Valuation training to Customs Clearance Agents or to importers in the form of seminars arranged in co-operation with the Chambers of Commerce.

#### **Area 3 – Outstanding problems regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement**

- The Nigeria Customs Service needs to upgrade the automated clearance system, notably in the areas of communication, networking, inter bank money transfer, and electronic transfer of manifests.
- The Nigeria Customs Service needs to introduce a formal risk management programme, and to establish a working group for preparing the introduction of a risk management programme.
- The Nigeria Customs Service needs to introduce a post clearance audit programme and to establish a Post Clearance Audit Unit.
- The Nigeria Customs Service needs to establish a website and to place valuation related documentation on it for the information of the business community. The information could include the Act No 20 of 10 July 2003 that implemented the WTO Valuation Agreement, the part of the new Departmental Instructions that will be destined for publication, and the text of the WCO "Brief Guide to the Customs Valuation Code".
- There is a need to consider the setting up of an Administrative Appeals Tribunal for dealing with valuation disputes. Recourse to an Administrative Appeals Tribunal should result in a reduction of the time and costs of the appeals procedure. Currently the appeals are treated by the ordinary courts.
- In order to deal with, and arrive at a reduction of, Valuation disputes, Nigeria needs increased mutual administrative assistance from countries of export of goods that are frequently concerned by Valuation disputes.

#### **IV. Overall evaluation of the outcomes of the WCO/USAID programme in Nigeria**

Overall, Nigeria has achieved clear and measurable progress with regard to preparing for the proper implementation in Nigeria of the WTO Valuation Agreement within the parameters of the WCO/USAID programme :

- The legislature has adopted the relevant law and the Nigeria Customs Service has prepared administrative instructions for the implementation of the WTO Valuation Agreement.
- A significant number of Customs officers and members of the business community have benefited from Valuation training, and plans are in hand to develop training co-operation between the Customs Training Colleges and the Chambers of Commerce.
- There is a structured dialogue between the Nigeria Customs Service and the business community.

As described in Section III Unfinished business, some issues remain outstanding :

- The Federal Government has not yet instructed the Nigeria Customs Service to commence actual implementation of the Act No. 20 of 10 July 2003 that introduced the principles of the WTO Valuation Agreement into the Nigerian Customs and Excise Management Act. Nigeria has not yet notified to the WTO its legislation or its reply to the "Checklist of Issues".
- There are outstanding needs for education of the private sector, in particular the informal sector traders.
- There is a need to upgrade the automated clearance system, establish formal risk management and post clearance audit programmes, and to establish a website for the Nigeria Customs Service in order to include Valuation information for the benefit of the business community.

The Nigeria Customs Service has expressed its gratitude for the assistance provided within the current WCO/USAID programme and requested that a future programme be considered. The Nigeria Customs Service would like any future programme to include technical assistance regarding the implementation and maintenance of the WTO Valuation Agreement (including risk management and post clearance audit), classification of goods within the WCO's Harmonized System on the classification of goods, automation, and integrity.

#### **V. Recommendations**

The WCO recommends :

1. That the work conducted by the Nigeria Customs Service to prepare for the implementation and work with the WTO Valuation Agreement be acknowledged as positive and progressive.
2. That USAID consider a supplementary technical assistance programme for Nigeria in response to the request by the Nigeria Customs Service for further assistance with the WTO Valuation Agreement and also the Nomenclature established by the Convention on the Harmonized Commodity Description and Coding System ("the Harmonized System"), automation, and integrity.

**WCO/USAID Valuation Technical Assistance Programme  
to Sub-Saharan countries**

**Evaluation Mission Report  
Nigeria 23 – 26 February 2004**

**Member Administration Senior Executive<sup>1</sup>**

Mr. David Tayo OGUNGBEMILE, Acting Comptroller-General,  
Nigeria Customs Service,  
Abidjan Street,  
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Mr. A. I. OGILO, Deputy Comptroller-General,  
Economic Relations, Research and Planning.  
Same address as above.  
E-mail: [dayeogilo@hotmail.com](mailto:dayeogilo@hotmail.com)  
Tel. 234 9 523 4692

Dr. John NWAIWU, Deputy Comptroller-General,  
Tariff and Trade.  
Same address as above.

Contact person:  
Mr. A. K. HALIRU, Assistant Comptroller-General,  
Valuation,  
Same address as above.

Tel. 234 9 523 6391  
Fax. 234 9 523 4690

**Locations of Mission**

Lagos, Abuja, and Kano, Nigeria.

**Date of Mission**

The mission was conducted from 23 to 26 February 2004.

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<sup>1</sup> On 22 March 2004, the Federal Government of Nigeria effected a major re-organization of the Nigeria Customs Service. The new Comptroller-General is Mr. Jacob Gyang BUBA.

### **Implementation date of the WTO Valuation Agreement**

With entry into force on 10 July 2003, the legislature has adopted Act No 20 to Amend the Customs and Excise Management Act to Provide for a new Method of Valuation of Goods Based on the Transaction Value. Pending a government order to start the actual implementation of the Act, the Nigeria Customs Service still applies the Brussels Definition of Value. Nigeria had invoked the five-year delay period granted to developing countries. The delay period expired on 31 December 1999. The WTO obligation to implement the Valuation Agreement took effect on 1 January 2000. The Nigeria Customs Service has prepared draft Service instructions for the implementation.

### **Status**

Nigeria is an active member of the WCO. Nigeria is a member of the WTO. The United Nations and the WTO recognize Nigeria as a developing country. Nigeria is a member of the Economic Community of West African States (ECOWAS). Nigeria benefits from tariff preferences as the Generalized System of Preferences (GSP), the Global System of Preferences between developing Countries, and regional arrangements. Nigeria also is entitled to benefit from the African Growth and Opportunity Act of the USA, and the ACP/EU Cotonou Partnership Agreement signed in June 2000.

### **Objectives of Mission**

1. To determine progress with regard to implementation in Nigeria of the WTO Valuation Agreement;
2. To evaluate the outcomes of the actions conducted within the WCO/USAID programme;
3. To verify the location of the WCO documentation, audio-visual equipment, and IT equipment that have been supplied using programme funds;
4. To establish if any future technical assistance programme is necessary.

### **List of persons consulted and of participants**

Annex 1 contains a list of persons consulted during the mission.

### **WCO Representatives**

Mr. LIU Ping, Senior Technical Officer, Valuation Sub-Directorate, and Mr. Richardt VORK – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.

### **Programme**

Annex 2 contains the programme of the mission.

## Meetings in LAGOS

### Deputy Comptroller-General, Economic Relations, Research and Planning

On Friday 20 February 2004 in Lagos, the WCO representatives met Mr. A. I. OGILO, Deputy Comptroller-General ERR&P. Mr. OGILO expressed his gratitude for the technical assistance provided within the WCO/USAID programme. He felt that the programme had been very good and timely. The training of the officers was essential for the successful launch of the implementation of the WTO Valuation Agreement in accordance with the Act adopted by the Nigerian Parliament and assented to by the President of the Republic on 10 July 2003. Annex 3 contains a copy of the Act.

Mr. OGILO was certain that the Training Colleges would draw substantial benefit from the WCO manuals, other documentation, as well as the training tools and the audio-visual and information technology equipment funded by the programme. The challenge for the Nigeria Customs Service would now be to graduate from the training stage into practical operation of the Valuation Agreement.

Mr. OGILO was very interested in obtaining a supplementary technical assistance programme funded by USAID, covering Valuation and Classification of goods. The Nigeria Customs Service would write to USAID Nigeria with a request for such a supplementary programme.

### Customs Training College

The WCO representatives visited the Nigeria Customs Service Training College in Lagos. They met the Commandant, Mrs. Tinu BADEMOSI, the Deputy Commandant Dr. MOHAMMED, and the Librarian, Mr. Prince Dele AIYEGBUSI. Mr. O. O. ENEH, Acting Comptroller, International Customs Relations, Headquarters in Abuja, also participated in the meeting.

The Nigerian colleagues explained that until now the Training College has provided Valuation training to about 1200 Customs Officers per year in the framework of refresher courses for medium and management level staff (collector level and above). Valuation training had concerned the Brussels Definition of Value. In future, the Training College would provide Valuation training on the basis of the WTO Valuation Agreement. The Training College had a computer training room with ten personal computers and a server. However, the computer training room was not connected to the ASYCUDA network, and it did not have access to a Valuation data base.

The Training College had not yet provided Valuation training to Customs Clearance Agents or to importers, but plans were in hand to conduct such training in the form of seminars arranged in co-operation with the Chamber of Commerce. A large auditorium was being constructed in order to improve the training facilities. The auditorium is scheduled to be finished in October 2004.

The WCO representatives participated in the opening by Mrs. BADEMOSI and her Deputy, Dr. MOHAMMED, of a WCO/USAID workshop on post clearance audit conducted by Mr. Niels Jensen and Mr. Aage Nielsen, Central Customs and Tax Administration, Denmark. The following week, Mr. Jensen and Mr. Nielsen conducted a workshop on risk management.

The library of the Training College had received all the WCO manuals, documentation, and training tools (two CD-ROM containing the WCO Basic Valuation Training Module). The Librarian handed a wish list for further equipment to the Customs Training College to the WCO representatives.

The Training College received the audio-visual and information technology equipment a few days later, in time for the equipment to be used during the WCO/USAID workshop the following week.

#### USAID Nigeria

The WCO representatives met Mr. Frank OKAFAR, Information/Communication Specialist, and Dr. Eile UKA, Macroeconomist. The WCO representatives explained the achievements within the WCO/USAID programme and the request by the Nigeria Customs Service to benefit from further technical assistance.

The USAID representatives said that the current USAID programmes in Nigeria focused on improvement of livelihood of the population in selected areas. All available funds had been programmed or planned for the period 2004-2009. They mentioned that the Nigeria Customs Service had not been represented on the committee that had prepared the proposals for the 2004-2009 priorities.

The USAID representatives confirmed that USAID is interested in supporting trade facilitation and securing government revenue. They had a close cooperation regarding trade policy with the Nigeria Ministry of Commerce. They suggested that the Nigeria Customs Service send a request letter to the Mission Director of USAID Nigeria, who will decide on the request. They further suggested that the project manager send a copy of the latest progress report and of the final project report. In particular, they wanted to know the amount of money already spent on the Nigerian part of the programme, how many persons had benefited from the training, and what progress had been obtained as a result of the programme. They pointed out that there will only be a will to provide a second technical assistance programme if results have been obtained during the current WCO/USAID programme.

#### Apapa Area Command, Apapa Port Lagos

The WCO representatives visited the Nigeria Customs Service Apapa Area Command, Apapa Port in Lagos. Mr. N. H. ANGYU, Customs Area Controller, explained the work of the Customs in Apapa Area Command. The staff amount to 840 persons, the import volume corresponds to 40 % of Nigeria's imports. In terms of collection of import duty revenue, the Customs offices in Apapa Port and Tin Can Port, both in Lagos, are the two most important in Nigeria. In 2003, the Apapa Area Command collected 52 billion naira. Imported goods are brought either to import terminals or to six bonded terminals. Customs clearance in the import terminals is automated, using an older version of ASYCUDA. Customs clearance in the bonded terminals is not connected to the ASYCUDA network. More than 95 % of all imports are covered by pre-shipment inspection. The Customs may challenge the value indicated by the pre-shipment inspection company and request a decision by the Valuation specialists. Pending their decision, the goods may be released against a guarantee to secure the difference in import duty.

On the basis of self-assessment, import duties must be paid to a bank before the declaration is lodged with Customs. The Customs clearance process is as described in the report concerning the needs assessment mission, comprising such steps as reception,

general control, payment control, data input, intensive control, 100 % physical examination, release and shipping manifest control. Clearance times and the number of Valuation disputes have been reduced during the last two years. The average clearance time is now 48 hours. Delays are mostly caused by incomplete documentation. Valuation disputes are resolved by a Valuation specialist team in 2 to 3 days. The number of Valuation complaints has decreased.

Mrs. O. O. OSHEIDU-ALMADU, Assistant Comptroller-General, Investigation and Inspection, explained that there are six Zone Controllers, each with 50 investigators and support staff.

The WCO representatives then visited the Customs Processing Center.

#### Lagos Chamber of Commerce and Industry.

The WCO representatives, accompanied by Mrs. BADEMOSI and Mr. ENEH, met Mr. K. FOLARIN, Chairman, Transport Trade Group of the Lagos Chamber of Commerce and Industry, accompanied by 11 members of the Chamber.

The WCO representatives explained the WTO Valuation Agreement and underlined the capacity building considerations of the private sector. The presentation was well received by the participants and was followed by a lively debate in a question and answer session. The participants appreciated the Valuation seminars that were scheduled in Lagos and Kano. They suggested that additional seminars should be organised, and that Port Harcourt should also be considered as a location for a seminar.

The participants confirmed that there is a structured dialogue between the business community and the Nigeria Customs Service. They strongly supported modernisation of the Nigeria Customs Service, including further automation of the Customs clearance process. The opening of the possibility for on-line transactions between Customs and importers could have a significant impact on the progress of computerisation of private companies throughout Nigeria. They confirmed the business community's support for abandoning pre-shipment inspection in favour of destination inspection.

The LCCI side expressed their appreciation of the support provided within the WCO/USAID programme and confirmed that there has been tangible improvements in the way Customs now conducts its business. The clearance time and the number of disputes have diminished considerably.

Mr. FOLARIN requested the cooperation of the Nigeria Customs Training Colleges in providing Valuation education for the business community. He confirmed that the participants in such training would be prepared to pay the costs.

#### **Meetings in ABUJA**

##### The Commissioner General

Mr. David Tayo OGUNGBEMILE, Acting Commissioner General of the Nigeria Customs Service, received the WCO representatives. Mr. OGUNGBEMILE was grateful for the technical assistance, the WCO manuals, the WCO training tools, and the audio-visual and information technology equipment provided within the WCO/USAID programme. The programme had provided very adequate and effective capacity building. He felt that as a result of the WCO/USAID programme, the Nigeria Customs Service was in a good position

to correctly implement the WTO Valuation Agreement in accordance with Act No 20 of 10 July 2003. An inter-ministerial committee will decide on the date of the implementation of the Act and thus the WTO Valuation Agreement.

Mr. OGUNGBEMILE said that there is now a need to translate the obtained knowledge into practice. Work remains to be done both with regard to Valuation training of staff and of the business community, and in the areas of automation, tariff classification, and integrity.

He confirmed his keen interest in a further technical assistance programme funded by USAID in order to cement what had already been achieved, and to improve the performance of the Nigeria Customs Service. He would write to USAID Nigeria and request a second technical assistance programme.

#### Senior Managers of the Nigeria Customs Service

Dr. John NWAIWU, Deputy Comptroller-General, Tariff and Trade, accompanied by Mr. A. K. HALIRU, Assistant Comptroller-General, Tariff & Trade, and Mr. Stephen. O. OTUCHERE, Action Deputy Comptroller-General, ERR&P (Mr. A. I. OGILO was out of town), received the WCO representatives. The main points of the discussions were :

- **Legislation relating to Valuation.**  
Dr. NWAIWU confirmed that from a legal point of view, Nigeria has introduced the WTO Valuation Agreement through the adoption of Act 20 of 10 July 2003. He confirmed that the Nigeria Customs Service is ready to begin implementing the Agreement. However, the government has not yet instructed the Nigeria Customs Service to start applying the principles of the WTO Valuation Agreement. An inter-ministerial committee has been set up to decide on the date from which the Nigeria Customs Service shall apply the WTO Valuation Agreement. Dr. NWAIWU explained that a decree requiring that pre-shipment inspection must be conducted on the basis of the Brussels definition of value had not yet been repealed or amended.
- **Notification to the WTO of Nigeria's legislation.**  
Nigeria has not yet notified to the WTO its legislation or its reply to the "Checklist of Issues".
- **Organizational structure with regard to Valuation.**  
Dr. NWAIWU explained that there is a Valuation Unit in Headquarters, and 300 Valuation officers in the field (12 of them are in Abuja) who all report directly to Mr. A. K. HALIRU, Assistant Comptroller-General. The Valuation Unit holds a monthly meeting with the Valuation officers.
- **Impact of the technical Valuation assistance.**  
The Nigerian senior executives and managers expressed their appreciation of the technical assistance relating to the WTO Valuation Agreement. The imminent implementation of the WTO Valuation Agreement created an important need for training of officers and of the business community. These needs would be exacerbated if Nigeria moved from pre-shipment inspection to destination inspection.

Dr. NWAIWU said that the staff and the Customs trainers have benefited from the

Valuation training provided within the programme. The Training Colleges would be in a better position to conduct Valuation training as a result of the training, and because of the supply of WCO manuals, training tools, and documentation. The audio-visual and information technology equipment supplied to the Training Colleges was much appreciated.

Dr. NWAIWU underlined the need for more international assistance with regard to training, notably in the areas of Valuation, risk management, post clearance audit, and the Harmonised System. There was need for further education of the economic operators in the area of the WTO Valuation Agreement.

- **Pre-shipment inspection.**  
Nigeria started using pre-shipment inspection in 1979, and today 97 % of all imports are subjected to pre-shipment inspection. The pre-shipment inspection companies are COTECNA, SGS, and Swede Control/Intertek. Dr. NWAIWU said that he had his doubts to what extent the pre-shipment inspection companies actually conduct inspection of the goods, because the companies do not affix holograms to the inspected goods, although this constitutes an obligation foreseen in the contracts.

The WCO representatives pointed out that the WTO Agreement on Preshipment Inspection lays down the rules governing the operations of pre-shipment inspection companies, and that although the pre-shipment inspection company may have conducted price verification of the inspected goods, the Customs Service is ultimately responsible for the determination of the Customs value of the goods. Dr. NWAIWU agreed that the pre-shipment value should represent a suggested value for the purpose of risk assessment. Currently, however, in practical terms the pre-shipment value represents the Customs value, and the Nigeria Customs Service strongly feels that the power to decide the Customs value should be given back to Customs. The Nigeria Customs Service felt that pre-shipment inspection deprived the Customs Service of development opportunities, and wanted to move towards destination inspection.

- **Revenue Appeals Tribunal.**  
Nigeria does not have an administrative Revenue Appeals Tribunal. Currently, the appeals are treated by the ordinary courts.
- **Customs reform and modernisation.**  
Dr. NWAIWU said that the Nigeria Customs Service is well aware of the need for reform and modernisation. In his view, the most important step would be to improve the Customs clearance process and introduce ASYCUDA++ computerised Customs clearance system throughout Nigeria. Among the many benefits expected of the new system, he mentioned electronic transactions in receipt of manifest information, on-line processing of Customs declarations and payment of government revenue, real-time statistics, automated risk management, generation of a Valuation data base, support for post clearance audit, and links to intelligence-based prevention and investigation. The ASYCUDA++ package contains functionalities resulting in improved access to and sharing of data collected via the system, and enables Valuation officers to obtain Internet access for price referencing for use as a risk management tool.

- UNCTAD has produced a project document regarding the country-wide introduction of ASYCUDA++ (cost estimated to \$67 Million). The WCO representatives explained the steps to follow in order to seek external donor funding, e. g. from the European Union and the World Bank.
- Possible meeting between the Minister of Finance and the WCO Secretary General.  
Dr. Nwaiwu expressed the hope that the WCO would support the wish of the Nigeria Customs Service to move away from pre-shipment inspection, and to proceed with Customs reform and modernisation, notably through the introduction of ASYCUDA++. He suggested arranging a meeting between the Federal Minister of Finance and the WCO Secretary General for this purpose, when the Secretary General came to Nigeria.
- Post clearance audit.  
Post clearance audit is authorized by CEMA Section 71, which provides that documentation regarding imported goods must be kept for inspection for three years. Certain documents must be kept for seven years. These documents are: final invoice, Clean Report of Inspection, SGD Form, Bill of Lading and Form "M" concerning bank transfers of money. The compliance with this requirement is considered to be fairly good. The Customs legislation makes it possible for Customs to visit importers' premises without needing permission from a judge. However, systematic post clearance audit is not currently in practice and the Nigeria Customs Service does not have a section that has been especially set up for carrying out Post Clearance audit. The Inspection and Investigation Department of Headquarters handles reported cases of valuation fraud.
- Relations between the business community and the Nigeria Customs Service.  
The Nigeria Customs Service holds monthly meetings with the private sector.  
  
The WCO representatives suggested that the Nigeria Customs Service's website should be used for providing information to the public on Customs rules and procedures, including with regard to the WTO Valuation Agreement.
- Integrity of officers.  
The Nigeria Customs Service attaches high importance to the integrity of its officers.

### Meetings in KANO

#### Mr. M. U. IWUAGWU, Commandant, Customs Training College

The WCO representatives visited the Nigeria Customs Service Training College in Lagos. They met the Commandant, Mr. M. U. IWUAGWU. He was grateful for the technical assistance provided within the programme. He felt that the training and the training material would be of great benefit to the instructors and the students of the Training College. In 2003, the infrastructure of the Training College had been improved through the construction of a hostel building for the students. Furthermore, an auditorium for 500 students was under construction. The auditorium is scheduled to be finished in Summer 2004. These developments have freed up space for establishing a new library, a conference room for lecturers, a reading room for students, and rooms for administration.

The Training College has an ASYCUDA computer training room, with about 20 computers linked to a server. The Training College did not have Internet access, and the Commandant was grateful that the WCO/USAID programme would provide this.

The Commandant explained that the Training College has 30 instructors, including himself and his Deputy. In 2003, the Training College trained 1680 staff. The Training College will now begin providing Valuation training on the basis of the WTO Valuation Agreement.

#### **Valuation seminar for the business community**

About 100 participants from the business community and the Nigeria Customs Service attended the Valuation seminar for the business community in Kano.

Mr. LIU Ping made a presentation on the WTO Valuation Agreement and capacity building considerations of the private sector. The presentation was well received by the participants and was followed by a lively debate in a question and answer session.

#### **Evaluation of the general results of the mission**

The objectives of the mission were successfully completed. The meetings in Lagos, Abuja, and Kano enabled the WCO representatives to form an opinion on the outcomes of the actions conducted within the WCO/USAID programme, and on the perspective for implementation in Nigeria of the WTO Valuation Agreement.

As stated in the document "Evaluation and Analysis of Outcomes", the Nigeria Customs Service has benefitted positively from the WCO/USAID programme and continues to work towards implementing the WTO Valuation Agreement.

#### **Recommendation**

1. That this report be noted.

Forwarded 6 April 2004.



LIU Ping  
Senior Technical Officer



Richardt VORK,  
Project Manager

#### **Annexes:**

1. List of persons encountered during the mission.
2. Programme of mission.
3. Federal Republic of Nigeria Official Gazette Act No 20 Customs and Excise Management (Amendment) Act, 2003.

List of persons.

Nigeria Customs Service Headquarters

Mr. David Tayo OGUNGBEMILE, Acting Comptroller General.  
Mr. A. I. OGILO, Deputy Comptroller-General, Economic Relations, Research, and Planning, Technical Advisor to the Implementation Committee on Valuation.  
Dr. John NWAIWU, Deputy Comptroller-General, Tariff and Trade.  
Mr. A. K. HALIRU, Assistant Comptroller-General, Tariff & Trade.  
Mr. Stephen O. OTUCHERE, Acting Deputy Comptroller-General, ERR&P.  
Mr. M. T. OTHMAN, National Co-ordinator (Computer/ASYCUDA).  
Mr. O. O. ENEH, Acting Comptroller, International Customs Unit, ERR&P.  
Otonba (Mrs.) Olaiton ADEBANJO, Legal Adviser.  
Mr. B. A. ADENIYI, Public Relations Officer.

Nigeria Customs Service, Lagos

Mr. N. H. ANGUYU, Customs Area Controller, Apapa Area Command, Apapa Port Lagos.  
Mrs. O. O. OSHEIDU-ALMADU, Assistant Comptroller-General, Investigation and Inspection.

Nigeria Customs Service Training College, Lagos

Mrs. T. A. BADEMOSI, Commandant.  
Dr. MOHAMMED, Deputy Commandant.  
Mr. Prince Dele AIYEGBUSI, Librarian.

Nigeria Customs Service Training College, Kano

Mr. M. U. IWUAGWU, Commandant, Customs Training College

Lagos Chamber of Commerce and Industry

Mr. K. FOLARIN, Chairman, Transport Trade Group.  
(See next page for a list of the participants)

USAID Nigeria, Lagos

Mr. Frank OKAFAR, Information/Communication Specialist.  
Dr. Eile UKA, Macroeconomist.

**WCO/USAID Valuation Technical Assistance Programme  
to sub-Saharan Countries**

**Programme  
Visit to Lagos, Abuja and Kano by  
WCO Senior Technical Officer Mr. LIU Ping and Project Manager Richardt Vork  
(20 February – 27 February 2004)**

Friday 20 February 2004

10H25 Arrival in Lagos Airport with flight Kenya Airways KQ 432 from Nairobi. Transfer to hotel in Lagos reserved by Nigeria Customs Service.

19H00 Meeting with Mr. A. I. OGILO, Deputy Comptroller-General, Economic Relations, Research and Planning.

Monday 23 February 2004

Visit to the Nigeria Customs Training College in Lagos.  
Participation in the opening of the Workshop on Post Clearance Audit.  
Visit to the Customs Processing Center, Apapa Port, Lagos State.  
Meeting with the USAID Nigeria office in Lagos.  
Meeting with the Lagos Chamber of Commerce and Industry.

Tuesday 24 February 2004

07H30 Transfer to Lagos National Airport in time for the Bellview Airlines flight B3 202 to Abuja, departure time 09H50.  
10H50 Arrival in Abuja Airport. Transfer to Hotel in Abuja reserved by Nigeria Customs Service.

Tuesday Afternoon

Introductory meeting with Acting Comptroller-General Mr. David T. OGUNGBEMILE.

Wednesday 25 February 2004

Meeting with Customs Headquarters staff in order to :

- determine progress with regard to preparation for implementation in Nigeria of the WTO Valuation Agreement;
- evaluate the results of the actions conducted within the WCO/USAID programme and examine recommendations on how a future technical assistance programme may be structured.

Closing meeting with Acting Comptroller-General Mr. David T. OGUNGBEMILE.

Thursday 26 February 2004

At 06H45 transfer to Abuja Airport in time for the Bellview Airlines flight B3 200 to Kano, departure time 08H45.

At 09H45 arrival in Kano Airport.

11H00 Visit to the Nigeria Customs Training College in Kano.

12H00 Valuation seminar for the business community in Kano.

21H00 Transfer to Kano Airport in time for the KLM flight KL 577 to Amsterdam, departure time Friday 27 February 2004 at 00H30.

*Extraordinary*



# Federal Republic of Nigeria Official Gazette

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*Government Notice No. 127*

The following is published as Supplement to this *Gazette* :

<i>Act No.</i>	<i>Short Title</i>	<i>Page</i>
20	Customs and Excise Management (Amendment) Act, 2003	A 351-362

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CUSTOMS AND EXCISE MANAGEMENT (AMENDMENT) ACT, 2003



ARRANGMENT OF SECTIONS

SECTION :

1. Amendment of Cap. 84 Laws of the Federation of Nigeria 1990.
2. Substitution for Section 57 of the Principal Act.
3. Substitution for First Schedule.
4. Citation.

## CUSTOMS AND EXCISE MANAGEMENT (AMENDMENT) ACT, 2003

## 2003 ACT No. 20

AN ACT TO AMEND THE CUSTOMS AND EXCISE MANAGEMENT ACT TO PROVIDE FOR A NEW METHOD OF VALUATION OF GOODS BASED ON THE TRANSACTION VALUE.

ENACTED by The National Assembly of The Federal Republic of Nigeria—

[10th July, 2003]

1. The Customs and Excise Management Act (referred to in this Act as "the Principal Act") is amended as set out in this Act.

2. Substitute for Section 57 of the Principal Act a new Section 57.

"57—(1) The Minister may make regulations—

(a) regulating with respect to ships and aircraft respectively the loading of goods for exportation or as stores and the embarking of passengers for a destination outside Nigeria ;

(b) prescribing the procedure to be followed and the documents to be produced and information to be furnished by any person conveying goods out of Nigeria by land or inland waters ; and

(c) regulating with respect to concessions and privileges granted to some exported goods or stores pursuant to any trade relationship between the Federal Republic of Nigeria or any other country.

(2) A person who contravenes any regulation made under this Section is liable to a fine three times the value of the goods and any goods in respect of which the offence is committed shall be forfeited".

3. Substitute for the First Schedule to the Principal Act a new First Schedule.—

Commence-  
ment.

Amendment  
of Cap. 84  
LFN 1990.

Substitution  
for Section  
57 of the  
Principal Act.

Substitution  
for First  
Schedule.

SCHEDULE

FIRST SCHEDULE

VALUE OF IMPORTED GOODS

Transaction  
value of  
goods  
general.

1. The customs value of goods bought or imported for use in Nigeria shall be the transaction value of the goods adjusted in accordance with the provisions of paragraph 7(1) of this Schedule, provided that—

(a) there are no restrictions as to the disposition or use of the goods by the buyer, other than restrictions which—

- (i) are imposed or required by law or by any public authority in Nigeria, or
- (ii) limit the geographical area in which the goods may be resold, or
- (iii) do not substantially affect the value of the goods ;

(b) the sale price of the goods is not subject to some condition or consideration for which a value cannot be ascribed or determined with respect to the goods being valued ;

(c) no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer shall accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of paragraph 7(1) of this Schedule ; and

(d) the buyer and seller are not related as defined in paragraph 16 (2) (c) of this Schedule and if related, that buyer has proved to the satisfaction of the Board that the relationship has not influenced the price of the goods by showing that—

(i) the price of identical or similar goods in a transaction between persons for export to Nigeria, at or about the same period of time, closely approximates to the price of the goods to be valued,

(ii) the customs value of identical or similar goods as determined under the provisions of paragraph 4 of this Schedule in a transaction between unrelated persons, at or about the same period of time, closely approximates to the price of the goods to be valued,

(iii) the customs value of identical or similar goods as determined under the provisions of paragraph 5 of this Schedule in a transaction between unrelated persons, at or about the same period of time, closely approximates to the price of goods to be valued.

Transaction  
value of  
identical  
goods.

2.—(1) If the Customs value of any goods imported into Nigeria cannot be determined under the provisions of paragraph 1 of this Schedule, the Customs value of the imported goods shall be transaction value of identical goods already accepted under paragraph 1 of this Schedule sold for export to Nigeria and exported at or about the same time, at the same commercial level and in substantially the same quantity, as the goods being valued, adjustment having been made under paragraph 10 (1) and (2) of this Schedule to take account of significant difference in costs and charges between

the imported goods and the identical goods arising from differences in distances and modes of transport.

(2) Where identical goods as mentioned in sub-paragraph (1) of this paragraph are found but are not at the same commercial level and in substantially the same quantity as the goods being valued, the transaction value of the goods shall still be used as the Customs Value of the goods being valued, provided that—

(a) adjustment can be made by demonstrated evidence to take account of the differences attributable to commercial level and quantity; and

(b) where the adjustment of the transaction value of the identical goods as stated in this sub-paragraph leads to a value different in figure from the transaction value already accepted for the identical goods under paragraph 1 of this Schedule, the higher value or figure shall be used as the customs value of the goods being valued.

3.—(1) If the Customs value of any goods imported into Nigeria cannot be determined under the provisions of paragraph 2 of this Schedule, then the customs value of the imported goods shall be the transaction value of similar goods already accepted under paragraph 1 of this Schedule sold for export to Nigeria and exported at or about the same time, at the same commercial level and in substantially the same quantity, as the goods being valued, adjustment having been made under paragraph 10 (1) and (2) of this Schedule to take account of significant difference in cost and charges between the imported goods and the similar goods arising from differences in distances and modes of transport.

Transaction  
value of  
similar  
goods.

(2) Where similar goods as mentioned in paragraph 2 (1) of this Schedule are found but are not at the same commercial level and in substantially the same quantity as the goods being valued, the transaction value of such goods shall still be used as the customs value of the goods being valued, provided that—

(a) adjustment can be made by demonstrated evidence to take account of the differences attributable to commercial level and quantity;

(b) where the adjustment of the transaction value of the similar goods as stated in this sub-paragraph leads to a value different in figure from the transaction value already accepted for the similar goods under paragraph 1 of this Schedule, the higher value or figure shall be used as the customs value of the goods being valued.

4.—(1) Where the customs value of goods imported into Nigeria cannot be determined under the provisions of paragraph 1, 2 or 3 of this Schedule, the customs value shall be based on the unit price at which the imported goods, identical or similar goods (in that order) are sold in Nigeria in the conditions as imported, in the greatest aggregate quantity, at or about the time of importation of the goods being valued, to persons who are not related to the persons from whom they buy those goods, subject to deductions for the following—

Sale Value.

(a) commissions usually paid, or agreed to be paid, additions usually made for

profit, and any general expenses in connection with the sales in Nigeria of goods of the same class or kind, whether imported from the same country or not ;

(b) the usual costs of transport and insurance and associated costs within Nigeria of the same identical, or similar goods (in that order) whether imported from the same country or not ; and

(c) the customs duties, other Federal, State or Local Government taxes payable in Nigeria by reason of the importation or sale of the same, identical or similar goods (in that order).

(2) Where identical or similar goods to the goods being value are used to calculate the customs value as mentioned in sub-paragraph (1) of this paragraph, the goods should have been imported into Nigeria at the earliest date but not later than 90 days from the date of importation of the goods to be valued.

(3) If the goods imported into Nigeria, identical or similar goods are not sold in Nigeria in the condition as imported, the customs valued of the goods shall be based on the unit price at which the imported goods, after further processing, are sold in the greatest aggregate quantity or persons in Nigeria, who are not related to the persons from whom they buy those goods, due allowance being made for the value added by the processing and the deductions provided for in sub-paragraph (1) of this paragraph.

Computed Value.

5.—(1) If the customs value of goods imported into Nigeria cannot be determined under the provisions of paragraph 1, 2, 3 or 4 of this Schedule, the Customs value shall be based on a computed value which shall consist of—

(a) the cost of value of materials and fabrication of other processing employed in producing the imported goods ;

(b) an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to Nigeria ; and

(c) the cost or value of all other expenses made under paragraph 7 (2) of this Schedule.

(2) For the purposes of determining a computed value of any goods—

(a) no person who is not resident in Nigeria shall be required or compelled to produce for examination, or to allow access to, any account or other record ;

(b) information supplied by the producer of the goods or any other person, may be verified in another country by the Board through the Federal Government of Nigeria, with the agreement of the producer of the goods, provided sufficient advance notice is given to the Government of the producer's country and that Government does not object to the investigation.

Reasonable value.

6.—(1) Where the customs value of goods imported into Nigeria cannot be determined under the provisions of paragraphs 1, 2, 3, 4, or 5 of this Schedule, the Customs Value shall be determined using reasonable means consistent with the principles and general provisions of this Schedule, and on the basis of data available in Nigeria.

(2) No customs value shall be determined under the provisions of sub-paragraph (1) of this paragraph on the basis of—

- (a) the selling price in Nigeria of identical or similar goods produced in Nigeria ;
- or
- (b) a system which provides for the acceptance for customs value purposes of the higher of two alternatives ; or
- (c) the price of goods on the domestic market of the country of exportation ; or
- (d) the cost of production of the goods being valued, other than computed values determined for identical or similar goods in accordance with the provisions of paragraph 5 of this Schedule ; or
- (e) the price of goods for export to a country other than Nigeria ; or
- (f) minimum customs values ; or
- (g) arbitrary or fictitious values.

(3) For purposes of determining customs value under sub-paragraph (1) of this paragraph, the Board may—

- (a) use to the greatest extent possible, Customs Value previously determined under paragraphs 1, 2, 3, 4 and 5 of this Schedule ; and
- (b) be reasonably flexible in the application of the methods already enumerated in paragraphs 1, 2, 3, 4, and 5 of this Schedule.

7.—(1) For the purposes of determining the customs value under the provisions of paragraph 1 of this Schedule, there shall be added to the price actually paid or payable for the goods imported into Nigeria—

(a) to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods—

- (i) commission and brokerage, except buying commission,
- (ii) the cost of containers which are treated as being one for customs purposes with the goods in question,
- (iii) the cost of packing, whether for labour or materials ;

(b) to the extent that the value has not been included in the price actually paid or payable, the value, apportioned as appropriate, of the following goods and services, where supplied directly or indirectly by the importer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods—

- (i) a material, component, part and similar items incorporated in the imported goods,
- (ii) a tool, die, mould, and similar item used in the production of the imported goods,
- (iii) a material consumed in the production of the imported goods,

Additions  
for purposes  
of  
determining  
customs  
value.

(iv) engineering, development, art work, design work, plan, and sketch undertaken elsewhere than in Nigeria and necessary for the production of the imported goods ;

(c) royalty and licence fee related to the goods being valued which the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalty and fee are not included in the price actually paid or payable ; and

(d) the value of any part of the proceeds of any subsequent resale , disposal or use of the imported goods which accrues directly or indirectly to the exporter.

(2) In determining the customs value under the provisions of paragraph 1 of this Schedule, there shall also be added to the price actually paid or payable—

(a) the cost of transporting the imported goods to the port or place of importation ;

(b) loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation ; and

(c) the cost of insurance.

(3) An addition or a deduction to the price actually paid or payable shall be made, in any valuation under this Schedule only on the basis of objective and quantifiable data, and as provided for in this Schedule.

Sequential  
order of  
valuation.

8.—(1) The valuation methods enumerated in paragraphs 1, 2, 3, 4, 5, and 6 of this Schedule shall be followed sequentially, so however that the buyer of the goods being valued shall have the right, on a request in writing to the Board made within three days of the valuation, to demand that the sequential order as enumeration in paragraphs 4 and 5 of this Schedule be changed, stating in the request the reasons for the demand.

(2) On receipt of a request in writing from the buyer under sub-paragraph (1) of this paragraph, the Board shall consider the request and shall, if satisfied with the reasons contained in the request, accordingly change the sequential order of valuation, and communicate the change in writing to the buyer or his agent not later than 7 days from the date of receipt of the request.

(3) Where the Board is not satisfied with the reasons given by the buyer for a change in the sequential order of valuation, it shall, within 7 days of receipt of the request, communicate its decision to the buyer or his agent and the decision of the Board on the issue shall be final.

(4) Every buyer shall have the right, on a written request to the Board, to have a written explanation from the Board, not later than 10 days from the date of receipt of the letter containing the determination, as to how the Customs Value of goods imported by him into Nigeria was determined.

9.—(1) Where the conversion of currency is necessary for the determination of the customs value of any good, the rate of exchange to be used shall be that duly published by the Federal Ministry of Finance and shall reflect as effectively as possible, in respect of the period covered by the document of publication, the current value of the currency in commercial transaction in terms of the Naira.

Currency conversion.

(2) The conversion rate to be used shall be that in effect at the time of entry of the goods into Nigeria.

10.—(1) If, in the course of determining the customs value of goods imported into Nigeria, it becomes necessary to delay the final determination of the customs value, the buyer of the goods shall be permitted by the Board to clear and take possession of the imported goods if, where so required, the buyer provides—

Delayed valuation.

- (a) adequate surety for payment of any customs duty that may be payable ; or
- (b) a deposit or some other appropriate instrument, covering the ultimate payment of any customs duty that may be payable ; or
- (c) any other form of guarantee which, in the opinion of the Board, is sufficient to ensure payment of any customs duty that may be payable on the delayed valuation.

(2) Delay in the final determination of customs value as stated in sub-paragraph (1) of this paragraph shall not be later than 30 days from the date of valuation commenced.

11.—An information which is by nature confidential or which is provided on a confidential basis for the purposes of Customs valuation shall be treated as strictly confidential by the Board, to be disclosed only—

Restriction on the disclosure of information.

- (a) on the specific permission of the person or government providing such information ; or
- (b) to the extent required in any judicial proceedings ; or
- (c) to the extent required by the Board in satisfying itself as to the truth or accuracy of any statement, document or declaration presented for customs valuation purposes.

12.—(1) When a declaration has been presented and the Board has reason to doubt the truth or accuracy of the particulars or documents produced in support of the declaration, the Board may request the importer of the goods to provide further explanation, including document or other evidence, that the declared value represents the total amount actually paid or payable for the imported goods, adjusted in accordance with the provisions of paragraph 7 (1) of this Schedule.

Administrative and compliance matters.

(2) If, after receiving further information, or in the absence of a response, the Board still has reason to doubt the truth or accuracy of the declared value, it shall be deemed, having regard to the provisions of paragraph 6 (1) of this Schedule, that the customs value of the imported goods cannot be determined under the provisions of paragraph 7 (1) of this Schedule but the Board shall, before taking final decision, communicate to the buyer, in writing if requested, its grounds for doubting the truth or accuracy of the particulars or documents produced and the buyer shall be given a reasonable opportunity to respond.

(3) When a final decision is made, the Board shall communicate to the buyer in writing its decision and the grounds for the decision.

(4) Every buyer shall keep records of all his transactions which shall be produced to the Board on demand.

Appeals.

13.—(1) If a buyer or his agent is not satisfied with the customs valuation of his imported goods, he may, within 7 days of becoming aware of the valuation, appeal to the Customs Area Comptroller in charge of the area where the valuation took place stating the reason for the appeal.

(2) The Customs Area Comptroller concerned shall consider the appeal and shall, within 21 days of receipt of the appeal, communicate to the buyer or his agent the result of the appeal.

(3) Where the buyer or his agent is not satisfied with the decision of the Customs Area Comptroller, he may, within 14 days of receipt of the decision, appeal to the Comptroller-General of Customs.

(4) The Comptroller-General of Customs shall, not later than 10 days from the date of receipt of the appeal, communicate to the buyer or his agent, the result of the appeal.

(5) If a buyer or his agent is not satisfied with the decision of the Comptroller-General he may, within 14 days of his becoming aware of the decision, institute an action in Court.

(6) Nothing in this Schedule shall be construed as preventing the Board from collecting the assessed Customs duties before accepting an appeal, so however that where an appeal succeeds, the buyer shall be entitled to a refund of any excess duty paid.

Application of GATT 1994.

14. For purposes of the interpretation of Customs valuation under this Act, the provisions of Article VII of the General Agreement on Tariffs and Trade 1994 as contained in the Agreement on the implementation of Article VII, together with all the notes to the Articles, and all the Annexes to those Articles, shall apply.

Amendment.

15. No amendment or alteration shall be made to this Schedule except with the consent of the members to the General Agreement on Tariffs and Trade 1994 as contained in the Agreement on the implementation of Article VII of the General Agreement on Tariffs and Trade 1994 Agreement.

Interpretation.

16.—(1) In this Schedule—

“Commercial level” means the step at which the goods are changing hands, the first commercial level being between the seller and the buyer, the second being between the buyer and the first buyer in Nigeria and subsequently in that order ;

“Customs value of goods imported into Nigeria” means the value of goods for the purposes of levying *ad valorem* duties of Customs on goods imported into Nigeria ;

“date of importation” means the date of entry of the imported goods into Nigeria ;

“goods of the same class or kind” means goods which fall within a group or

range of goods produced by a particular industry or industry sector, and includes identical or similar goods ;

"identical goods" and "similar goods" excludes, as the case may be, goods which incorporate or reflect engineering, development, art work, design work, plans and sketches for which no adjustment has been made under paragraph 7 (1) (b) (iv) of this Schedule because they were undertaken in Nigeria ;

"Identical goods" means goods which are the same in all respect, including physical characteristics, quality and reputation, so however that minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical ;

"price actually paid or payable" includes all payments made or to be made as a condition of sale of the imported goods, by the buyer to or for the benefit of the seller, or by the buyer to or for the benefit of a third party to satisfy an obligation of the seller.

"produced" includes grown, manufactured and mined ;

"similar goods" means goods which, although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially inter-changeable considering the quality of the goods, their reputation and the existence of a trademark ;

"transaction value" means the price actually paid or payable for goods when sold for export to Nigeria.

(2) In this Schedule—

Schedule.

(a) except the contrary is specifically stated in a particular paragraph, goods shall not be regarded as identical goods or similar goods unless they were produced in the same country as the goods being valued ;

(b) goods produced by a different person shall be taken into account when there are no identical goods or similar goods, as the case may be, produced by the same person as the goods being valued ;

(c) persons shall be deemed to be related if—

(i) they are officers or directors of each others business, or

(ii) they are legally recognized partners in business, or

(iii) they are employer and employee, or

(iv) one of them, directly or indirectly, owns, controls or holds at least 5 per cent of the outstanding voting stock of shares of both of them, or

(v) one of them, directly or indirectly, controls the other, or

(vi) both of them are directly or indirectly controlled by a third person, or

(vii) together they directly or indirectly control a third person, or

(viii) they are members of the same family, or

(ix) they are associated in business with each other as sole agent, sole distributor or sole concessionaire, however described and fall into any of the proceeding provisions of this sub-paragraph."

Citation.    4. This Act may be cited as the Customs and Excise Management (Amendment)  
-    Act, 2003.

I certify, in accordance with Section 2 (1) of the Acts Authentication Act, Cap. 4, Laws of the Federation of Nigeria 1990, that this is a true copy of the Act passed by both Houses of the National Assembly.

IBRAHIM SALIM, CON.  
*Clerk to the National Assembly*  
8th Day of July, 2003

EXPLANATORY MEMORANDUM

The Act amends the Customs and Excise Management Act, Cap. 84, Laws of the Federation of Nigeria and provides a new method of valuation of goods imported into Nigeria based on the transaction value as contained in the General Agreement on Tariffs and Trade 1994.

**SCHEDULE TO CUSTOMS AND EXCISE MANAGEMENT (AMENDMENT) BILL, 2003**

(1) <i>Short Title of the Bill</i>	(2) <i>Long Title of the Bill</i>	(3) <i>Summary of the Contents of the Bill</i>	(4) <i>Date passed by Senate</i>	(5) <i>Date passed by House of Representatives</i>
The Customs and Excise Management (Amendment) Bill 2003.	An Act to amend the Customs and Excise Management Act Cap. 84 Laws of the Federation of Nigerian 1990 to provide a new method of valuation of goods imported into Nigeria based on the transaction value.	The Bill seeks to amend the Customs and Excise Management Act Cap. 84, Laws of the Federation of Nigeria 1990 to provide a new method of valuation of goods imported into Nigeria based on the transaction value as contained in the General Agreement on Tariffs and Trade 1994.	28-5-2002	6-5-2003

I certify, that this Bill has been carefully compared by me with the decision reached by the National Assembly and found by me to be true and correct decision of the Houses and is in accordance with the provisions of the Acts Authentication Act Cap. 4, Laws of the Federation of Nigeria 1990.

I ASSENT.

IBRAHIM SALIM, CON  
*Clerk to the National Assembly*  
8th Day of July, 2003

CHIEF OLUSEGUN OBASANJO, GCFR  
*President of the Federal Republic of Nigeria*  
10th Day of July, 2003



# **WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan African Countries**

28 January 2004

## **Evaluation and Analysis of Outcomes**

### **Senegal**

#### **I. Introduction**

The evaluation and analysis of the outcomes of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan African Countries is based on the needs assessment mission undertaken from 7 to 10 January 2002, and on the Needs Analysis and Work Programme of 25 March 2002.

#### **II. Progress in Senegal**

##### Area 1 – Progress relating to legislation

Senegal implemented the WTO Valuation Agreement on 1 July 2001 by means of Regulation No. 05/99 CM/ECOWAS on the Customs valuation of goods as well as two office circulars issued by the Directorate General of Senegalese Customs setting out the general principles and procedures for implementing the WTO Agreement.

Senegal has begun a process to amend its Customs Code with a view to transposing into national law Regulation No. 05/99 of the West African Economic and Monetary Union (ECOWAS) mentioned above. On 18 March 2003, a draft law amending Law No. 87-47 of 28 December 1987 on the Customs Code and relating to the application of the Agreement on implementation of Article VII of the GATT 1994 (World Trade Organization Valuation Agreement) was lodged with the Prime Minister's Office. The Director General of Customs expects this law to be adopted in the course of the current legislative session.

The Director General of Customs confirmed that the two office circulars submitted to the WTO will become decisions or legal notes immediately after the adoption of the above-mentioned law.

The Director General of Customs confirmed that the amendment of office circular No. 898 of 2 July 2001 (especially the provisions in Item I.B.1, penultimate paragraph of the said circular<sup>1</sup>, with a view to aligning it on the process of consultation stipulated in paragraph 2 of the General Introductory Commentary to the WTO Valuation Agreement

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<sup>1</sup> The text stipulates that: "If, despite all the information supplied, the Inspector continues to doubt the truth of the declared value, he/she must prepare a file on the valuation decision (a model for which is attached at the Annex hereto) to be signed by the Office Manager and then sent to the importer. It should inform the importer that the declared value has been rejected because it did not equate to the total amount paid or payable by application of the provisions of Article 15.3 of the Customs Code."

as well Article 1.2 of the Agreement) is envisaged immediately after adoption of the above-mentioned law.

The Director General of Customs pointed out that the ECOWAS Council of Ministers has granted Member States the right to decide if they wish to define the transaction value as "the price actually paid or payable for the goods when sold for export to the Union", or as "the price actually paid or payable for the goods when sold for export to the Customs territory". This means that the comment made in the Needs Analysis and Work Programme of 25 March 2002, Section II, Area 1, Item 2 no longer applies.

#### Area 2 – Progress relating to training of personnel and the business community

There is consensus between the Directorate General of Customs and Dakar Chamber of Commerce, Industry and Agriculture that the training provided within the WCO/USAID technical assistance programme has had a positive effect. The training has improved officials' understanding of the Agreement, and the majority of Customs valuation disputes can now be settled by Inspectors, without referral to the Office Manager.

The Director General of Customs stressed the importance of proper training for officials, both in the use of information technology (IT) and in the Customs domain. He attaches the same level of importance to proper training for freight forwarders.

The Directorate General of Customs expressed satisfaction with the extended scope of training comprising workshops on valuation, train the trainer, risk management and post-importation audits. The training also comprised expert missions on organizational issues and a study visit focusing on the practical implementation and management of post-importation audits by the French Customs Service. Approximately 65 people, including senior and middle management, have participated in training activities carried out as part of the WCO/USAID programme. A large number of these people have participated in several actions.

For the past three years, the Customs Academy has been holding training courses for freight forwarders. 22 freight forwarders have already finished their two-year course, and 13 of them are in their final year. The inspection company has given a valuation course attended by 17 Customs officials.

The Customs Academy's 2004 training programme includes courses on valuation and post-clearance audits. The National School of Administration (ENA) runs such courses for "A" Grade officials from the Customs Service.

Representatives from Dakar Chamber of Commerce, Industry and Agriculture expressed their appreciation for the consultation system between the private sector and the Customs Service, as well as for projects facilitating the Customs clearance process established by the Directorate General of Customs. The valuation seminar for traders has helped increase the understanding of their role and obligations under the WTO Valuation Agreement.

**Area 3 – Progress regarding Infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement**

The WCO notes that significant progress has been made :

- **Modernization and re-organization of the Customs Service.**  
The Directorate General of Customs has adopted an ambitious "Senegalese Customs Strategic Plan 2003 – 2005" aimed at modernizing the Customs Service and making it more efficient. This modernization programme is focused on greater use of information technology (IT) tools, enhanced information transmission within Customs, securing revenue and bringing Customs clearance closer to users by decentralizing the Customs clearance process to a certain extent. An important aim of the Strategic Plan is to make investigations more effective through the establishment of two new divisions (Controls and Investigations, and Intelligence and Targeting), as well as an internal audit service.
- **Staff recruitment.**  
The Customs Service plans to recruit a large number of new officials between now and 2005 (the Strategic Plan provides for the recruitment of 206 new officials), ensuring that only properly qualified persons are taken on. Officials will be recruited by means of an open competition, and must have the requisite qualifications to enter (Masters Degree for A Grade officials, 'Baccalaureate' (high school diploma) plus two years' training for B Grade officials and school leaving certificate for C Grade officials).
- **Improvement and extension of IT systems.**  
The Customs Service's automated systems have undergone a number of major improvements. A new version (GAINDE 2000) of the GAINDE automated Customs clearance system has been developed and will be implemented very shortly. The new version will be more effective and better protected. An electronic document collection and pre-clearance system ("ORBUS 2000") has been in place since 21 January 2004 to supplement the GAINDE 2000 system. These systems have been, or will shortly be, implemented in provincial Customs offices. Some Customs clearance officials are able to use the Internet, especially to check the prices of used vehicles. At the end of 2003, the Customs Academy was connected to the Customs Service's Intranet system. There are plans to provide all Inspectors with a connection to Internet and the internal database to compare Customs values. A study is currently being undertaken to resolve computer security issues.
- **The risk management programme, including deferred controls and post-clearance controls, has been improved.** A new application, the "Automated Risk Assessment System" (SIAR), has been implemented within the Customs Offices of Dakar, the International Airport and Kaolack. The system is supplied by fraud information files (FIF), using results provided by inspection companies. Moreover, as part of the application of GAINDE 2000, a data warehouse has been established for the Intelligence and Enforcement Directorate. The Strategic Plan attaches particular importance to improving the flow of information between the various services. Finally, the National Data Base containing information on

importers (National Computerized Documentation File) is now operational, even though there are still some "teething" problems, especially in terms of automatic data entry. The system will certainly be useful in the risk management domain.

- **Arbitration Committee.**  
With a view to making the Valuation Arbitration Committee operational, the Directorate General has sent the government its proposed appointments for the assessor posts. The appointments are expected to be made by the end of March 2004.

### **III. Unfinished business**

#### **Area 1 – Outstanding problems relating to legislation**

The law modifying Law No. 87-47 of 28 December 1987 on the Customs Code and relating to the application of the Agreement on Implementation of Article VII of the GATT 1994 (World Trade Organization Valuation Agreement) has not yet been adopted. The same applies to making the two office circulars, submitted to the WTO, into decisions or legal notes, as well as the appointment of assessors for the Valuation Arbitration Committee.

#### **Area 2 – Outstanding problems relating to training of personnel and the business community**

There is still a shortage of valuation specialists in the major Customs offices.

#### **Area 3 – Outstanding problems regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement**

Customs regulations (legislation, decisions, office circulars, etc.) are not easily accessible to Customs officials. One solution could be to place the texts on Intranet so that officials can consult them.

The information transmission system is still not fully effective, although improvements are expected as a result of the implementation of Senegalese Customs Strategic Plan.

Certain IT requirements have not been met, especially for intelligence analysts.

Inspectors still do not have Internet access.

### **IV. Overall evaluation of the outcomes of the WCO/USAID Programme in Senegal**

Overall, Senegal has made clear and measurable progress with regard to the proper implementation of the WTO Valuation Agreement. The adoption of "Senegalese Customs' Strategic Plan 2003 – 2005" is tangible proof of the desire to change. This process of change has been supported by training, WCO documentation, WCO training tools, and audio-visual and IT equipment provided as part of the WCO/USAID Programme. The WCO is confident that the positive climate of change will continue in 2004 and 2005.

- Progress in terms of facilitating international trade by :
  - Adoption of the law amending Law No. 87-47 of 28 December 1987 on the Customs Code and relating to the application of the Agreement on Implementation of Article VII of the GATT 1994 (World Trade Organization Valuation Agreement). The adoption of this law is thought to be imminent.
  - The gradual reduction in preshipment inspections in favour of domestic controls, through fraud risk management, the implementation of databases on goods valuation and fraud trends and the use of modern control tools on site, such as the scanner, as set out in the Strategic Plan. The scanner is now operational and has already enabled Customs to detect a number of offences.
  - The implementation of the GAINDE 2000 version of the automated Customs clearance system.
  - Greater consultation between Customs and the private sector in the form of quarterly meetings.
  - The introduction of more professional and focused risk management and post-importation audit capacities.
  - Decentralization of Customs clearance to bring it closer to users.
  - Significant achievements in terms of training both Customs officers and freight forwarders.
  
- There remain some outstanding issues as described in Section III Unfinished business :
  - The Directorate General of Customs has undertaken to make the two office circulars submitted to the WTO into decisions or legal notes immediately after the adoption of the law modifying Law No. 87-47 of 28 December 1987 on the Customs Code and on the application of the Agreement implementing Article VII of the GATT 1994 (World Trade Organization Valuation Agreement).
  - The Directorate General of Customs is waiting for the Valuation Arbitration Committee to become operational once the above-mentioned law is adopted.
  - The Directorate General of Customs is examining how to improve the Intranet system with a view to giving Customs officers access to legislation, Customs regulations and office circulars, etc. It is also examining how to improve its Web site to make Customs information available to private sector users in real time.
  - In terms of the implementation of Strategic Plan, the Directorate General of Customs is examining how to improve information flows within Customs and how to make the Internet and Intranet (especially the valuation data base) accessible to Inspectors.
  - The Directorate General requires funding for IT equipment.

The Directorate General of Customs has expressed its gratitude for the assistance provided within the current WCO/USAID Programme, and has asked that a future programme be considered. The Directorate General of Customs would like any future programme to include technical assistance on the implementation and maintenance of the WTO Valuation Agreement as well the WCO Harmonized System for the classification of goods.

## **V. Recommendations**

The WCO recommends :

1. That the work completed by the Directorate General of Senegalese Customs with a view to the implementation and management of the WTO Valuation Agreement be acknowledged as positive and progressive.
2. That USAID consider an additional technical assistance programme for Senegal in response to the Senegalese Directorate General of Customs' request for assistance on the WTO Valuation Agreement as well as the Nomenclature established by the International Convention on the Harmonized Commodity Description and Coding System ("The Harmonized System").

**WCO/USAID  
Valuation Technical Assistance Programme to Sub-Saharan  
African countries**

23 January 2004  
Original : French

**Evaluation Mission Report  
Senegal, 9 and 10 December 2003**

**Member Administration**

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**Location of Mission**

Dakar. Directorate General of Customs, Customs Academy, Dakar South Port and  
Dakar Chamber of Commerce, Industry and Agriculture.

**Date of Mission**

The mission was conducted from on 9 and 10 December 2003.

**Date of implementation of the WTO Valuation Agreement**

1 July 2001. Senegal had invoked the five-year delay granted to developing countries and had requested and obtained a further extension of 18 months. Senegal had notified the WTO of its legislation, namely Regulation No. 05/99 CM/ECOWAS on the Customs valuation of goods as well as two office circulars issued by Senegal's Directorate General of Customs, setting out the general principles and procedures for implementing

the WTO Valuation Agreement (Doc. G/VAL/N/1/SEN/1 of 27.09.2001). The WTO Valuation Committee had completed its examination of this legislation at its meeting of 25 October 2001 (Doc. G/VAL/M/23 of 07.12.2001). When giving notification, Senegal had pointed out that it intended to enter a reservation with a view to applying minimal values for a limited number of products, and had also announced that it would submit a list of these products as well as the period during which these minimal values would be used.

### **Status**

Senegal is an active Member of the WCO and a Member of the WTO. The United Nations and the WTO recognize Senegal as being part of the group of least developed countries. Senegal is a Member of the West African Economic and Monetary Union (ECOWAS). It benefits from preference schemes such as the Generalized System of Preferences (GSP), the Global System of Trade Preferences Between Developing Countries (GSTP) or regional arrangements. Senegal also benefits from the United States' African Growth and Opportunity Act (AGOA) and the Partnership Agreement between ACP countries and the European Union, signed in Cotonou in June 2000. On 1 December 2003, Senegal signed a "Memorandum of Understanding (MOU) on the Initiative in favour of the least developed countries between Canada and Senegal". This MOU will be applied from 1 January 2004.

### **Mission objectives**

1. To determine the progress made towards the effective application of the WTO Valuation Agreement in Senegal.
2. To evaluate the impact of actions carried out within the framework of the WCO/USAID Programme.
3. To verify the presence of WCO documentation, audiovisual equipment and IT equipment provided and financed by the programme funds.
4. To verify the progress made with the development of the "National Computerized Documentation File" (F.N.I.D.)
5. To determine if any future technical assistance programme is necessary.

### **List of persons consulted**

Annex 1 contains the list of persons consulted.

### **WCO representatives**

Mr. Emmanuel Ruiz, Deputy Director, Divisional Manager - Bourg en Bresse (France), and Mr. Richardt Vork – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan African Countries.

### **Programme**

Annex 2 contains the programme of the mission.

## **Meetings with representatives from the Directorate General of Customs**

### The Director General

Mr. Boubacar CAMARA, Director General of Customs, met with and welcomed the WCO representatives. He was especially grateful to the WCO and USAID for the assistance provided. Mr. CAMARA stressed the importance he attached to modernizing the Senegalese Customs Administration. This modernization programme focused on making greater use of information technology (IT) tools, enhanced transmission of information within Customs, securing revenue and bringing Customs clearance closer to users by decentralizing the Customs clearance process to a certain extent. Mr. CAMARA envisaged setting up regional Customs clearance centres and making greater use of the transit procedure to convey goods to these centres. At the present time, 90% of revenue stemmed from the Customs offices in Dakar. Mr. CAMARA gave the WCO representatives a copy of the final version of the Strategic Plan, set out at Annex 3 hereto [hard copy only].

The WCO representatives thanked Mr. Camara for the warm welcome received. The Project Manager expressed his appreciation for the Senegalese Customs Strategic Plan, which constituted an excellent basis for the future development of the Customs Service in keeping with the requirements of international trade. The following points were raised during the meeting:

- Reorganization of the Customs Service, amending the organization chart and the staff regulations.

Mr. CAMARA explained that he had decided to conduct a re-organization of the Customs Service and to modify the organization chart as a result. This was with a view to making investigations more effective through the establishment of two new Divisions (Controls and Investigations, and Intelligence and Targeting).

There were also plans to set up an internal audit service.

Mr. CAMARA also envisaged strengthening the surveillance branch responsible for combating smuggling. There were long-term plans for the creation of two separate branches: "Commercial Operations" which would deal with Customs clearance of goods, and "Surveillance" comprising uniformed officers, which would be responsible for controls at borders and within the Customs territory.

The planned changes were being examined within a "Steering Committee" comprising the Director General, Directors and Divisional Managers from the Directorate General, together with regional Inspectors.

- Computerization of procedures in provincial Customs offices.  
Mr. CAMARA described his plans to computerize procedures in provincial Customs offices. Kaolack Office (near the Gambian border) had consequently already been fully equipped with IT tools, and two other offices (Karang and Keyr Ayb) would be computerized shortly.
- Staff recruitment.  
Mr. CAMARA pointed out that the Customs Service would be recruiting a large number of new officials between now and 2005, ensuring that only well-qualified

staff were taken on. Officials were recruited by means of an open competition, and had to have following qualifications to enter : new A Grade officials (Inspectors) needed a Masters Degree, while new B Grade officials (Controllers) had to have the 'Baccalaureate' (high school diploma) plus two years' training. New C and D Grade officials had to have the 'Baccalaureate'.

- **Relations with the private sector.**  
Mr. CAMARA stressed the importance of good relations with the private sector. On 10 December 2003, the Directorate General of Customs had organized an awareness-raising meeting with a large number of importers and Customs brokers. Projects for facilitating the Customs clearance process had been presented during that meeting, and the need to support facilitation measures with company audits (post-importation audits) had been explained.
- **Staff training.**  
Mr. CAMARA also stressed the importance of proper training for officers, both in the use of IT and in the Customs domain.
- **WCO documentation.**  
Mr. CAMARA confirmed the receipt of the Handbooks sent by the WCO. He requested a further 50 copies of the Handbook on Customs Valuation Control. However, he had not yet received the two CD-ROMs containing the WCO valuation training course, sent by the WCO on 11 November 2003.
- **Arbitration Committee.**  
Mr. CAMARA had sent the government a proposal nominating assessors, in order to make the Arbitration Committee operational for Customs valuation disputes. Assessors had not yet been appointed, but Mr. CAMARA felt that this would probably take place upon adoption of the draft law amending the Customs Code to permit the application of the Agreement on implementation of Article VII of the GATT 1994 (World Trade Organization Valuation Agreement). The law was due to be adopted and assessors appointed by the end of March 2004.
- **Structure of a possible future technical assistance programme.**  
Mr. CAMARA expressed a strong interest in a future technical assistance programme on Customs valuation, risk management, post-importation audits and goods classification.

#### Senior officials from Senegalese Customs

The WCO representatives held meetings with Mr. Baba DIENG, Head of the Training Division, Mr. Ousmane MBENGUE, Senior Customs Inspector (First Class), Manager of the Origin and Valuation Office, and Mr. Khalifa Ababocar DIEYE, Manager of the South Port Office. The key points to come out of the discussions were :

- **Valuation training.**  
Valuation training was currently dispensed by Dakar Customs Academy. However, there were plans to establish five new Regional Centres for ongoing training. The basic training courses for newly recruited Customs officers

comprised a Customs valuation module. Within the framework of the African Growth and Opportunity Act (AGOA), two Customs officials from the United States Administration had given a train-the-trainer course. The French Customs official in post in Dakar had also given a training techniques course for trainers at the Customs Academy. In addition, the inspection company COTECNA had run a valuation course for 17 Customs officers. Senegalese Customs officials stressed the real need for international training assistance, especially in the fields of valuation, risk management, post-importation audits and the Harmonized System.

- **Impact of the technical assistance provided.**  
The Senegalese officials had expressed a high degree of satisfaction with the technical assistance provided on the WTO Valuation Agreement. This training had had a remarkable effect, giving officials a better understanding of the Agreement. As a result, the majority of Customs valuation disputes could now be settled by Inspectors, without referral to the Office Manager. The study trip to France should enable participants to acquire in-depth knowledge enabling them to subsequently increase the effectiveness of risk management and post-importation audits.
- **Audiovisual and IT equipment and hardware.**  
Mr. DIENG confirmed that the Customs Academy had received most of the audiovisual and IT equipment and hardware ordered. Some of the equipment (tables, loudspeakers and electrical power inverters) would be delivered in the very near future. Mr. DIENG stressed that the Customs Academy had never been so well equipped. The Academy was not yet connected to the Customs Service's Internet, but all the preparations had been made and the IT Directorate was committed to establishing an Intranet connection very shortly.
- **Customs clearance procedure.**  
The GAINDE system comprised an electronic Customs clearance procedure. This system also made it possible to download and manage manifests electronically. All Customs clearance procedures at Dakar, Dakar Airport and Kaolack were carried out using this system. A new version (GAINDE 2000) would be implemented in the very near future. It would be more efficient and better protected.

Senegalese officials explained that the average Customs clearance time was currently 24 hours if document controls were carried out, and 48 hours if there was a physical inspection of the goods. A provisional removal system (APE) applied to firms having signed an agreement with the Customs Service. This system enabled goods to be removed by lodging a simplified declaration, before submitting the Customs clearance document proper. The APE system made it possible to remove the goods within an hour.

- **Customs brokers.**  
It was not mandatory to use a Customs broker. Any importer with a removal credit was entitled to present the Customs clearance declaration him/herself.

- **Deferred and post-clearance controls.**  
As part of the implementation of the updated GAINDE 2000 system, a data warehouse had been established for the Intelligence and Enforcement Directorate. In addition, declarations for which release vouchers had been issued were transmitted within 72 hours to the General Documentation and Archives Office. That Office sent them to the various services for deferred and post-clearance controls. The approved Customs declarants and importers had to retain their documents for three years. Customs had the right to visit the premises of approved declarants and importers without prior authorization from a judge. The time-limit for recovery of duties post-clearance was set at three years.

Senegalese officials explained that the system was not totally effective. There were plans to review the operations for centralizing the import declarations accompanied by invoices. At the present time, certain local offices kept these documents rather than send them to the Documentation Office.

In-company checks would have to be rendered more professional, not only by devising a control plan making it possible to guide and evaluate the service's actions in this domain, but also by training officials in techniques for in-company checks, especially accounting controls.

- **Internet and Intranet.**  
Some Customs clearance officials were able to use Internet, especially to check the prices of used vehicles. It was not yet possible for clearance officials to consult the internal database in order to compare Customs values. There were plans to provide all the Inspectors with a connection to the Internet and the internal database, and the service was currently looking at how to resolve computer security problems.
- **Risk management**  
Risk management had been automated since October 2003 as part of the SIAR system, which currently linked the Customs offices in Dakar, Dakar International Airport and Kaolack. There were five levels of risk within the SIAR system. It was supplied by fraud information files (FIFs) and the results of the work by inspection companies. A committee made up of representatives from the Intelligence Office, major Customs clearance offices and the Customs IT Systems Directorate ensured that the SIAR system ran smoothly.
- **Consultations between the private sector and the Customs service.**  
There was a consultation system between the private sector and the Customs Service. This system operated very effectively for the formal sector. The private sector had set up a "Co-operation Fund" supplied by voluntary contributions. That Fund was intended to provide the Customs Service with additional resources to combat fraud. It had been used, in particular, to combat fraud involving sugar.
- **Informal sector**  
Senegalese officials explained that the Customs Service was facing difficulties in applying the Agreement with regard to the informal sector, whose operators did

not keep accounts. These operators paid VAT and a compensatory tax at importation, the aim of which was to partially compensate for the fact that informal sector operators did not add VAT to their sales prices.

- Providing Customs officers with access to regulations, office circulars, explanatory notes, etc.  
Senegalese officials described the many difficulties in making regulations, circulars and explanatory notes available to Customs officers. One solution worth exploring could be to place all this information on Intranet. Senegalese Customs could consider requesting assistance from countries already having set up such systems.

### **Meeting with the Dakar Chamber of Commerce, Industry and Agriculture**

On 10 December 2003, the WCO representatives, accompanied by Mr. Ousmane MBENGUE (Manager of the Origin and Valuation Office), attended a meeting at the Dakar Chamber of Commerce, Industry and Agriculture. Mr. MBENGUE opened the meeting by explaining that on 1 July 2001, Senegal had implemented the WTO Valuation Agreement based on Regulation No. 05/99 CM/ECOWAS on the Customs valuation of goods, as well as two office circulars issued by the Directorate General of Customs. He was confident that the provisions contained in the said regulations would be incorporated in the Customs Code in the course of the current legislative session. At the same time, the two office circulars would be made into decisions or legal notes.

Mr. MBENGUE and the WCO representatives informed participants of the extent of technical assistance provided in the context of the WCO programme funded by USAID. The participants were satisfied with the way in which the Customs Service operated. Mr. MBENGUE stressed that the Directorate General of Customs should be contacted by letter in cases where an importer disagreed with a local Customs valuation decision.

One participant asked that access to the Customs profession be opened up to women. Mr. MBENGUE replied that this development was in progress<sup>1</sup>.

One participant asked whether freight forwarders had sufficient knowledge of the WTO Valuation Agreement to be able to inform importers properly. In response, Mr. MBENGUE confirmed that the Customs Service attached a great deal of importance to training freight forwarders. Two types of training on Customs issues in general, including Customs valuation issues, were currently on offer to freight forwarders :

- Training organized by Dakar Chamber of Commerce, Industry and Agriculture, using trainers provided by the Customs Service.
- A two-year training programme had first been made available at the Customs Academy three years ago. 22 freight forwarders had already finished their training programme, and 13 freight forwarders were in their final year. A new training programme for freight forwarders would begin in January 2004.

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<sup>1</sup> "Senegalese Customs Strategic Plan" states that granting women access to the Customs profession is one of the principles that must govern the reform of the Customs staff rules (page 17, function 5).

One participant asked what proportion of the funds collected as contributions to the computerized service was allocated to developing the GAINDE 2000 system (automated Customs clearance). Mr. MBENGUE replied that all the funds were used for that purpose. A Joint Committee was responsible for deciding on projects to develop the system and for managing the finances.

One participant regretted the fact that Customs clearance had been interrupted due to a failure in the GAINDE 2000 system. Mr. MBENGUE shared these regrets, stressing that the problem had been caused by a widespread electricity failure.

Mr. MBENGUE encouraged operators to make official complaints if they felt that the Customs Service was not complying with the rules of the WTO Valuation Agreement. In such cases, disputes would be dealt with by the Directorate General.

### **Closing meeting**

As Mr. CAMARA was otherwise engaged, Mr. Armand J. J. NANGA, Director of Studies and Legislation, chaired the closing meeting. He expressed his satisfaction with the WCO/USAID project. The WCO representatives shared the results of the meetings having taken place during the mission.

Mr. NANGA confirmed that the Customs Service would very much appreciate a future technical assistance programme covering Customs valuation, risk management, post-importation audits and goods classification.

### **Evaluation of the results of the mission**

The mission had achieved its objectives. The meetings in Dakar had enabled the WCO representatives to form an opinion on the progress made in terms of effective application of the WTO Valuation Agreement in Senegal, as well to assess the impact of the activities in the context of the WCO/USAID Programme.

The Senegalese Customs Service had truly benefited from the WCO/USAID Programme, and was pursuing its efforts to fulfil all its obligations arising from the WTO Valuation Agreement.

### **Recommendation**

1. It is recommended that note be taken of this report.

23 January 2004.

Emmanuel RUIZ,  
Deputy Director, Divisional Manager, Bourg en Bresse.

Richardt Vork,  
Project Manager.

**List of Annexes**

- Annex 1** List of persons met and list of participants at the meeting held at Dakar Chamber of Commerce, Industry and Agriculture.
- Annex 2** Programme of mission.
- Annex 3** Senegalese Customs Strategic Plan 2003 – 2005 [hard copy only].

**List of persons met**

**Directorate General of Customs**

Mr. Boubacar CAMARA, State Inspector-General, Directorate General of Customs.

Mr. Armand J. J. NANGA, Senior Customs Inspector, Directorate of Studies and Legislation.

Mr. Baba DIENG, Senior Customs Inspector, Head of the Training Division.

Mr. Khalifa Ababacar Sy DIEYE, Manager, Dakar South Port Customs Office.

Mr. Ousmane MBENGUE, Manager, Origin and Valuation Office, Contact Point for the WCO/USAID Valuation Technical Assistance Programme for Sub-Saharan African Countries.

**List of participants at the meeting held at the Dakar Chamber of Commerce, Industry and Agriculture.**

See enclosed registration form.

**Programme of Mission**

**Programme of Mission**

**Visit to Dakar by two WCO officials  
(8 to 10 December 2003)**

Monday 8 December 2003

Arrival in Dakar at 21H25 with flight Air France AF 718.

Tuesday 9 December 2003

Introductory meeting with Mr. B. CAMARA, Director General.

Visit to the Customs School and the Customs office in the Autonomous Dakar South Port.

Meeting with officials of the Directorate General in order to :

- Determine the progress made towards the effective application of the WTO Valuation Agreement in Senegal.
- Evaluate the impact of actions carried out within the framework of the WCO/USAID programme and examine recommendations regarding the structure of any future programme of technical assistance.

Wednesday 10 December 2003

Meeting with representatives of the Dakar Chamber of Commerce, Industry and Agriculture.

Closing meeting with Mr. B. CAMARA, Director General.

Transfer to the airport. Departure at 23H45 with flight Air France AF 719.

**Senegalese Customs Strategic Plan 2003 – 2005.**



## SOMMAIRE

### *INTRODUCTION*

### *MISSIONS DE LA DOUANE*

### *FONCTIONS ESSENTIELLES*

1. Concevoir une politique douanière conforme aux instruments internationaux ratifiés par le Sénégal DEL ;
2. Automatiser le dédouanement DSID ;
3. Développer le partenariat avec l'entreprise privée ;
4. Adapter les régimes douaniers économiques à la promotion de l'investissement ;
5. Assurer une gestion rationnelle des ressources humaines et matérielles ;
6. Améliorer le service douanier de contrôle des opérations commerciales ;
7. Surveiller efficacement le territoire douanier et lutter de façon soutenue contre la fraude ;
8. Promouvoir l'audit et l'inspection internes ;
9. Communiquer : montrer ce que l'on fait avant que l'on dise ce que l'on n'a pas fait ;
10. Rationaliser la poursuite et le recouvrement des affaires contentieuses
11. Mettre en œuvre un plan social pour la famille douanière ;
12. Assurer une collecte efficace des recettes douanières.

### *CONCLUSION.*

## INTRODUCTION

L'Administration des Douanes est un service public placé sous l'autorité du Ministère de l'Economie et des Finances.

Elle est structurée sous la forme d'une direction générale composée de cinq directions techniques :

- la Direction des Etudes et de la Législation douanières (DEL) ;
- la Direction des Opérations douanières (DOD) ;
- la Direction du Renseignement et de la Lutte contre la Fraude (DRLF) ;
- la Direction du Personnel et de la Logistique (DPL) ;
- la Direction des Systèmes informatiques douaniers (DSID).

A la Direction générale, sont rattachés la Division Formation, le Bureau particulier, le Bureau des Relations publiques et de la Communication et l'Assistant du Directeur général, chargé de l'audit interne. Le Directeur général est entouré de trois conseillers techniques et d'un assistant technique français.

Le personnel des douanes est composé de 1.494 agents répartis comme suit :

- 113 inspecteurs et officiers de la hiérarchie A ;
- 185 contrôleurs et sous officiers de la hiérarchie B ;
- 273 agents brevetés et agents de constatation de la hiérarchie C ;
- 923 préposés des douanes de la hiérarchie D.

Le personnel des douanes est régi par un statut spécial, para-militaire. L'administration comprend également en son sein un personnel non douanier. Il est composé d'agents commissionnés en douane, de secrétaires, de militaires, de gendarmes, de chauffeurs et d'autres spécialistes.

Au niveau de la mobilisation des recettes, l'administration des douanes a réalisé :

- au titre de l'année 2000, 177 milliards de FCFA soit une moyenne mensuelle de 14,75 milliards de FCFA ;
- pour 2001, 222,1 milliards de FCFA, ce qui constitue une moyenne mensuelle de 18,5 milliards de FCFA ;
- pour l'année 2002, 240 milliards de FCFA, ce qui équivaut à une moyenne mensuelle de 20 milliards de FCFA.<sup>1</sup>

<sup>1</sup> Ces chiffres comprennent les droits de porte et la TVA collectée au cordon douanier.



L'Administration des Douanes se veut moderne et performante. Cette exigence appelle de sa part une démarche fondée sur une vision claire et partagée par ses membres.

Le présent plan stratégique participe de la définition de cette vision. Il couvre une période de trois ans (2003-2005), mais ne manquera pas de s'adapter au contexte changeant pour mieux refléter les priorités et défis de la Douane sénégalaise.

Cette séquence temporelle est justifiée par le fait que les années 2000 et 2001 ont été considérées comme des années de rupture et de stabilisation. En effet, au cours de cette période, l'on s'est plutôt attaché à mettre en œuvre des réformes visant à juguler les principaux dysfonctionnements de l'administration douanière et les obstacles qui se dressaient devant sa marche vers une plus grande efficacité.

Quant à l'année 2002, elle a vu débuter la mise en œuvre de plusieurs tâches retenues par le présent plan qui en a tenu compte dans la mesure où les travaux à exécuter, dans ces cas, sont la continuation d'actions déjà entamées.

Dans le Plan stratégique présenté, apparaît la définition des fonctions essentielles à travers lesquelles l'administration des douanes compte remplir sa mission. Chaque fonction sera assortie d'objectifs précis et de tâches liées à ces objectifs.

Les moyens attendus pour leur mise en œuvre seront également évoqués. Auparavant, le contexte de chaque domaine d'intervention sera brièvement relaté.

L'exécution de ces tâches obéit à des délais précis et sera appréciée sur la base de critères de résultat fixés au préalable.

Fonctions, objectifs, travaux à exécuter, services responsables, délais d'exécution, coûts et critères de résultat sont les facteurs clés du Plan stratégique de la Douane.

Ce plan revêt un double intérêt :

- il permet de s'assurer que les moyens humains, matériels et financiers, mis à la disposition de l'administration, seront correctement affectés aux activités qui lui sont dévolues ;

- il fournit les outils nécessaires pour procéder à terme à une évaluation objective du fonctionnement de l'administration.

Ce document doit constituer le phare de nos actions quotidiennes en indiquant le chemin à parcourir à la lumière du celui déjà exploré.



## MISSIONS DE LA DOUANE

Traditionnellement, il est dévolu à la Douane une double mission, fiscale et économique. La mission fiscale se traduit par la collecte des droits et taxes notamment au niveau du cordon douanier et la mission économique consiste à protéger le territoire douanier contre les introductions ou sorties frauduleuses de marchandises. La Douane a également toujours apporté son concours à d'autres administrations en veillant au respect des formalités du commerce extérieur et des changes notamment.

Avec l'évolution importante des échanges commerciaux et l'apparition de nouvelles formes de criminalité transnationale organisée, la Douane, du fait de sa position stratégique au niveau des frontières et des pouvoirs légaux qu'elle détient, est de plus en plus interpellée afin de :

- mieux maîtriser les flux commerciaux ;
- aménager un cadre propice pour l'entreprise ;
- veiller à la sécurisation de la chaîne logistique internationale.

La maîtrise des échanges commerciaux permet entre autres de sécuriser les ressources budgétaires de l'Etat. Elle permet également d'offrir au public un service de qualité à travers des procédures simples et fiables. Dans ce sens, le recours aux technologies de l'information facilitera la fourniture d'informations statistiques fiables sur la circulation des marchandises, l'amélioration de la sélectivité des contrôles.

Aujourd'hui, l'instauration d'un « investment climate<sup>2</sup> » est un critère de résultat pour les efforts de modernisation des pays en développement. La Douane est particulièrement interpellée dans cette direction, en vue de développer une franche collaboration avec l'entreprise pour bâtir un partenariat durable à travers des mesures pertinentes de facilitation.

Elle est aussi de plus en plus appelée à développer sa participation à la lutte contre tout acte terroriste ou toute autre activité criminelle.

Le présent plan stratégique tente de prendre en charge ces missions à travers les plans d'action contenus dans les lettres de mission annuelles adressées aux services responsables par le Directeur général des Douanes.

C'est par ce biais que les différentes fonctions seront mises en oeuvre.

<sup>2</sup> Un environnement favorable à l'investissement.

## FONCTIONS ESSENTIELLES

### 1. Concevoir une politique douanière conforme aux instruments internationaux ratifiés par le Sénégal

#### Contexte :

L'action conjuguée de l'OMC et de la conférence des Nations Unies pour le Commerce et le Développement (CNUCED) a fait que les transactions commerciales internationales ont atteint un degré d'harmonisation très élevé. Les aspects douaniers de ces échanges n'échappent pas à cette tendance devenue irréversible. C'est ce qui explique l'implication de l'Organisation mondiale des Douanes (OMD)<sup>3</sup> dans les domaines essentiels du dédouanement et de la sécurisation de la chaîne logistique internationale. Le Sénégal, pays membre de l'OMD est partie à plusieurs conventions internationales. La mise en œuvre des engagements internationaux passe par une définition claire et une prise en charge correcte de ces instruments.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Rendre la politique douanière du Sénégal conforme aux instruments internationaux en la matière.	1.-Mettre à jour la nomenclature tarifaire SH version 2002 dans le cadre de l'UEMOA ;	DEL	Janvier 2003		La version 2002 du SH est effectivement appliquée, aussi bien dans les bureaux informatisés que dans les bureaux non informatisés.
	2.-Suivre les travaux sur l'harmonisation des règles d'origine et faire prendre en charge les préoccupations du Sénégal ;	DEL	Activité permanente		Les engagements internationaux du Sénégal sont correctement appliqués, grâce à l'adoption de règles transparentes pour les opérateurs économiques nationaux et les investisseurs étrangers.
	3.-A la suite de l'entrée en vigueur de la valeur de l'OMC (1er juillet	DEL	Juin 2003		

<sup>3</sup>L'OMD est la seule organisation mondiale compétente en matière douanière. Elle est chargée d'assurer l'harmonisation et l'uniformisation des régimes douaniers, ainsi que le développement des techniques douanières dans le but de faciliter le commerce international.



	<p>2001), mettre en œuvre tous les aspects du nouveau système d'évaluation, notamment en matière de règlement des différends et d'application des valeurs minimales ;</p> <p>4.- Assurer une réception et une mise à jour permanentes des instruments douaniers internationaux dans l'ordonnement juridique interne ;</p> <p>5.- Tirer profit de l'assistance administrative mutuelle internationale, notamment en matière d'échanges de renseignements;</p> <p>6.-Encourager la coopération bilatérale en matière douanière et développer la coopération en matière de sécurité avec les pays limitrophes ;</p> <p>7.-Faire ratifier la Convention de Kyoto ;</p> <p>8.-Renforcer les capacités en matière de gestion du tarif par l'implantation d'un laboratoire des douanes.</p>	<p>DEL</p> <p>DEL,DF, DRLF</p> <p>DEL,DOD, DRLF,DSID</p> <p>DEL</p> <p>DEL</p>	<p>Activité permanente</p> <p>Activité permanente</p> <p>Activité permanente</p> <p>Juillet 2003</p> <p>Juillet 2004</p>	<p>---</p> <p>---</p> <p>---</p> <p>---</p>	<p>---</p> <p>---</p> <p>---</p> <p>---</p> <p>Le laboratoire du Tarif des douanes fonctionnel.</p>
<p>Contribuer à l'assainissement de la profession de commissionnaire en douane en vue de la sécurisation des recettes douanières.</p>	<p>9.-Promouvoir la réorganisation du statut de la profession vers la création d'un Ordre professionnel</p>	<p>DEL</p>	<p>Juillet 2003</p>	<p>---</p>	<p>Le nouveau statut du commissionnaire en douane agréé entre en vigueur.</p>

## 2. Automatiser le dédouanement

### Contexte :

Les technologies de l'information ont modifié de façon profonde les modalités d'exercice des tâches traditionnelles de contrôle et de liquidation des droits et taxes effectuées par la Douane. Le recours à l'informatique et à la télécommunication est ainsi devenu incontournable pour se donner les moyens de répondre aux sollicitations des entreprises et prendre en charge les innovations commerciales venues enrichir le champ d'intervention de la Douane : services express, transport multimodal, systèmes intégrés d'approvisionnement, de production et de distribution inter-entreprises, etc.

Au niveau international, les exigences de facilitation et de sécurité des transactions commerciales, la fréquence et la diversification des sources et types de fraude, la nécessité d'attirer mais aussi de fixer les investissements appellent de la Douane une réponse globale, claire et volontariste dont l'informatisation doit être une composante de base. A l'échelon national, les solutions aux besoins de transparence, d'information et de célérité des diverses filières industrielles et commerciales appellent une refonte quasi-totale des procédures, des techniques de gestion des transactions et des modes d'utilisation des moyens matériels et humains.

Des efforts notables ont déjà été déployés dans ce sens mais les mesures d'adaptation et de mises à jour occupent encore une place importante pour atteindre un niveau de standard international.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Au niveau des unités de prise en charge et de traitement des transactions commerciales, assurer un dédouanement rapide, transparent et efficace entraînant une plus grande fluidité des mouvements des marchandises, une réduction des coûts et une exploitation optimale des espaces portuaires et aéroportuaires,	1.-Equiper et connecter au dédouanement informatique (Gainde 2000 et Orbus ) tous les bureaux ;	DSID,DPL	Décembre 2004	720 (Budget Etat BE : 375 Prestation Informatique Douanière PID : 345)	Le traitement douanier des marchandises est harmonisé, dans la célérité et la transparence.



<p>Appuyer les fonctions administratives de base comme celles d'analyse et de décision, par un système « bureautique » comprenant un ensemble national d'équipements et de logiciels choisis en fonction des besoins réels des unités,</p>	<p>2.-Mettre en place des applications utilitaires de gestion sur la base d'un manuel de procédures et permettant d'assurer une meilleure visibilité de l'action des différents services ;</p>	DSID	Décembre 2005	30 Fonds douanier FD	<p>Les tâches essentielles de l'administration des douanes (personnel, matériel, contentieux, budget, cas sociaux, formation, etc.) sont automatisées.</p>
<p>Interconnexion des systèmes d'information de la Douane et ouverture aux autres systèmes d'information (Ministère de l'Economie et des Finances, autres ministères, organismes nationaux et internationaux etc.),</p>	<p>3.-Intégrer les sous-applications de la Douane en un système d'accès unique et dont l'évolutivité facilitera l'insertion dans le système informatique global de l'Etat ;</p>	DSID	Décembre 2003	50 BE	<p>Le portail d'accès unique à toutes les applications utilitaires est fonctionnel.</p>

### 3. Développer le partenariat avec l'entreprise privée

#### Contexte :

Les exigences d'attrait de l'investissement et d'amélioration de la compétitivité de l'entreprise sénégalaise nécessitent une écoute attentive des opérateurs économiques afin de recenser leurs besoins à travers un dialogue permanent et fécond et mettre en place les mesures de facilitation idoines pour l'aménagement d'un cadre propice au développement des affaires.

Le partenariat avec l'entreprise comporte également un volet "lutte contre la fraude et assainissement" afin de promouvoir l'activité licite et de préserver un environnement sain pour les affaires.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Promouvoir la facilitation du commerce en rendant les règles et les procédures de dédouanement plus conformes aux besoins et contraintes des opérateurs économiques ;	1. - Adopter des procédures simplifiées et personnalisées de dédouanement ;	DEL, DOD	Décembre 2005	100 (Financement Banque Mondiale, BM)	Le temps de passage en douane est réduit au minimum possible à l'import et à l'export pour les principaux produits et opérateurs avec une réduction à 15% de l'inspection physique des conteneurs.
	2. - Renforcer l'organisation, l'équipement et le fonctionnement du Bureau Conseil aux Entreprises et Facilitation ;	DEL, DPL	Juin 2003	08 FD	Une assistance permanente et un conseil avisé à l'entreprise sont offerts, notamment à l'investisseur.
	3. - Mener régulièrement la concertation Douane/secteur privé en tenant une réunion de revue trimestrielle regroupant tous les	DEL	Activité permanente		Un partenariat constant et dynamique avec l'entreprise est instauré pour faciliter les opérations



	secteurs (mars, juin, septembre, décembre);				en douane.
	4. - Adopter soixante quinze (75) nouvelles mesures de facilitation en faveur de l'entreprise ;	DEL, DSID, DOD	Décembre 2005	180 (Financement Banque Mondiale)	Un Guide reprend les cent (100) mesures de facilitation prises par la Douane et qui ont donné satisfaction aux usagers.
Adapter les structures de l'administration en vue de promouvoir la culture de facilitation du commerce,	5. - Introduire les réformes nécessitées par le bilan de la réforme de 2000 et la prise en compte des données comme la facilitation et la sécurité ;	DEL,DSID	Août 2003	50 (Financement Banque Mondiale)	Un nouvel organigramme est adopté.
Bâtir une coalition Douane/entreprise dans la lutte contre la fraude,	6. - Faire fonctionner de façon efficace le fonds de concours des entreprises dans la lutte contre la fraude douanière ;	DEL,DOD, DRLF	Activité permanente	100/an (Soutien des entreprises)	Les entreprises les plus significatives participent effectivement aux actions du Comité de gestion.
Contribuer à l'assainissement de la profession de commissionnaire en douane en vue de la sécurisation des recettes douanières.	Promouvoir la réorganisation du statut de la profession vers la création d'un Ordre professionnel.	DEL	Juillet 2003		Le nouveau statut du commissionnaire en douane agréé entre en vigueur.

## 4. Adapter les régimes douaniers économiques à la promotion de l'investissement

### Contexte :

La réduction continue des barrières tarifaires et non tarifaires contribue à accentuer la bataille pour la compétitivité. Les régimes douaniers économiques constituant le cadre naturel dans lequel évoluent les marchandises objet du commerce international, il s'avère impératif de réadapter ce cadre aux exigences de rapidité et de réduction de coût propres à l'amélioration de la compétitivité de l'entreprise.

Les régimes douaniers économiques dont la plupart ont pour but de faciliter les opérations de stockage, de transformation, d'utilisation et de circulation sous douane méritent d'être revisités pour mettre l'accent sur la promotion de l'investissement afin de capter les nouvelles formes de financement, d'aménager un cadre pour la sous-traitance, la mise en place de plate-formes de redistribution, les espaces francs, la délocalisation etc.

Cette réforme, en même temps qu'elle offre un service « à la carte » conforme aux besoins des utilisateurs, vise une plus grande simplification et une gestion plus rationnelle.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Adapter les régimes douaniers à l'environnement économique et les rendre plus aptes à favoriser l'investissement à travers des règles de fonctionnement simples, transparentes, conformes aux besoins formulés par l'entreprise,	1.-Procéder à une réforme des régimes économiques de stockage, de transformation et d'utilisation sous douane, pour mieux les adapter aux besoins des utilisateurs à travers une démarche participative ;	DEL	Juin 2003	20 FD	Le Code des douanes offre un cadre juridique facilitant l'implantation de toutes les pratiques en cours dans le commerce international visant à promouvoir l'investissement.
	2.-Aménager un régime juridique pour les magasins et aires francs à l'intérieur du port, de l'Aéroport et en dehors ;	DEL, DOD	Juin 2003	30 (Financement Banque Mondiale)	Des zones de stockage et d'éclatement (étape vers la mise en place d'un Port franc) des marchandises pour la réexportation sont aménagées.



Garantir une gestion optimale des régimes douaniers,	3.-Mettre en place un système d'information et d'échanges prenant en compte les modifications apportées aux régimes douaniers ;	DEL, DSID, DOD	D é c e m b r e 2004	100 (Financement Banque Mondiale)	Un système d'information fiable interconnectant la Douane aux partenaires bénéficiaires ou gestionnaires des régimes douaniers est fonctionnel.
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## 5. Assurer une gestion rationnelle des ressources humaines et matérielles

### Contexte :

Le succès des missions assignées à l'administration des douanes dépend pour une large part de la qualité des ressources humaines et de la disponibilité des ressources matérielles. Ces ressources doivent donc faire l'objet d'une gestion rigoureuse. Les hommes doivent être bien formés, compétents et imbus des valeurs d'éthique et du sens du service public. Les moyens matériels, forcément limités, doivent constamment être en adéquation avec les tâches retenues.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Obtenir un statut adéquat pour le personnel des douanes,	1.-Procéder à la réforme du statut du personnel des douanes dans le respect des principes directeurs suivants ; accès des femmes, séparation des fonctions de surveillance de celles de contrôle des opérations commerciales, revalorisation, harmonisation des attributs, déontologie professionnelle, etc.;	DEL, DPL	Juin 2003	20 BE	Un nouveau statut du personnel des douanes est adopté.
Répondre aux besoins de formation du personnel des douanes,	2.-Mettre en œuvre un programme de formation permanente pour tous les agents et dans toutes les spécialités ;	DF	Activité permanente	80 FD : 30 PAFIES : 50	Chaque agent des douanes bénéficie d'un taux de cinq (5) jours de formation par an.
Faire occuper les postes de travail par les ressources humaines les mieux indiquées ; « l'homme qu'il faut à la place qu'il faut » Connaître le niveau de satisfaction du personnel des douanes,	3.-Elaborer un « job description » pour tous les postes de travail et définir les profils des potentiels titulaires ;	DPL	Juillet 2003	10 FD	L'adéquation profil/poste de travail sur la base de critères objectifs et identifiables par tous est acquise.

	4.-Lancer une enquête de satisfaction du personnel des douanes ;	DPL	Décembre 2003	10 FD	Un système de motivation performant des ressources humaines garantissant un bon moral des troupes est adopté.
Rendre disponible pour les agents des douanes et les usagers du service la documentation douanière,	5.-Collecter et disposer sur support physique et virtuel les documents fixant la législation douanière, les outils pédagogiques, les documents nécessaires au dédouanement, les différentes publications nationales et internationales en matière douanière ;	DF, DSID,DEL	Décembre 2004	20 BE	Le pool de secrétariat est fonctionnel et la disponibilité de la documentation douanière à jour et en temps réel est acquise.
Promouvoir l'éthique douanière et la lutte contre la corruption,	6.-Mettre en œuvre la stratégie définie par la déclaration d'Arusha ;	DGD, DEL, DOD,DRLF, DPL,DSID	Activité permanente		L'éthique douanière et la transparence sont des valeurs de référence de l'administration des douanes.
Renforcer le personnel de l'administration des douanes,	7.-Procéder au recrutement des agents des douanes conformément au calendrier 2000-2010 ;	DPL, MEF	Décembre 2005		206 nouveaux agents ont été recrutés.
Maîtriser les biens mis à la disposition de l'administration des douanes pour en assurer une bonne gestion,	8.-Procéder à l'inventaire du matériel roulant et du patrimoine immobilier de l'administration des douanes ;	DPL	Mars 2003		Le matériel roulant et immobilier est recensé avec toutes les indications sur son état réel et la comptabilité matière est bien tenue.
Assurer l'entretien et la maintenance des biens de l'Etat afin de leur assurer une plus grande longévité et garantir la sécurité de l'agent des douanes à travers la qualité de son outil de travail,	9.-Elaborer les procédures d'entretien, de maintenance des biens et signer des conventions avec les prestataires attitrés ;	DPL	Activité permanente	390 BE	Les biens mis à la disposition de la Douane sont bien entretenus.



Assurer un renouvellement régulier du matériel	10.-Adopter un plan d'amortissement et de renouvellement du matériel logistique (voitures, vedettes, mobylettes etc. ) ;	DPL	Avril 2003	Activité permanente	Le matériel est renouvelé à temps.
Réhabiliter tous les postes et bureaux de douane ainsi que les logements,	11.-Construire dans le domaine de l'Etat tous les bureaux ou poste et procéder à la réfection des unités douanières et des cités.	DPL	Déc. 2005	BE : PAD : 50	Les agents travaillent dans des locaux fonctionnels et les cités des douanes sont bien réfectionnées.
Faire financer le plan d'équipement de la Douane.	12.-Mettre à jour le plan d'équipement de la Douane, indiquer les sources de financement attendues et veiller à l'obtention des fonds ;	DPL	Activité permanente	Budget de l'Etat : Fonds d'équipement douanier : Autres bailleurs :	L'Administration de douanes est bien équipée pour faire face à ses missions.

## 6. Améliorer le service douanier de contrôle des opérations commerciales

### Contexte :

La libéralisation de l'économie mondiale, notamment, celle des échanges commerciaux et, surtout, l'adoption des accords de l'Organisation Mondiale du commerce (OMC) et le développement des technologies de l'information ont totalement changé les pratiques commerciales, aujourd'hui marquées par une plus grande exigence de fluidité, de célérité mais aussi de sécurité dans les opérations douanières.

Devant cette nouvelle situation, le Port Autonome de Dakar (PAD) a engagé un important programme de développement et de rationalisation de ses installations afin d'améliorer sa compétitivité et profiter, au maximum de l'accroissement du trafic de marchandises attendu dans les années à venir.

La Douane doit s'adapter à ce contexte en engageant des réformes en profondeur de ses structures et de ses procédures de contrôle pour, d'une part, accompagner les acteurs de l'économie dans leurs mutations et d'autre part, sécuriser les recettes douanières.

Cette démarche de la Douane doit également être adoptée au niveau de tous les autres points de passage des biens et des personnes (voie terrestre, aérienne, maritime et postale.).

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Faciliter le mouvement des passagers et des bagages au niveau de l'aéroport de Dakar et des bureaux postaux,	1.-Adopter les mesures adéquates pour éviter les multiples contrôles à travers l'apposition de pastilles infalsifiables sur les documents et bagages en guise de « lettre du jour » ;	DOD	Juin 2003	50 BM	Les atouts de Dakar comme porte d'entrée sont renforcés.
	2.-Installer deux scanners pour les bagages accompagnés des voyageurs et un pour le contrôle du fret à l'arrivée ;	DPL	Février 2003	297 BE : 150 ASECNA 147	Le temps de séjour dans les zones d'attente est réduit et la sécurité de la chaîne de transport est renforcée.
	3.-Installer un scanner au niveau du bureau des colis postaux et adopter les procédures	DPL, DOD	Février 2003	50	Les risques d'introduction de stupéfiants et produits illicites

<p>Répondre au volume croissant du trafic portuaire, sécuriser les recettes douanières et réduire les coûts de passage au Port,</p>	<p>de contrôle adaptées à cet outil ; Installer un scanner au bureau des paquets postaux et de contrôle des envois express ;</p> <p>4.-Réorganiser les services de dédouanement au Port de Dakar en mettant en place un nombre suffisant de bureaux de douanes ;</p>	<p>DOD, DSID, DPL</p>	<p>Juin 2003</p>	<p>250 BE : 160 Banque Mondiale)</p>	<p>de grande valeur et de faible volume, par voie postale, sont réduits.</p> <p>L'organisation de la Douane au Port répond à la configuration du trafic et un rapprochement est effectué entre les bureaux de dédouanement et les marchandises.</p>
<p>Contribuer à l'effort de décentralisation en rapprochant la Douane des opérateurs dans les régions,</p>	<p>5.-Mettre en place quatre centres régionaux de dédouanement dans les emplacements les plus adéquats ;</p>	<p>DOD, DSID DEL</p>	<p>Décembre 2005</p>	<p>400 MEF</p>	<p>Le dédouanement des marchandises peut être effectué de façon uniforme dans toutes les régions.</p>
<p>Jeter les bases d'un service moderne de commerce électronique,</p>	<p>6.-Mettre en place un site pilote d'expérimentation du commerce électronique à travers le fret postal et les envois express:</p>	<p>DOD DSID DEL</p>	<p>Janvier 2004</p>	<p>10 FD</p>	<p>La Douane dispose d'un centre d'accueil du commerce électronique.</p>
<p>Améliorer la prise en charge et la maîtrise des opérations commerciales dans les bureaux spécialisés notamment les produits pétroliers, les ressources halieutiques et les marchandises transportés par voie ferrée,</p>	<p>7.-Proposer des procédures efficaces tenant compte du déploiement de Gainde 2000 ;</p>	<p>DOD</p>	<p>Décembre 2004</p>	<p>100 PID : 50 BE : 50</p>	<p>Les bureaux spécialisés sont bien tenus avec une production statistique fiable et des capacités de contrôle renforcées de la Douane.</p>
<p>Tirer profit du Programme de Vérification des Importations (PVI) en l'adaptant régulièrement aux besoins de renforcement des capacités de la Douane,</p>	<p>8.-Réduire progressivement l'inspection avant expédition en faveur du contrôle domestique à travers la gestion du risque de fraude, la mise en place de bases</p>	<p>DEL, DOD DOD</p>	<p>Décembre 2005</p>	<p>6000 MEF</p>	<p>L'essentiel du contrôle douanier est effectué sans apport extérieur.</p>

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<p>Améliorer les fonctions de transit de Dakar vers les pays limitrophes notamment le Mali,</p>	<p>de données sur l'évaluation des marchandises et les courants de fraude, le recours aux outils modernes de contrôle sur place comme le scanner ;</p> <p>9.-Prendre les mesures nécessaires pour réduire les coûts de passage en douane des marchandises en transit ;</p> <p>10.-Accompagner les projets des partenaires de la Douane dans cette direction (Port, Cosec, opérateurs économiques etc.), notamment le projet de création d'entrepôts sénégalais au Mali.</p>	<p>DOD, DEL, DSID</p>	<p>Mars 2003</p>	<p>10 F</p>	<p>Les avantages douaniers comparatifs sont meilleurs que ceux offerts par les concurrents</p>
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## 7. Surveiller efficacement le territoire douanier et lutter de façon soutenue contre la fraude

### Contexte :

Le Sénégal possède à l'Ouest une longue façade maritime de plus de 500 km avec des côtes basses et rectilignes et de nombreux débarcadères. Au nord, le fleuve Sénégal, avec ses 700 km et de nombreux points de passage constitue la frontière avec la Mauritanie. Au Sud, on trouve la Guinée Bissau et la Guinée Conakry et à l'Est le Mali.

La Gambie, quant à elle, constitue une enclave à l'intérieur du Sénégal avec une ligne frontière Nord avec la région centre du pays et une frontière avec la partie Sud.

Un niveau de vie et de développement relativement élevé au Sénégal par rapport à ses voisins, des prix de marchandises inférieurs aux nôtres à cause d'une fiscalité de porte moins élevée et une longue tradition d'échanges entre les populations riveraines nous exposent à de nombreuses agressions avec des versements frauduleux de marchandises nuisibles à notre économie.

La non appartenance de certains de nos voisins à la CEDEAO ou à l'UEMOA et le défaut d'harmonisation de nos politiques économique, commerciale et fiscale qu'elle induit, exacerbe cette situation.

Aussi, la Douane doit-elle assurer de manière permanente et efficace la surveillance des frontières pour protéger l'économie nationale.

Il s'y ajoute que la diversité des menaces liées à l'instabilité dans la sous-région et à la recrudescence des actes terroristes et de criminalité transnationale organisée, appelle l'adoption des mesures destinées à sécuriser la chaîne logistique internationale.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Renforcer la sécurisation de la chaîne logistique internationale,	1.-Etablir une carte retraçant la « ligne jaune » à protéger pour la sécurité du mouvement des biens et des personnes ;	DGD	Janvier 2003		Les points de passage sont connus et maîtrisés pour prévenir les menaces par l'occupation rationnelle du terrain.
	2.-Equiper les points sensibles d'entrée et de sortie de matériels modernes de détection et d'alerte en recourant aux équipements modernes de vidéo surveillance, de détection	DOD, DP	Décembre 2004	500 A rechercher	Le cordon de sécurité est mis en place et tous les points sensibles sont étroitement et efficacement surveillés.



<p>Renforcer les moyens des unités de surveillance,</p>	<p>des armes, d'explosifs et de drogues ainsi qu'aux techniques de balayage radioscopique sans intrusion ;</p> <p>3.-Doter les unités de surveillance douanière des moyens adéquats pour la lutte contre la contrebande ;</p>	<p>DPL</p>	<p>Octobre 2003</p>	<p>1470 BE</p>	<p>Chaque unité douanière de surveillance dispose d'au moins un véhicule de moins de cinq ans et d'un packaging complet.</p>
<p>Assurer une liaison permanente entre les postes de commandement et les postes opérationnels,</p>	<p>4.-Doter toutes les unités qui interviennent dans les opérations de surveillance et de lutte contre la fraude de moyens adéquats de radiocommunication ;</p>	<p>DOD, DPL</p>	<p>Octobre 2003</p>	<p>425 BE</p>	<p>Le territoire est maillé par un réseau radio-communication numérique permettant une liaison radio fonctionnelle entre toutes les unités et avec les postes de commandement.</p>
<p>Mettre à l'abri des intrusions le système informatique douanier de dédouanement,</p>	<p>5.-Mettre en œuvre les mesures de sécurité contre la fraude informatique ;</p>	<p>DSID</p>	<p>Octobre 2003</p>	<p>100: dont les 2/3 sont financés par la Prestation informatique douanière et le 1/3 par la Banque mondiale</p>	<p>La sécurisation du système informatique douanier de dédouanement est garantie.</p>
<p>Maîtriser le niveau de risque de fraude et améliorer la connaissance des courants de fraude pour mieux cibler l'action de la Douane,</p>	<p>6.-Elaborer un système d'analyse et de gestion du risque de fraude ;</p>	<p>DRLF</p>	<p>Octobre 2003</p>	<p>100 BM : 25 PID : 75</p>	<p>Une meilleure orientation des contrôles est acquise.</p>
<p>Améliorer les capacités d'enquêtes et d'interventions du service de contrôle après dédouanement,</p>	<p>7.-Renforcer les services de contrôles après dédouanement et de lutte contre le trafic illicite de stupéfiants au niveau des ressources humaines, de la réorganisation des structures et des moyens de travail.</p>	<p>DOD, DRLF, DF,</p>	<p>Décembre 2004</p>	<p>20 BE</p>	<p>Le contrôle immédiat et les actions de surveillance du territoire sont efficacement complétés.</p>

## 8. Promouvoir l'audit et l'inspection internes

### Contexte :

Avec la réorganisation intervenue au niveau du Ministère de l'Economie et des Finances en 2000, une Inspection générale des Finances (IGF) a été mise sur pieds à la place des inspections des différentes directions générales.

Très vite, l'on a senti la nécessité de rapprocher le contrôle préventif et l'évaluation des services pour compléter et faciliter l'action de l'IGF. La première étape a été de nommer un assistant du Directeur général des Douanes chargé de l'audit interne en attendant la création d'une structure d'audit interne. Cette mesure entre dans le cadre des recommandations de la Déclaration d'Arusha (OMD,1993) fixant la stratégie douanière de lutte contre la corruption.

Cohérence et bon fonctionnement des services, évaluation, qualité des services offerts, mise à jour des procédures et respect des règles de transparence et de bonne gouvernance, telles sont les grandes lignes de l'activité d'audit et d'inspection internes.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
<p>Prévenir les manquements dans le fonctionnement du service afin de les corriger à temps : mieux vaut prévenir que guérir,</p> <p>Faire de l'évaluation un outil de gestion des performances dans tous les secteurs,</p>	<p>1.-Bâtir et exécuter un programme d'inspection interne en raison d'une inspection au moins par trimestre ;</p>	Audit interne	Décembre 2005	06 FD	<p>Douze (12) rapports d'inspection interne sont établis.</p>
	<p>2.-Exploiter judicieusement tous les rapports des services pour déceler les manquements dans l'organisation et l'exécution du service ;</p>	Audit interne	Activité permanente		<p>Une fiche des recommandations est établie pour tous les rapports reçus par la Direction générale.</p>
	<p>3.-Définir les critères et les modes d'évaluation des activités des services ;</p>	Audit interne, tous services	Décembre 2003		<p>Des critères objectifs et des méthodes d'évaluation sont identifiables et connus de tous les services.</p>

Mettre à jour les procédures douanières en corrigeant les faiblesses,	4.-Procéder à la revue des procédures douanières en vigueur dans le Port de Dakar, notamment au niveau de l'enlèvement ;	Audit interne, DOD	Octobre 2003		Les procédures douanières sont améliorées et sécurisées.
Maîtriser la qualité et le pouvoir des intervenants dans le système GAINDE et s'assurer de l'intégrité des sauvegardes,	5.-Procéder à l'audit des droits d'accès et de modification ainsi que des procédures d'archivage dans le système GAINDE ;	Audit interne, DSID	Octobre 2003	20 PID	Les responsabilités des intervenants sont bien situées.
Fixer les contours d'un centre régional de dédouanement,	6.-Proposer un schéma d'optimisation du centre de dédouanement de Kaolack ;	Audit interne, DOD	Mars 2003	01 FD	Un schéma optimal d'un centre régional de dédouanement adapté est conçu.
Faire le bilan du dispositif de protection mis en place en complément au tarif extérieur commun de l'UEMOA,	7.-Suivi et évaluation du dispositif complémentaire du Tarif extérieur commun de l'UEMOA (TCI, TDP, valeurs minimales) ;	Audit interne, DEL	Mars 2004		Un rapport détaillé sur l'efficacité du dispositif complémentaire du TEC est produit.
Vérifier la pertinence du dispositif de contrôle après dédouanement,	8.-Procéder à l'audit du système de contrôle après dédouanement ;	Audit interne, DRLF	Avril 2003		Recensement des recommandations à mettre en œuvre pour améliorer le contrôle après dédouanement.
Assurer la transparence dans la gestion des deniers publics,	9.-Mettre en place une procédure interne de contrôle du respect des procédures d'attribution des marchés publics et veiller à son respect ;	Audit interne, DPL	Février 2003		Le Code des marchés publics est correctement appliqué.

## 9. Communiquer : montrer ce que l'on fait avant que l'on dise ce que l'on n'a pas fait

### Contexte :

Le devoir d'information sur les missions et objectifs de la Douane participe de l'amélioration des relations souvent difficiles avec le public. Par une information complète et objective, la Douane doit gagner la confiance des créateurs de richesse et jouer sa partition dans l'amélioration de la crédibilité de l'Etat.

La stratégie de communication de la Douane doit également offrir aux usagers, clients de l'administration, un cadre d'expression pour l'amélioration de la qualité du service offert par le biais de suggestions et réclamations.

Par ailleurs, le partenariat noué avec le secteur privé ne peut prospérer qu'à travers une bonne politique de communication visant à leur faire connaître et adopter tous les outils mis à sa disposition dans la logique du « faire-savoir le savoir-faire ».

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Mieux faire connaître et comprendre l'action de la Douane,	1.-Mettre en œuvre la stratégie de communication pour mieux faire connaître la Douane et son intervention décisive dans la protection de l'entreprise, de la santé humaine, animale et végétale, la sécurité des biens et des personnes. Des supports pertinents seront choisis ;	BRPC	Activité permanente	15 BE	Le gap entre la qualité de l'action de la Douane et la perception souvent négative du public est considérablement réduit.
Mettre à la disposition des usagers des informations à jour, complètes et fiables,	2.-Améliorer et gérer le site web de la Douane ;	BRPC/ DSID DEL	Juin 2003	10 FD	L'information douanière est disponible en temps réel.
	3.-Editer un journal semestriel et une lettre mensuelle donnant des informations utiles aux usagers et aux agents des douanes pour faciliter les opérations de dédouanement ;	BRPC	Juin 2003	18 FD	---
	4.-Animer et superviser des émissions radiophoniques en français et	BRPC	Activité permanente	05 FD	Une émission est diffusée dans



<p>Développer l'esprit de service public chez l'agent des douanes,</p>	<p>dans les langues nationales ; Poursuivre la décentralisation des émissions radiophoniques ;</p> <p>5.-Mettre en œuvre une campagne interne contre le laxisme et le manque de rigueur ;</p>	<p>BRPC</p>	<p>Décembre 2004</p>	<p>03 FD</p>	<p>toutes les zones sensibles du territoire national.</p> <p>Les capacités de l'agent des douanes à orienter son action vers la satisfaction de la demande des usagers est renforcée.</p>
<p>Mieux informer les voyageurs sur la Douane,</p>	<p>6.-Instaurer des récompenses visant à développer l'émulation au sein des agents des douanes ;</p>	<p>BRPC</p>	<p>Mars 2003</p>	<p></p>	<p>L'usager est en mesure de faire des réclamations sur des comportements qu'il juge anormaux sans risquer des représailles et sans frais.</p>
<p>Mieux informer les voyageurs sur la Douane,</p>	<p>7.-Assurer la gestion efficace du « Numéro vert » pour répondre aux réclamations des usagers ;</p>	<p>BRPC</p>	<p>Mars 2003</p>	<p>30 (Financement Banque Mondiale)</p>	<p>Le voyageur dispose de toutes les informations nécessaires pour faciliter son contact avec la Douane.</p>
<p></p>	<p>8.-Procéder à l'information des voyageurs sur les formalités dans la zone sous douane de l'aéroport à travers une signalisation complète, des messages vidéo et radio sur le contrôle des changes, les franchises, le dédouanement, les prérogatives des agents des douanes et les droits et obligations des voyageurs. Une attention particulière sera accordée aux touristes et aux émigrés.</p>	<p>B R P C , ASECNA</p>	<p>Décembre 2003</p>	<p></p>	<p></p>

## 10. Rationaliser la poursuite et le recouvrement des affaires contentieuses

### Contexte :

Les affaires contentieuses doivent être poursuivies et les créances de l'Etat recouvrées dans les délais de prescription. Cette exigence suppose une mise en œuvre diligente de toutes les poursuites devant les tribunaux et un suivi rigoureux des accords intervenus dans le cadre des transactions douanières. Dans cette perspective, toutes les mesures conservatoires mises à la disposition de la Douane par le législateur doivent être mises à profit.

La recherche de la cohérence dans le règlement des affaires contentieuses par voie transactionnelle doit être de mise. Il faut toutefois éviter que ce mode de règlement soit offert aux auteurs d'infractions commises dans des circonstances aggravantes.

Le suivi des dossiers contentieux ainsi que de la situation réelle des biens devant faire l'objet d'une aliénation par la Douane constituent des axes majeurs pour la rationalisation de la poursuite et du recouvrement. Le taux de recouvrement, critère essentiel de performance, doit être amélioré à travers un traitement diligent des dossiers.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Réorganiser la poursuite et le recouvrement des affaires contentieuses,	1.-Proposer une réforme visant à élargir les compétences du Bureau Poursuite et Recouvrement au niveau national pour les affaires présentées en justice. Prévoir un système de représentation par des agents poursuivants au niveau des inspections régionales ;	DRLF, DOD	D é c e m b r e 2005	53 FD = 25 PAFIES 28	La poursuite et le recouvrement des affaires contentieuses sont gérés par un organe unique sur tout le territoire national.
Maîtriser la créance résultant des affaires contentieuses et garantir leur recouvrement,	2.Recenser les affaires pendantes en justice et des transactions dont l'exécution fait l'objet de moratoires ;  3.-Etablir la liste rouge des débiteurs pour lesquelles des mesures coercitives doivent être prises ;	DRLF  DRLF	Activité permanente		Un tableau récapitulatif des dossiers et les délais d'instance est fourni tous les trimestres.



	<p>4.-Mettre en œuvre les mesures d'exécution adéquates pour le recouvrement des créances de la Douane ;</p>	DRLF			<p>Toutes les voies de recours indiquées sont empruntées pour recouvrer les créances.</p>
	<p>5.-Procéder aux ventes aux enchères publiques selon un calendrier régulier en veillant au désencombrement des espaces portuaires ou aéroportuaires ;</p>	DRLF, DOD			<p>Les espaces portuaires et aéroportuaires ne souffrent plus de la présence abusive des marchandises sous douane.</p>

## 11. Mettre en œuvre un plan social pour la famille douanière

### Contexte :

Pour obtenir des résultats satisfaisants, l'administration douanière se doit d'aménager un environnement sain et propice à l'épanouissement moral du personnel des douanes.

Cette préoccupation est largement prise en compte à travers l'action sociale en faveur des agents et de leur famille. Le souci de répondre à la demande sociale de la famille douanière est un facteur de motivation essentiel.

Il convient donc de le prendre en charge de façon efficace. A ce niveau, la participation active de toutes les associations qui évoluent au sein ou à périphérie de l'administration des douanes est nécessaire.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Faciliter l'accès à la propriété bâtie à l'agent des douanes conformément à l'option « un agent, un toit »,	1.-Construire la nouvelle cité de Bopp et soutenir les projets de la Mutuelle des Douanes ;	DGD Mutuelle des Douanes	Juin 2004	3000 Financement bancaire	La couverture des besoins en logement est assurée à 50%.
Faciliter l'accès aux biens mobiliers d'équipement,	2.-Ouvrir des lignes de crédit auprès des banques ;	DGD	Activité permanente	1500 Financement bancaire	La demande en équipement domestique de tous les agents des douanes est satisfaite à 100%.
Garantir une couverture sanitaire adéquate aux agents et à leur famille,	3.-Prendre les mesures nécessaires pour mettre en œuvre l'initiative de Bamako sur l'accès aux médicaments essentiels ;	D P L , Mutuelle	Mars 2003	05 FD	L'initiative de Bamako est fonctionnelle au Centre médico-social des douanes.
	4.-Organiser une tournée médicale annuelle dans toutes les unités ;	DPL	Activité permanente	01 FD	Toutes les unités douanières sont visitées au moins une fois l'an par une délégation médicale.
	5.-Veiller au fonctionnement correct du Centre médico-social en établissant régulièrement l'état des besoins	DPL	Activité permanente		Un plan de financement des besoins du centre est disponible chaque trimestre.

	et en proposant des solutions pour leur satisfaction ;				
Mettre l'accent sur la prévention et l'hygiène,	6.-Transformer le Centre médico-social des Douanes en une polyclinique moderne ;	DGD	Décembre 2005	6500 (Financement à rechercher)	La Douane contribue à améliorer la carte sanitaire à Dakar au profit des populations.
	7.-Organiser une visite médicale annuelle obligatoire pour le personnel de la Douane ;	DPL	Activité permanente	03 FD	Tout le personnel des douanes dispose d'un dossier médical à jour.
	8.-Mettre en place des campagnes de vaccination, de lutte contre le tabagisme, l'alcoolisme, l'usage des stupéfiants, pour la prévention des maladies sexuellement transmissibles etc. ;	DPL, Mutuelle des douanes	Activité permanente	03 FD	Trois campagnes de sensibilisation sont organisées par an.
Soutenir la population en difficulté,	9.-Organiser des visites aux malades hospitalisés ;	DPL	Activité permanente	01 FD	Un tour des hôpitaux par semaine est organisé.
	10.-Assurer le recensement et le suivi des grands malades et des détenus ;	DPL,			Un état trimestriel est établi.
Soutenir les activités socio-éducatives, culturelles et sportives au sein de la Douane,	11.-Bâtir et mettre en œuvre un programme d'assistance aux veuves et orphelins ;	DPL Mutuelle des douanes, autres associations ;	Février 2003	160 FD : 30 Contribution des agents : 115 Mutuelle 15 :	Tous les orphelins mineurs bénéficient d'au moins une prestation par an.
	12.-Institutionnaliser la Journée de l'orphelin des douanes ;	DPL, Mutuelle des douanes	Activité permanente		Les orphelins sont fêtés chaque année.
	13.-Bâtir et mettre en œuvre un programme de soutien et de collaboration en faveur des retraités ;	DPL, Mutuelle des douanes	Mars 2003	10 FD	Les retraités sont pris en compte dans la vie de la douane.

	14.-Assurer une gestion rigoureuse de la Maison de la Douane ;	DPL, Mutuelle des douanes	Activité permanente		Les agents des douanes disposent d'un cadre de détente et de loisirs.
	15.Soutien à toutes les équipes engagées dans les compétitions sportives nationales et internationales et organiser un tournoi interne du souvenir ;		Activité permanente	300 FD : 180 Contribution agents : 120	Un vecteur de communication est entretenu et « un esprit sain dans un corps sain est promu ».
	16.-Promouvoir les activités socio-éducatives et culturelles notamment au niveau des enfants des agents du personnel des douanes ;	DPL, BRPC	Activité permanente	60 FD	Un programme de loisirs est offert aux enfants du personnel des douanes.
	17.-Monter une exposition permanente sur l'histoire des douanes sénégalaises et ériger une statue à la mémoire des agents décédés ;	DPL DGD, Mutuelle des douanes	Janvier 2004	10	Un lieu symbolique de souvenir et de recueillement est aménagé.

## 12. Assurer une collecte efficace des recettes douanières

### Contexte :

La collecte des droits et taxes permet à l'Etat du Sénégal de financer les dépenses prévues au Budget, notamment celles relatives à la satisfaction de la demande sociale.

Une partie de cette importante fonction régaliennne est confiée à l'administration des douanes à qui il appartient de bâtir une organisation stable et fonctionnelle pour assurer cette collecte de façon optimale dans le strict respect des lois et règlements en vigueur et du principe d'égalité devant les charges publiques.

Aussi doit-elle prendre toutes les mesures idoines pour sécuriser la procédure de collecte en évitant des pertes de recettes quelle que soit leur origine. Les performances en matière de réalisation de recettes étant un critère important d'appréciation du service de la Douane, aucun effort ne devra être ménagé pour l'optimisation de cette fonction.

Objectifs	Travaux à exécuter	Services responsables	Délai d'exécution	Coûts et sources (en millions CFA)	Critères de résultat
Contribuer ou renforcer les capacités de financement de l'Etat et à la bonne tenue des finances publiques,	1.-Prendre les mesures aptes à stabiliser les recettes sur les trente premiers produits porteurs ;	D O D , DSID	Janvier 2003		Réaliser les prévisions de recettes fixées par le Ministère de l'Economie et des Finances pour la Douane.
	2.-Recenser les trente produits sur lesquels les pertes de recettes sont plus significatives et prendre les mesures nécessaires pour la maîtrise de leur assiette ;	DOD D R L F DSID	Janvier 2003		
	3.-Faire des propositions de localisation de la collecte de l'impôt pour certains produits (téléphones portables, véhicules etc.) ;	DEL	Avril 2003		La collecte de l'impôt est localisée au lieu le plus adéquat.



	4.-Assurer un contrôle rigoureux de l'apurement des régimes douaniers ;	DEL, DRLF, DOD	Activité permanente		Les pertes de recettes consécutives aux abus de régimes douaniers sont évitées.
	5.-Veiller à la présence effective des agents aux postes de travail et examiner avec les partenaires le réaménagement des horaires de travail ;	Audit interne, toutes directions et bureaux	Activité permanente		La disponibilité des agents des douanes contribue à la célérité des opérations de dédouanement.

## CONCLUSION

Le résumé des coûts fait apparaître un montant global de Six milliards six cent dix neuf millions FCFA (6.619.000.000) pour les trois années. Il convient de préciser que ce montant ne comprend pas :

- le coût du Programme de vérification des Importations (PVI) (environ 6 milliards par an) supporté par les dépenses communes du Ministère de l'Economie et des Finances
- le financement de la construction de cité de Bopp acquis auprès d'une Banque de la place ( environ 3 milliards FCFA)
- le financement à rechercher de la polyclinique de la Douane (6,5 milliards FCFA)

D'autre part, certaines actions n'ont pas été chiffrées, il s'agit :

- du recrutement des 206 agents des douanes
- des tâches quotidiennes de gestion et de réflexion dévolues aux services.

La répartition des sources de financement s'établit comme suit :

Source de Financement	Coût en millions CFA	Pourcentage	Observations
Budget de l'Etat	4100	61,94 %	Ce montant équivaut à des crédits de : 900 millions en 2003 ; 1,5 milliard au titre de l'année 2004 ; 1,5 milliard en 2005 ; 600 millions au titre d'une dotation complémentaire.
Banque Mondiale ;	725	11%	Il s'agit d'un financement IDA de 700 millions FCFA et 25 millions de la BM par le biais de la Direction informatique de l'Etat et servant à financer l'étude sur la sécurité du système de dédouanement informatique.



Fonds douanier	479	7,23 %	Il s'agit de fonds issus de la répartition des affaires contentieuses constatées par la Douane (fonds d'équipement douanier, Fonds des œuvres sociales etc.)
Fonds de la prestation informatique douanière(PID) ;	490	7,40 %	Il s'agit de fonds issus de la prestation informatique douanière, destinés à renforcer l'informatisation et collectés en raison de 5000 FCFA par déclaration de douane. Un comité de gestion composé de représentants de la Douane, du Trésor et des syndicats de transitaires et commissionnaires en douane assure la gestion des fonds.
Fonds de concours des entreprises à la lutte contre la fraude ;	300	4,50 %	Il s'agit de fonds issus de la contribution volontaire des entreprises qui appuient la Douane dans la lutte contre la fraude. La moyenne attendue est de 100 millions par an.



Source de Financement	Coût en millions CFA	Pourcentage	Observations
Contribution des agents des douanes et des associations ;	250	3,78 %	Il s'agit de contributions volontaires des agents des douanes, des associations et de la Mutuelle des douanes pour le financement des actions sociales envers les orphelins des douanes et pour soutenir les activités sportives.
Asecna ;	147	2,22 %	L'Asecna a acquis pour le compte de la Douane deux scanners pour les bagages envoyés par fret aérien à l'aéroport Léopold Sédar Senghor de Dakar.
PAFIES ;	78	1,18 %	Il s'agit du Programme d'Appui aux Finances dans le cadre de la coopération française.
Port autonome de Dakar.	50	0,75 %	Ce montant sert à financer la construction du nouveau bureau de Dakar pétroles.
<b>Total</b>	<b>6619</b>	<b>100 %</b>	

*Annexe : Organigramme de la Direction Générale des Douanes.*



# **WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries**

31 March 2004

## **Evaluation and Analysis of Outcomes**

### **Tanzania**

#### **I. Introduction**

The evaluation and analysis of outcomes of the WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan Countries is based on the needs assessment mission conducted from 21 to 23 January 2002, in Dar es Salaam, and on the Needs Analysis and Detailed Work Plan dated 26 March 2002.

#### **II. Progress in Tanzania**

##### Area 1 – Progress relating to legislation

Tanzania implemented the WTO Valuation Agreement on 1.1.2001 by means of the Finance Act, 2000 (Act No. 11 of 6.10.2000) that amended the East African Customs and Transfer Management Act.

The Tanzania Revenue Authority has conducted a review of Tanzania's Departmental Instructions concerning the implementation of the WTO Valuation Agreement (the "Book of Guidance on the WTO Valuation Agreement" of which a copy had been provided to the Project Manager during the needs assessment mission). Based on the outcomes of the review, the Central Valuation Unit of the Customs and Excise Department is in the process of amending the instructions to bring them more correctly into line with the WTO Valuation Agreement.

The Customs and Excise Department has addressed the common practice of undervaluation of goods imported into Zanzibar for ultimate transport to the mainland. The measures taken consist of the harmonising of the duty collection in Zanzibar and mainland Tanzania. Traders now import most goods directly to mainland Tanzania, without transiting Zanzibar, which has eliminated the issue of undervalued goods moving through Zanzibar.

##### Area 2 – Progress relating to training of personnel and the business community

There is consensus between the Tanzania Revenue Authority and the Tanzania Chamber of Commerce, Industry and Agriculture that the training provided within the WCO/USAID programme has had a significant positive impact. The number of Valuation disputes and complaints has diminished, and those Valuation disputes that arise are better analysed now by the Valuation officers because of their increased awareness.

The Tanzania Revenue Authority has expressed its satisfaction with the broad scope of the training, which included Valuation, "train-the-trainers", risk management, and post clearance audit workshops. The training also included expert missions on organisational management, and a study visit focussing on the practical introduction and management of Valuation post clearance audit in South Africa Customs. 87 persons, including middle and senior managers, participated in the training conducted within the WCO/USAID programme. Many of these persons participated in more than one training event. The training has reached

almost a third of the relevant staff of the Customs Service. A second study visit on Valuation post clearance audit is being assessed.

Since the start of the WCO/USAID programme and in addition to the various courses conducted within the programme, the Training Institute has conducted Customs courses with Valuation included as one of the subjects. In the same period, the Training Institute has delivered two Valuation training courses and two refresher courses. The Training Institute is currently preparing its training programme for 2004. The 2004 programme will include courses on Valuation and post clearance audit.

Representatives of the Tanzania Chamber of Commerce, Industry, and Agriculture have expressed their appreciation of the improved consultations with Government and the closer working relationship with the Tanzania Revenue Authority. The President of the Chamber has confirmed that there has been a tangible improvement in the way Customs now conducts its business. The clearance time (the current aim is clearance within 3 days) and the number of disputes have diminished considerably. The President of the Chamber stated that occasionally a problem might occur with corruption leading to undervaluation, but overall there are very few cases now. He confirmed that the two Valuation seminars for the business community conducted in Dar es Salaam and Arusha have contributed to importers' increased awareness of their role and associated obligations under the WTO Valuation Agreement.

### Area 3 – Progress regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement

Progress has been accomplished in a number of ways :

- The Central Valuation Unit has been strengthened by the appointment of a new Head of Unit.
- The former Post Clearance Audit Section within the Central Valuation Unit has been established as a separate Unit. A Manager and twelve officers have been appointed to this Unit, effective from 1 March 2004. The Commissioner of Customs and Excise confirmed that the aim is to post 15 officers with accounting/auditing background to the Post Clearance Audit Unit. New intakes will also receive Customs (etc.) training overall, with emphasis on Valuation. The Manager of the Post Clearance Audit Unit has prepared a training programme comprising basic knowledge of post clearance audit, international banking and trade finance, Valuation, and international training through study visits.
- The Customs and Excise Department had intended to introduce the ASYCUDA++ computerised Customs clearance system on 1 January 2004, but the date now envisaged is 1 July 2004. The ASYCUDA++ package contains functionalities resulting in improved access to and sharing of data collected via the system, improved risk management, and enables the Valuation officers to obtain Internet access for price referencing for use as a risk management tool. On this occasion, the Tanzania Revenue Authority expects to obtain supplementary information technology equipment and network access, notably for the Central Valuation Unit and the Post Clearance Audit Unit. The overall result of the introduction of ASYCUDA++ is expected to be a significant improvement in the Customs clearance process and the ADP support for Customs Valuation.
- The Tanzania Revenue Authority has introduced the obligation for informal traders to register for value added tax purposes. The Tanzania Revenue Authority expects that the registration will result in improved compliance with regard to Valuation.

- The Commissioner confirmed that the Tanzania Revenue Authority would move away from pre-shipment inspection and shift to destination inspection. The current contract with the pre-shipment inspection company COTECNA expires on 31 December 2003. It will be replaced by a contract foreseeing the shift from pre-shipment inspection to destination inspection. Within the forthcoming destination inspection programme, a container scanner will be brought into operation.
- The Tanzania Revenue Authority confirmed that the efficiency of the training delivered by the Training Institute has been enhanced due to the supply of WCO Valuation training manuals and audiovisual/IT equipment, using funds within the WCO/USAID programme.
- The Administrative Tax Tribunal became operational in 2002. It will provide a quicker and less costly resolution of Valuation disputes, in line with Article 11 of the WTO Valuation Agreement.

### **III. Unfinished business**

#### **Area 1 – Outstanding problems relating to legislation**

- Tanzania has not yet notified its legislation to the WTO.
- Tanzania has not yet notified its responses to the WTO "Checklist of Issues".

During the evaluation mission conducted from 24 – 29 October 2003, the representatives of the Tanzania Revenue Authority undertook to prepare the notification as a matter of urgency and send it to the Ministry of Industry and Trade for transmission to the WTO. In March 2004, the Tanzania Revenue Authority has confirmed that the notification request has been sent to the Ministry of Industry and Trade for transmission to the WTO.

#### **Area 3 – Outstanding problems regarding infrastructure requirements for enhancing the efficiency of the application of the WTO Valuation Agreement**

- The Tanzania Revenue Authority has not yet placed the relevant legislation of Tanzania (notably Part IV of the Finance Act, 2000 that implemented the WTO Valuation Agreement) and the "Brief Guide to the Customs Valuation Agreement" on its website for the information of the business community. In March 2004, the Tanzania Revenue Authority has confirmed that it is in the process of placing the Customs Valuation legislation on its website.
- There are outstanding needs for information technology equipment for the Central Valuation Unit and the new Post Clearance Audit Unit. There is also a need for the Central Valuation Unit to be equipped with electronic communication (Internet) to facilitate communication with stakeholders both within and outside the country.

### **IV. Overall evaluation of the outcomes of the WCO/USAID programme in Tanzania**

Overall, Tanzania has achieved clear and measurable progress with regard to the proper implementation in Tanzania of the WTO Valuation Agreement within the parameters of the WCO/USAID programme :

- A significant reduction in the clearance time for imported goods (the current aim is clearance within three days) and in the number of complaints and disputes.
- Progress on facilitation of international trade by :

- Moving from pre-shipment inspection to destination inspection.
  - Introducing the ASYCUDA++ computerised Customs clearance system on 1 January 2005.
  - Setting up a fast track system for approved traders.
  - Establishing and implementing a more professional and focused risk management and post clearance audit capability.
  - The Administrative Tax Tribunal having become operational in 2002.
- Although a Task Force for Taxation exists, there is currently no regular consultative committee between the TCCIA and the Customs and Excise. However, there is good dialogue on an ad hoc basis between the Commissioner of Customs and Excise and the President of the Tanzania Chamber of Commerce, Industry and Agriculture.
- As described in Section III Unfinished business, some issues remain outstanding :
- The Tanzania Revenue Authority has undertaken to prepare its notification to the WTO as a matter of urgency.
  - It is also considering how to improve the Tanzania Revenue Authority website in order to include Valuation information for the benefit of the business community.
  - The Tanzania Revenue Authority has sought co-funding from the European Commission for the introduction of the ASYCUDA++ computerised Customs clearance system.

The Tanzania Revenue Authority has expressed its gratitude for the assistance provided within the current WCO/USAID programme and requested that a future programme be considered. The Tanzania Revenue Authority would like any future programme to include technical assistance regarding the implementation and maintenance of the WTO Valuation Agreement and the WCO's Harmonized System on the classification of goods.

## **V. Recommendations**

The WCO recommends :

1. That the work conducted by the Tanzania Revenue Authority to implement and work with the WTO Valuation Agreement be acknowledged as positive and progressive.
2. That USAID consider a supplementary technical assistance programme for Tanzania in response to the request by the Tanzania Revenue Authority for further assistance with the WTO Valuation Agreement and also the Nomenclature established by the Convention on the Harmonized Commodity Description and Coding System ("the Harmonized System").

**WCO/USAID Valuation Technical Assistance Programme  
to Sub-Saharan countries**

31 March 2004

**Evaluation Mission Report  
Tanzania 24 – 29 October 2003**

**Member Administration Senior Executive**

Mr. Harry KITILLYA, Commissioner General,  
Tanzania Revenue Authority.

Mr. Pladius J. LUOGA, Deputy Commissioner General,  
Tanzania Revenue Authority.

Mr. George P. E. LAUWO, Commissioner for Customs & Excise,  
Tanzania Revenue Authority, Customs and Excise Department,  
P. O Box 9053,  
Dar es Salaam – Tanzania.

Tel. (255 22) 211 77 65  
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**Locations of Mission**

1. Arusha.
2. Dar es Salaam. Headquarters of the Tanzania Customs and Excise Department, Institute of Tax Administration, Customs offices, and the Tanzania Chamber of Commerce, Industry and Industry.

**Date of Mission**

The mission was conducted from 24 to 29 October 2003.

**Programme Co-ordinator**

Mr. Shami M. MFIKIRWA, Deputy Commissioner for Customs and Excise – Policy and Procedures.  
Tanzania Revenue Authority, Customs and Excise Department,  
Same address as above.  
E-mail : [customs@raha.com](mailto:customs@raha.com)

### **Contact persons in Headquarters**

Mrs. Rose K. MAHENDEKA, Taxpayer Education Manager  
E-mail address : customs@raha.com

Mr. Kasty PHELICEAN, Assistant Collector,  
Central Valuation Unit,  
E-mail address : cphelicean@yahoo.com

### **Implementation date of the WTO Valuation Agreement**

1 January 2001. Tanzania had invoked the five-year delay period granted to developing countries and had requested and been granted a further delay for a period not extending beyond 1 January 2001 (doc. G/VAL/19).

### **Status**

Tanzania is an active member of the WCO and a member of the WTO. The United Nations and the WTO recognize Tanzania as a least developed country. Tanzania is a member of the East African Community (EAC), but has withdrawn from the Common Market for Eastern and Southern Africa (COMESA). Tanzania benefits from tariff preferences under the Generalized System of Preferences (GSP), the Global System of Preferences between developing Countries, and regional arrangements. Tanzania also benefits from the African Growth and Opportunity Act of the USA, and the ACP/EU Cotonou Partnership Agreement signed in June 2000.

### **Objectives of Mission**

1. To conduct a Valuation seminar for the business community in the Arusha region;
2. To determine progress with regard to implementation in Tanzania of the WTO Valuation Agreement;
3. To evaluate the outcomes of the actions conducted within the WCO/USAID programme;
4. To verify the location of the WCO documentation, audio-visual equipment, and IT equipment that have been supplied using programme funds;
5. To establish if any future technical assistance programme is necessary.

### **List of persons consulted and of participants**

Annex 1 contains a list of persons consulted during the mission and a list of the participants in the Valuation seminar for the business community.

### **WCO Representatives**

Ms. Lee DEEGAN, Senior Technical Officer, Valuation Sub-Directorate, and Mr. Richardt VORK – Project Manager, WCO/USAID Valuation Technical Assistance Programme to Sub-Saharan countries.

### **Programme**

Annex 2 contains the programme of the mission.

### **Valuation seminar for the business community of the Arusha region (24 October 2003)**

30 participants (23 persons representing companies, 2 persons from the Chamber of Commerce and Industry of Arusha, 1 person from the Confederation of Tanzania Industries, and 4 persons from the Tanzania Revenue Authority) attended the Valuation seminar for the business community in Arusha. Mr. Twariel MCHOME, Arusha Regional Administrative Secretary, on behalf of the Regional Commissioner, Arusha, opened the Valuation seminar; his speech is attached as Annex 3. Mr. S. I. TESHU was representing the Regional Manager, Tanzania Revenue Authority, Arusha. The WCO representatives responded to the words of welcome.

Ms. DEEGAN made a presentation on the WTO Valuation Agreement and capacity building considerations of the private sector. The presentation was well received by the participants and was followed by a lively debate in a question and answer session. Mrs. Rose MAHENDEKA and Mr. Kasty PHELICEAN, both Tanzania Revenue Authority, Customs & Excise Department, participated in the discussion.

### **Meetings with the Tanzania Revenue Authority**

#### **The Commissioner General**

Mrs. Rose MAHENDEKA introduced the WCO representatives to Mr. Harry M. KITILLYA, Commissioner General of the Tanzania Revenue Authority, who was travelling from Arusha to Dar es Salaam on the same aircraft. During the flight, the WCO representatives briefed Mr. KITILLYA on the WCO/USAID Valuation technical assistance programme and on the Valuation seminar for the business community. Mr. KITILLYA advised Ms. Deegan of the change management progress and work being conducted by the Tanzania Revenue Authority to ensure conformity with the WTO Valuation Agreement. He agreed that valuation specialists and post clearance auditors especially required continuity in their positions and that it was therefore desirable to avoid too frequent a job rotation. A minimum of 4 years on the job as Valuation officers and post clearance auditors would be appropriate and he stated that he would ensure this was put into place.

#### **Senior Managers of the Customs & Excise Department of the Tanzania Revenue Authority**

On Monday 27 and Tuesday 28 October 2003, the WCO representatives met with senior executives and managers of the Customs & Excise Department of the Tanzania Revenue Authority. The WCO representatives also visited the Long Room in Dar es Salaam and the Training Institute of the Tanzania Revenue Authority. The main points of the discussions were :

- **Legislation and Departmental Instructions relating to Valuation.**  
Tanzania has not yet notified its legislation or its responses to the WTO "Checklist of Issues". The Tanzania Revenue Authority undertook to prepare the notification as a matter of urgency and send it to the Ministry of Industry and Trade for transmission to the WTO.

The Tanzania Revenue Authority had conducted a review of the Departmental Instructions contained in the ACV Handbook. The Head of the Central Valuation Unit said that he was carrying out the necessary amendments to these Departmental Instructions based on the results of the review.

- **Impact of the technical Valuation assistance.**  
The Tanzanian senior executives and managers expressed their appreciation of the technical assistance relating to the WTO Valuation Agreement. They said that the WCO/USAID Valuation training has had a remarkable effect. Valuation dispute cases are now fewer, and those cases that arise are better analysed by officers as a result of the training received under the programme.
- **Valuation training.**  
Most Customs training takes place in the Training Institute and, in some cases, in Customs Headquarters where there is a training room equipped with personal computers. Valuation is included as one of the subjects in the Customs courses. In addition, two Valuation training courses and two refresher courses on Valuation have been conducted since the beginning of the WCO/USAID programme. Valuation trainers, Valuation officers, and Customs procedures trainers were among those that attended the Train the Valuation trainers course conducted within the WCO/USAID programme. The Training Institute's 2004 training programme was in preparation, which will include Valuation and post clearance audit courses. The Tanzania Revenue Authority officers underlined the need for more international assistance with regard to training, notably in the areas of Valuation, risk management, post clearance audit, and the Harmonised System.
- **WCO manuals and other documentation.**  
Mr. Shami M. MFIKIRWA, Deputy Commissioner, and Mr. KIWANGA, Training Co-ordinator, said that they found that the WCO manuals and documentation delivered using the funds of the programme were very useful for Customs training. They considered that the quantity supplied was sufficient for the needs of the Training Institute and the Customs Service. It was agreed that the WCO/USAID programme would also supply the amending supplement N° 4 to the Valuation Compendium. The Training Co-ordinators at the Training Institute were provided with two WCO Basic Valuation Training Module CD-ROMs.
- **Audio-visual and information technology equipment.**  
The location of the audio-visual and the information technology equipment supplied with programme funds was verified. Three flip chart stands, a television, and a video-recorder had been placed in the Training Institute, whereas the remaining equipment was still in Customs Headquarters, pending a decision on where to place it. The training co-ordinators in the Training Institute were expecting to receive more of the equipment that had been supplied but not allocated. The Training Institute's Senior Managers were advised that the equipment had been supplied for improving the training facilities and that the equipment should not be diverted to general use in Customs Headquarters.

- **The current Customs clearance process.**  
The recourse to a licensed Customs clearing agent is obligatory. Some large companies have a Customs clearing agent in-house. There are 300 licensed Customs clearing agents in Dar es Salaam. The managers explained that when they discover an error in a Customs entry, they address a query to the Customs clearing agent, who may agree to rectify the Customs declaration or lodge a dispute. The Tanzania Revenue Authority does not impose a fine if the error is considered as involuntary. In case of suspicion of fraud, the matter is referred for investigation. Normally, a fraud case gives rise to a fine determined by the Regional Revenue Officer. Currently, in Dar es Salaam the fines are imposed by the Commissioner of Customs and Excise, but it is the intention to delegate this competence to the Regional Revenue Officer in Dar es Salaam. A fine can amount to up to three times the revenue at risk.
- **Undervaluation of goods imported in Zanzibar.**  
Mr. Shami M. MFIKIRWA, Deputy Commissioner, explained that the Customs and Excise Department had addressed the common practice of undervaluation of goods imported into Zanzibar for ultimate transport to the Tanzania Mainland. The measures taken consisted of the harmonising of the duty collection in Zanzibar and in mainland Tanzania. Traders now import most goods directly to the Tanzania Mainland, without transiting Zanzibar.
- **Pre-shipment inspection.**  
The Tanzania Revenue Authority uses the services of a pre-shipment inspection company, COTECNA, and of an auditing company, ICS. The contract with COTECNA expires at the end of 2003 and will be replaced by a contract reflecting the Tanzania Revenue Authority's decision to move towards destination inspection. The Tanzania Revenue Authority envisages to terminate the contract with the auditing company (ICS). The introduction of post clearance audit is an important element of this strategy. Ms. DEEGAN stated that the way in which ICS was giving Customs Value advice and their bases for such advice appeared to be contrary to the requirements of the WTO Valuation Agreement and as a result in conflict with national Valuation law. Ms. DEEGAN also noted that based on advice from senior officers, not all of ICS' recommendations for Customs Value increases were accepted which was an encouraging point. Senior officers said that ICS was paid a percentage of the Customs Value increases that were accepted.
- **Modernisation of the Customs clearance process.**  
The Tanzania Revenue Authority intended to introduce the ASYCUDA++ computerised Customs clearance system on 1 January 2004. The contractual terms were sent to the World Bank, the financiers, for their review and approval. A letter of no objection has been received from the World Bank. In the circumstances, the ASYCUDA++ is expected to be applied by 1 July 2004. The ASYCUDA++ package contains functionalities resulting in improved access to and sharing of data collected via the system, improved risk management, and enables the Valuation officers to obtain Internet access for price referencing for use as a risk management tool. On this occasion, the Tanzania Revenue Authority expects to obtain supplementary information technology equipment and network access, notably for use by the Central Valuation Unit and the Post Clearance Audit Unit. The overall result of the introduction of ASYCUDA++ will be a significant

improvement to the Customs clearance process and the ADP support for Customs Valuation.

- Request for co-funding from the European Commission for the introduction of the ASYCUDA++ computerised Customs clearance system.  
Mr. Shami M. MFIKIRWA, Deputy Commissioner, explained that the Tanzania Revenue Authority would seek the support of the Ministry of Finance and arrange a meeting with representatives of the Delegation of the European Commission in order to follow up the previous request for co-funding.
- Trade facilitation through improved risk management.  
The Tanzania Revenue Authority has a risk management programme in place with regard to clearance of goods. The nature of the goods and the credibility of the importer are the main criteria for the selection of entries to be subjected to document verification or physical inspection. Overall, 20 % of all entries are selected for physical inspection. The Tanzania Revenue Authority is aware of the cost in time and money of the physical inspection and intends to reduce the number. In order to accelerate Customs clearance, the Tanzania Revenue Authority will introduce post clearance audit in Tanzania, and an "approved importer" scheme will be open to high-level compliant traders.
- New Post Clearance Audit Unit.  
In December 2001, the Tanzania Revenue Authority established a Post Clearance Audit section within the Central Valuation Unit. After a period of preparation, in 2003 the Tanzania Revenue Authority appointed Mr. Tiagi M. KABISI, Manager, and 5 other officers to serve in the Post Clearance Audit Unit. The aim is to post 15 officers with accounting/auditing background to the PCA Unit. The Tanzania Revenue Authority is aware of the need to provide comprehensive PCA training to the officers of the Unit. The Manager of the PCA Unit has prepared a training programme comprising basic knowledge of post clearance audit, international banking and trade finance, Valuation, and international training through study visits. The WCO/USAID programme has already funded one study visit to South Africa Customs on post clearance audit. A second study visit on post clearance audit is currently being assessed.
- Agreements on Mutual Administrative Assistance.  
The Head of the Central Valuation Unit said that Tanzania had no agreements on mutual administrative assistance. There is frequent informal co-operation with the Customs Services of the other EAC countries, notably Kenya.
- Administrative Tax Tribunal.  
In 2000, Tanzania established an Administrative Tax Tribunal. The Tribunal became operational in 2002. The Tribunal has made it possible to resolve disputes involving Customs (and the tax authorities) more speedily and with less costs than the ordinary Courts could do.

- Relations between the business community and the Tanzania Revenue Authority. The Tanzania Revenue Authority has established a programme for the education of the business community and has also published brochures on Customs issues, including Valuation, for the business community. A consultative forum has been established where issues (like electronic lodging of ships' manifests) are discussed with the private sector. The shipping industry used to be a monopoly, but following liberalisation there are now more than 40 companies in the shipping industry.
- Integrity of officers. The Tanzania Revenue Authority attaches high importance to the integrity of its officers, and operates a zero tolerance policy in case of corruption.

#### **Meeting with the Tanzania Chamber of Commerce, Industry, and Agriculture.**

The WCO representatives met with Mr. Elvis A. MUSIBA, President of the TCCIA and Chairman of the Tanzania Private Sector Foundation, and two TCCIA Secretariat members. TCCIA has 6000 members in Tanzania and membership is divided into 21 regions and 67 branches. The TCCIA side expressed their appreciation of the support provided within the WCO/USAID programme and confirmed that there has been tangible improvements in the way Customs now conducts its business. The clearance time (the current aim is clearance within 3 days) and the number of disputes have diminished considerably. Mr. MUSIBA stated that occasionally a problem might occur with corruption leading to undervaluation, but overall there are very few cases now.

Although a Task Force for Taxation exists, there is no regular consultative committee between the TCCIA and the Customs and Excise. The President of the TCCIA meets with the Commissioner of Customs and Excise whenever there is a problem to discuss. Mr. MUSIBA was content that the top management of the Tanzania Revenue Authority showed understanding of the need to modernise the Customs procedures. He underlined that it is necessary to deal with the "hangover" from the days of total State control and that a change in Customs mind set was necessary. Mr. MUSIBA was convinced that the port of Dar es Salaam has the potential to attract traffic that today goes via the ports of Durban and Mombasa and to attain this objective, the Tanzania Revenue Authority and the port authorities need to improve the flow of goods. He confirmed the business community's support for destination inspection and believed that it would strike a better balance between facilitation and control. Mr. MUSIBA also felt that the Tanzania Revenue Authority needed to know their customers better. He agreed that it would be necessary to introduce post clearance audit as part of a facilitation package.

The TCCIA agreed with a remark made during the Valuation seminar in Arusha, namely that there is not a good information flow between the Customs clearing agents and the importers.

#### **Meeting with COTECNA Inspection S.A.**

Mr. Verne KULYK, General Manager, explained how the pre-shipment inspection scheme is operated in Tanzania and in the country of export where COTECNA has physical contact with the exporters and seals containers. Mr. KULYK confirmed that COTECNA follows the rules of the WTO Valuation Agreement. COTECNA also conducts quality inspection in order to verify the classification of goods and their conformity with Tanzania regulations on standards. COTECNA does not conduct verification of the commercial quality of the

goods. Mr. KULYK said that false invoices constitute a problem. The problem was aggravated by the fact that the Customs clearing agent was often allowed by Customs to amend or replace a false invoice without any fine being imposed. In his view, voluntary compliance could be encouraged through strengthening the sanctions regime. Mr. KULYK also considered that Tanzania has weak legislation regarding counterfeit goods.

Mr. KULYK confirmed that the current pre-shipment inspection contract expires on 31 December 2003. COTECNA expects that a new contract will be signed with the aim of moving to destination inspection and risk management. The operation of a container scanner will be included in the new contract.

### **Meeting with the Commissioner of Customs and Excise**

The WCO representatives met with Mr. George P. E. LAUWO, Commissioner of Customs and Excise. Mr. LAUWO opened the meeting with a warm welcome and stated that he was grateful to the WCO and USAID for the assistance that had been provided. He underlined the importance of training, capacity building and improvement of the activities of Customs. He noted the large exposure of Customs staff to training (87 participants, many of whom participated in more than one of the training events) achieved during the WCO/USAID programme. The WCO representatives thanked the Commissioner for the words of appreciation. They explained the results of the Valuation seminar in Arusha and their meetings in Dar es Salaam. The following points were also discussed :

- **Notification to the WTO**  
Mr. LAUWO confirmed that he would ask the Ministry of Industry and Trade to notify to the WTO Tanzania's legislation and the replies to the WTO Checklist of Issues. After the mission, the Tanzania Revenue Authority has confirmed that it has sent the request to the Ministry of Industry and Trade, together with all required documents and the replies to the "Checklist of Issues".
- **Supply of audio-visual and information technology equipment to improve the training facilities.**  
Mr. Lauwo would assess the need for training equipment in the Training Institute and in Headquarters and would allocate the equipment accordingly.
- **Study visits regarding post clearance audit.**  
Mr. LAUWO agreed with the suggestion to consider the incident regarding the study visit to South Africa as closed. Referring to the decision to increase the emphasis on post clearance audit, Mr. LAUWO suggested that another study visit on post clearance audit be organised to the Kenya Customs. The project manager agreed to the suggestion, if Mr. MATEMU, Commissioner of Customs and Excise, Kenya, could agree to the principle of the study visit. The Commissioner offered to seek the agreement in principle of Mr. Matemu<sup>1</sup>.

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<sup>1</sup> On 13 November 2003, Mr. Matemu, Commissioner of Customs & Excise in Kenya, informed the WCO that the Kenya Revenue Authority had not yet achieved the formation of a Post Clearance Audit Unit. Mr. Matemu offered to host a study visit on Valuation, but suggested that the study visit on post clearance audit be conducted in a country that is already actively involved in post clearance audit. Mr. Lauwo, Commissioner of Customs & Excise in Tanzania, agreed with this suggestion. On 20 November 2003, the project manager asked the Customs Attaché of South African whether it

- **Pre-shipment inspection and audit thereof**  
Mr. LAUWO confirmed the intention to phase out the pre-shipment inspection and move to destination inspection, and to upgrade the clearance system to ASYCUDA++. Mr. LAUWO said that he had informed the Minister of Finance that the services of ICS are no longer required. Mr. LAUWO expressed his strong support for streamlining the clearance process through enhanced recourse to risk management and post clearance audit. He agreed that it was necessary to involve all stakeholders in the process, e.g. the port authorities, the Ministries of Agriculture and Health, and the Bureau of Standards, in order to avoid delays.
- **Integrity.**  
In an effort to enhance integrity, the Tanzania Revenue Authority envisaged the introduction of CCTV in the airport and in the Long Room.
- **Structure of future technical assistance.**  
Mr. LAUWO expressed his strong interest in a further technical assistance programme comprising Valuation, risk management and post clearance audit, and the classification of goods.

#### **Closing meeting with the Tanzania Revenue Authority Commissioner General**

Mr. Harry KITILLYA, Commissioner General, accompanied by Mr. LUOGA, Deputy Commissioner General, and Mr. LAUWO, Commissioner, received the WCO representatives. Mr. KITILLYA was briefed on the results of the evaluation programme in Tanzania. Mr. KITILLYA said that the Minister of Finance the previous day had asked him for advice regarding the future of the contract with ICS.

Mr. KITILLYA confirmed that the Tanzania Revenue Authority would ask the Ministry of Industry and Trade to notify to WTO the legislation and the reply to the Checklist of Issues.

Mr. KITILLYA agreed with the suggestion to organise a second study visit on post clearance audit.

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would be acceptable to the South Africa Customs to host another study visit on post clearance audit for two Customs officers from Lesotho and two from Tanzania.

### **Evaluation of the general results of the mission**

The objectives of the mission were successfully completed. The Valuation seminar for the business community was well received. The meetings in Dar es Salaam enabled the WCO representatives to form an opinion on the progress of implementation in Tanzania of the WTO Valuation Agreement and on the outcomes of the actions conducted within the WCO/USAID programme.

As stated in the document "Evaluation and Analysis of Outcomes", the Tanzania Revenue Authority has benefitted positively from the WCO/USAID programme and continues to work towards achieving all of its obligations under the WTO Valuation Agreement.

### **Recommendation**

1. That this report be noted.

Forwarded 16 December 2003.

Lee DEEGAN  
Senior Technical Officer

Richardt Vork,  
Project Manager

### **Annexes:**

1. List of persons encountered during the mission.
2. Programme of mission.
3. Speech delivered by Mr. S. I. TESHU, Regional Revenue Officer, on behalf of the Arusha Regional Commissioner.

List of persons.

Tanzania Revenue Authority

Mr. Harry KITILLYA, Commissioner General.  
Mr. Pladius J. LUOGA, Deputy Commissioner General.

Tanzania Revenue Authority Customs and Excise Headquarters

Mr. George P. E. LAUWO, Commissioner for Customs & Excise.  
Mr. Shami M. S. MFIKIRWA, Deputy Commissioner for Customs & Excise – Policy and Procedures.  
Mr. S. S. YUSUFU, Deputy Commissioner for Customs & Excise – Operations and Projects.  
Mr. Godwell W. MKINGI, Deputy Commissioner for Customs & Excise – Enforcement and Preventive Services.  
Mr. Juma HASSAN, Head, Central Valuation Unit.  
Mr. Tiagi M. KABISI, Manager, Post Clearance Audit Unit.  
Mrs. Rose K. MAHENDEKA, Taxpayer Education Manager, Customs & Excise.  
Mr. Kasty PHELICEAN, Assistant Collector, Central Valuation Unit.  
Mr. Charles A. SABUNI, Regional Revenue Officer, Dar es Salaam Long Room.

Institute of Tax Administration (Customs School), Dar es Salaam

Mr. Hamza T. KIWANGA, Training Co-ordinator.  
Mr. Suweid F. FARAJ, Training Co-ordinator.

Valuation seminar for the business community, Arusha

Mr. Salim ABDI, Makuyuni General, Moshi.  
Mr. D. C. BAGUMA, Arusha Cargo Ltd., Arusha.  
Mr. Paul BOMA, VEBB Traders Ltd., Arusha.  
Mr. James E. KANGALU, TCCIA Arusha.  
Mr. Giuhan KANNIAN, Sunkist Bakery Ltd., Arusha.  
Mr. Augustine KILASARA, Arusha Freight & Transport Agency, Arusha.  
Mr. Felista KITOMANI, ABB Tamelec Ltd., Arusha.  
Mr. Viann KOMBA, D & T, Dar es Salaam.  
Mr. Gallus H. LEMBUKA, Ki Bomatch Group, Moshi.  
Mr. Christopher N. Lyimo, Lukani Holdings Co. Ltd., Himo – Moshi.  
Mr. Gabriel LYIMO, Executive Serv. Bureau, Arusha.  
Mr. Jacob Mark MALALE, TZK Agency and Supplies Ltd., Himo – Holili.  
Mr. Modest D. MAMBO, M/S Tanzania Eyelets Co. Ltd., Moshi.  
Mr. Julius MANASSEA, Inland Consultants Ltd., Arusha.  
Mr. Sanjay MANE, SUPA Food Corp. Ltd., Arusha.  
Mr. Andrew MAPUNDA, Tanzania Revenue Authority, Moshi.  
Mrs. Margaret Mutaleba MARTIN, Shilashi General Supplies, Arusha.  
Mr. Ernest S. MBILINYI, Tanzania Revenue Authority, Kilimanjaro International Airport.  
Mr. Eric J. MNDEME, Mabita Co. Ltd., Arusha.  
Mr. Daniel MGHWIRA, Confederation of Tanzania Industries, Dar es Salaam.  
Mr. Charles MSESI, ABB Tamelec Ltd., Arusha.  
Mr. Julius MUGARAGU, Arusha Freight and Transport Agency Ltd., Arusha.  
Dr. Ole NGALESON A.W., Multiflower Ltd., Arusha.  
Mr. Evod J. NJAU, TEE-TE Clearing House Ltd., Arusha.

Mr. NGovori M. NGOVORI, Tanzania Revenue Authority, Customs & Excise, Kilimanjaro.  
Mr. R. B. NTANDU, Tanzania Revenue Authority, Customs & Excise, Namanga.  
Mr. Kaizar A. SALEM, A to Z Textile Mills Ltd., Arusha.  
Mr. Giuman SINGTI, Avco Investment Ltd., Arusha.  
Ms. Rose SOLOKA, General Tyre EA Ltd., Arusha.  
Mr. E.W.SHETTO, TCCIA, Arusha.  
Mr. S. I. TESHU, Regional Revenue Officer, Tanzania Revenue Authority.

Tanzania Chamber of Commerce, Industry and Agriculture

Mr. Elvis A. MUSIBA, President (also Chairman of the Tanzania Private Sector Foundation).  
Mr. Joseph KITAKWA, Deputy Executive Director.  
Mr. L. P. ACCARO, Senior Chamber Development Officer.  
Ms. Magdalene N. E. MKOCHA, MSc (Agri), Chamber Development Officer.

COTECNA Inspection S.A.

Mr. V. P. (Verne) KULYK, General Manager, Tanzania Liaison Office.  
Mr. Adrian BARANGA, Operations Manager, Tanzania Liaison Office.

Annex 2.

Programme for the mission to Arusha and Dar es Salaam

### Drafted Programme

<b>Date</b>	<b>Time</b>	<b>Activity</b>
<b>Monday</b>	09.00	Pick up from the Hotel
27 <sup>th</sup> Oct 2003	09.30-10.30	Visit Long Room
	11.00-12.30	Visit Institute of Tax Administration
	14.00	Departure to Bagamoyo
	15.30-16.30	Discussion with Deputy Commissioner Policy and Procedure (Mr. S.M.S.Mfikirwa)
	18.00	Return to Dar es Salaam
<b>Tuesday</b>		
28 <sup>th</sup> Oct 2003	09.00	Pick up from Golden Tulip Hotel
	09.30-10.30	Meeting with Tanzania Chamber of Commerce Industry and Agriculture (TCCIA)
	11.00-12.00	Visit Central Valuation Unit (CVU)/ Post Clearance Audit (PCA)/ DIA
	14.00	Visit COTECNA
	16.00	Visit Long Room/Meeting with Commissioner for Customs and Excise
<b>Wednesday</b>		
29 <sup>th</sup> Oct 2003	08.00	Meeting with Commissioner General/ Commissioner for Customs and Excise
	09.00	Departure to Airport

**Annex 3.**

**Speech delivered by Mr. Twariel MCHOME, Regional Administrative Secretary, on behalf of the Regional Commissioner, Arusha.**

**THE VALUATION SEMINAR FOR BUSINESS COMMUNITY**

**ARUSHA**

**OFFICIATING SPEECH**

**BY THE GUEST OF HONOUR**

**ARUSHA REGIONAL COMMISSIONER**

**24<sup>th</sup> October 2003**

The World Customs Organization (WCO) Delegates:

Mr. Richardt Vork and Ms. Lee Deegan

The TRA Regional Management Arusha and Moshi,

Seminar Participants members of business community,

Invited Guests,

Ladies and Gentlemen.

On behalf of Tanzania government and on my own behalf may I take this opportunity to welcome all participants to this seminar. May I also welcome World Customs Organisation (WCO) delegates to Tanzania and in particular to Arusha, the town of many natural attractions and an operational ground for the various East African Community initiatives taking place currently. I hope you will find your stay in Arusha most comfortable, enjoyable, memorable and also rewarding. The Tanzania Revenue Authority and specifically Arusha Management will do its best to ensure that you feel at home.

I would like to take this opportunity also, to convey my sincere gratitude and appreciation to the Tanzania Revenue Authority for inviting me to officiate this important event of its kind. Let me say that the Regional Administration is greatly honoured to be associated with the noble task of informing and educating business on the core norms and values of international trade and business. Such occasions are

rare and I wish to ask TRA to keep on involving and engaging all stakeholders for eventual better performance and compliance.

Ladies and Gentlemen,

I have been informed that this seminar is the outcome of the Needs Assessment Mission, which was conducted by the WCO under the Project Manager Mr Richardt Vork in Dar es Salaam, Tanzania from 21<sup>st</sup> to 23<sup>rd</sup> January 2002. The Assessment determined the needs on areas of Legislation, training of personnel and other Infrastructure requirement for enhancing the efficiency of the application of the World Trade Organisation (WTO) Valuation Agreement.

Ladies and Gentlemen,

I am also informed that the seminar will focus on the role of the importing community in working with the WTO Agreement on Customs Valuation and also the issue of self-assessment and compliance. It is my expectation that the objective of this seminar will be achieved and the business community will certainly identify their responsibility and roles that they can play under WTO Agreement on Customs Valuation. Subsequently, the applicability of self-assessment and voluntary compliance as well as areas that have historically seemed to be difficult for private as well as public sectors under the Agreement will be fully discussed.

Ladies and Gentlemen,

Tanzania started implementing the WTO Agreement on Customs Valuation system (ACV) on January 1<sup>st</sup> 2001. Before that, valuation of goods for customs purpose were based on Brussels Definition of Value (BDV). BDV was based on notional concept, which treats the customs value as the price at which in assumed conditions the merchandise to be valued would be sold. The BDV, which was a product of the trading environment of the 1950's was seen to be subject to arbitrary administration and lacking transparency and not responsive to today's international trading environment.

The system gives too much discretion to the customs administration. The value adjustments depends much on the assessment of assessor, this leads to certain arbitrariness and uncertainty, which are detrimental to trade.

However, ACV is positive system which is fair, uniform, neutral, confirming with the commercial realities and precludes the use of arbitrary and fictitious customs values. Through its precise methodology it assists the trading community and customs authorities to determine the customs values and the amount of duties payable with more certainty, and therefore, contributes to the facilitation of trade.

This system recognizes that Customs valuation should as far as possible, be based on the actual price of the goods being valued, which is generally shown on the invoice. This price, subject to certain adjustment is known as transaction value.

Ladies and Gentlemen,

It is also my belief that this seminar will undisputably enrich not only the business community but also the Tanzania Revenue Authority by exposing it to new ideas, challenges and suggestions that might be a stepping-stone toward achievement of organizational corporate objectives.

Ladies and Gentlemen,

More often than not we have heard of unfaithful importers who present false import invoices showing lower values of imports during customs clearance. The aim of such under declaration of value is to evade payment of appropriate taxes. However, this action is not only a crime since it denies the government of its rightful revenue but it also creates unfair business environment. We have been told of importers who have three invoices for same goods and they are to be presented to different regulatory bodies. This problem affects our economic statistics and hampers our planning efforts.

On the other hand we have been told of tax officers who arbitrarily hike values beyond what is payable for identical or similar goods. This is also inappropriate because it rises transaction costs.

I therefore urge you to effectively utilize this meeting and event to share your knowledge and expertise in this area for the achievement of seminar's expectations and in particular enhancement of our national economy.

Programs of this nature are indeed of great significance and useful to all parties concerned. This practice should therefore be continuous and given special priority. We would wish to see other government institution emulate this type of stakeholder dialogues.

With those few remarks, let me take this opportunity now to declare the seminar officially opened and wish you fruitful deliberations.

Thank you for listening.