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ASSESSMENT OF PROGRESS AGAINST THE CUSTOMS REFORM UNIT'S (CRU) IMPLEMENTATION PLAN OF APRIL 2004 (Project Plan Gantt Chart)

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ASSESSMENT OF PROGRESS AGAINST THE CUSTOMS REFORM UNIT'S (CRU) IMPLEMENTATION PLAN OF APRIL 2004 (Project Plan Gantt Chart)

TECHNICAL ASSISTANCE FOR POLICY REFORM II

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AUTHOR: MANUEL HENRIQUES

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The Customs Reform Unit (CRU) of the Egyptian Customs Authority, with international technical assistance under the USAID/Egypt Initial Implementation Task for Customs (IITC) project implemented by BAH, prepared an Implementation Plan for Customs modernization in Egypt. The Implementation Plan was approved on April 4, 2004, by the then-Minister of Finance H.E. Dr. Hassaneiny. Soon after, however, a new Minister of Finance, H.E. Dr. Youssef Boutros Ghali was appointed. The new Minister of Finance placed the Implementation Plan in abeyance, preferring to chart out a new, more aggressive set of reforms for the Egyptian Customs Authority. Nonetheless, the Implementation Plan is still used as a reference document and guide for the CRU and in managing terms of reference being proposed by donors. It is a foundational document that established tasks and their priorities for a successful comprehensive improvement in the capabilities and results of the Egyptian Customs Authority.

The following is a synopsis of the level of accomplishment of the recommended reform areas and activities as of March 2006. A ✓ designates that a level 1 Gantt chart activity from the Implementation Plan has been successfully completed; a ⇔ for those that are partially met; and, a ✖ for incomplete, unsuccessful or deferred tasks.

REFORM AREAS / RECOMMENDED KEY TASKS	EXPECTED MAIN OUTCOMES	OVERALL ASSESSEMENT	NEXT STEPS / COMMENTS
<p>FOUNDATIONAL ACTIVITES</p> <ul style="list-style-type: none"> ✓ Agree and Endorse Modernization Vision ✓ CRU Management Coordination Team ✓ Technical Assistance Cooperation and Support ⇔ Establish Program Controls ⇔ Monitor and Evaluate Program and Continuous ⇔ Program Management and Strategic Planning 	<p>To establish a sound base to develop, implement and monitor reform initiatives in the ECA including: donor coordination and management; program controls; monitoring, evaluation and replanning.</p>	<p>Very Good. Successfully achieved. However, there remains a gap in monitoring and evaluation of the Implementation Plan objectives and desired results.</p>	<p>Building on the success of the Governance Group, which has taken on the Customs and Donor coordination and management role, there remains a need to have a well-functioning program evaluation function.</p>

REFORM AREAS / RECOMMENDED KEY TASKS	EXPECTED MAIN OUTCOMES	OVERALL ASSESSMENT	NEXT STEPS / COMMENTS
IMPLEMENTATION ACTIVITES ✓ Legislation	Prepare and implement a revised Customs Law and supporting Regulations.	Successfully completed.	Minister has requested that the new assistance project, TAPRII, to review the legislative pillars for Egypt customs to consider improvement options. Analysis completed.
IMPLEMENTATION ACTIVITES ✓ Procedures	Prepare Customs Procedural manuals for customs officials and trade community. Enabling a consistent and transparent administration of customs policy, procedures and regimes.	Completed. However, while the Customs Manuals were drafted, published and distributed by the Customs Social Committee and used as a guide at the ports and complexes, the manuals were instead incorporated, to a certain extent, in the new Executive Regulations. Operational procedures and in-depth training are still required to ensure consistent application	There needs to be a guidelines or 'How to' type of publications that can consolidate, on a customized for the user basis, information for both customs and traders to complete their customs-related requirements. Donor contractors are reviewing options under the Communications initiative to create a user-driven decision tree that will provide an automated, customized enquiry response tool.

REFORM AREAS / RECOMMENDED KEY TASKS	EXPECTED MAIN OUTCOMES	OVERALL ASSESSMENT	NEXT STEPS / COMMENTS
<p>IMPLEMENTATION ACTIVITES</p> <p>✓ Organization, Staffing and Training</p>	<p>Initiate the building block steps of converting the organizational structure – noted for its redundancy and inefficiency – into a leaner, more modern Customs administration.</p>	<p>Completed and Exceeded.</p> <p>A new Organizational Structure was approved and is now finalized to the General Directorate levels.</p> <p>Uniforms, another line item on the Gantt Chart, were distributed at select sites.</p>	<p>Continue on the track for the Organizational Re-alignment task defined by the IITC implementation plan for this task and outlined in the TAPRII schedule of activities.</p> <p>Defining the delegations of authority; instituting a staff reduction effort; and, implementing the organizational structure's new decision processes will be the key priorities.</p>
<p>IMPLEMENTATION ACTIVITES</p> <p>✓ Tariff Policy</p>	<p>To implement, primarily based on an IMF recommended plan, the new tariff structure.</p>	<p>Successfully completed.</p> <p>There is a second part of the tariff reform plan from the IMF, but it was not pursued.</p>	<p>Minister directed TAPRII to consider options for further reductions or simplification of the tariff. A study is being made to assess Egypt's calculation of value for duty and the impact of modifications in this area.</p>
<p>IMPLEMENTATION ACTIVITES</p> <p>✓ Exemptions</p>	<p>Simplifying the various duty relief programs including the Exemption Law, creating an Exemption Manual and developing Special Regimes.</p>	<p>Completed.</p> <p>New Exemptions Law was passed and the Exemptions Manual was used in developing the Executive Regulations.</p> <p>Extensive implementation work required</p>	<p>The actual level of impact on the content, structure and policies on the Exemptions programs by the international technical experts was not substantive.</p>

REFORM AREAS / RECOMMENDED KEY TASKS	EXPECTED MAIN OUTCOMES	OVERALL ASSESSMENT	NEXT STEPS / COMMENTS
<p>IMPLEMENTATION ACTIVITES</p> <p>✓ Valuation</p>	<p>Ensure that the ECA is effectively and accurately applying the GATT Valuation Agreement. Develop capacity within the ECA and the Egyptian trade community in the Valuation Agreement provisions.</p>	<p>Completed.</p> <p>Training was provided. Valuation Manual was drafted and included in the Executive Regulations. Outreach programs were made. CRU demonstrated a particularly strong self-sufficient capacity in supporting the ECA needs in this area.</p>	<p>Priority in this core customs activity would not necessarily be additional training, but migrating the Valuation function to a post importation / audit functions as well as targeting a greater number of importations being accepted under the Transaction Value method.</p>
<p>IMPLEMENTATION ACTIVITES</p> <p>⇔ CRU Information Centre</p>	<p>Establishing a number of databases for customs use including classification, risk management, valuation and other government department requirements.</p>	<p>Progressing, although the Risk Management database is not the depth and breadth required for effective targeting and analysis.</p>	<p>This Committee of the CRU is no longer active, but a similar function has been established in the Information Technology Directorate.</p> <p>The Customs Encyclopaedia that was developed should be further enhanced into the automated decision tree tool to allow customs officials and traders to easily extract information customized to their particular concerns.</p>

REFORM AREAS / RECOMMENDED KEY TASKS	EXPECTED MAIN OUTCOMES	OVERALL ASSESSMENT	NEXT STEPS / COMMENTS
<p>IMPLEMENTATION ACTIVITES</p> <p>⇔ Information Technology</p>	<p>Using IT to improve the delivery of the customs program including a One-Stop-Shop (MCC) in Alexandria.</p>	<p>Initiated, to the extent that the IITC program was accountable for delivering.</p> <p>TAPRII has recently completed an evaluation of the IT system, provided recommendations and are completing the Request for Tenders.</p>	<p>The new Organizational Structure envisions a streamlined Technology Sector in the ECA that will improve the Customs IT capabilities.</p> <p>Rolling out the MCC at all the major ports; accepting all manifests electronically; and, building an information database on clients and commodities are the immediate priorities.</p>
<p>IMPLEMENTATION ACTIVITES</p> <p>⇔ Anti-Smuggling</p>	<p>The Implementation Plan was structured to follow the committees created in the Customs Reform Unit. To strengthen the customs activities through a more modern and effective legislative base, particularly through a more inclusive drafting and review process.</p>	<p>Partially complete.</p> <p>While a great deal of effort was directed to the anti-smuggling function, the expected results fell short of expectations. Guide books were created, but the follow-on practical training never came to fruition.</p>	<p>TAPRII has brought a long-term expert to focus on the anti-smuggling and larger Risk Management program which should allow for a more “show me” approach to the technical assistance through a hands-on, on-the ground approach on physical inspections, document review and, in the area of passenger traffic, indicator analysis.</p>

The table below identifies the main tasks (Level 2 GANTT chart activities) and provides an assessment on their performance using the same legend (✓ - ⇔ - ✖) along with a comment on whether the task would need to continue to be enhanced.

<p>LEGISLATION</p> <ul style="list-style-type: none"> • Drafting, review, approval • Internal/External review of draft law 	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>	<p>The same tasks would need to be performed for the next round of legislative improvement.</p>
<p>PROCEDURES</p> <ul style="list-style-type: none"> • Develop Import/Export Procedures 	<p style="text-align: center;">✓</p>	<p>While Business Process Mapping has been used for the import and manifest process, it remains outstanding and required for all the other customs processes. Standard national Operational procedures are required</p>
<p>ORGANIZATION, STAFFING, MANAGEMENT AND TRAINING</p> <ul style="list-style-type: none"> • Organization Structure • Staffing and Management Policies • Training 	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">⇔</p>	<p>The Organizational Re-alignment activity including the National Customs Training Institute is progressing very well, requiring vigorous support over the next two years to ensure sustainable establishment. For the most part the HR initiative remains outstanding in areas such as the integrity initiatives and staff reductions and the development of merit-based appointments and career-pathing.</p>
<p>TARIFF POLICY</p> <ul style="list-style-type: none"> • Develop new tariff policy/structure • Develop Impact Analysis for Expected Reduction in Revenue 	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p>	<p>Next step would be to look at how the Value for Duty (VFD) is calculated – both formally and otherwise - and what impact a reduction in the VFD would have. The Minister has specifically asked for a review of the national tariff headings and their consistency with the nomenclature</p>
<p>EXEMPTIONS</p> <ul style="list-style-type: none"> • Develop exemption structure 	<p style="text-align: center;">✓</p>	<p>Insufficient international technical assistance was requested / required / provided on this task. A focused assistance program is suggested, as exemptions are considered complex to both administer and comply with.</p>
<p>VALUATION</p> <ul style="list-style-type: none"> • Develop Valuation Manuals • Develop Information for Valuation Database 	<p style="text-align: center;">✓</p> <p style="text-align: center;">⇔</p>	<p>Valuation is perhaps the single area of greatest disparity between customs officials and traders. Stakeholder outreach, transaction value acceptance and to a two-step clearance process or valuation review are the three priority areas for this task.</p>

<p>CRU INFORMATION CENTER</p> <ul style="list-style-type: none"> • Develop Valuation Database • Risk Management — phase I • Risk Management — phase II • Develop Encyclopedia and Electronic Publishing of the project outputs • Simplification of Egypt Customs Integrated Tariff within the Customs declaration 	<p style="text-align: center;">⇔</p> <p style="text-align: center;">⇔</p> <p style="text-align: center;">x</p> <p style="text-align: center;">x</p> <p style="text-align: center;">⇔</p>	<p>The Information Center no longer exists in the CRU, and this may be part of the problem. The function is divided into a number of areas including Risk Management, Valuation, Communications and Tariff – however, rather than being facilitated / supported by the IT area, it is being guided by it which is not yielding the desired results. The development of a user-friendly web site is needed.</p>
<p>INFORMATION TECHNOLOGY</p> <ul style="list-style-type: none"> • Obtain Full User and System Documentation • Conduct IT Environment Gap Analysis • Develop Customs One-Stop-Shop (MCC) • MCTC IT Support • IT Support for New ports • New IT Systems • E-Commerce – Facilitation through Electronic Interfaces • Collaborate with Committees 	<p style="text-align: center;">✓</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">⇔</p> <p style="text-align: center;">x</p> <p style="text-align: center;">⇔</p> <p style="text-align: center;">x</p> <p style="text-align: center;">⇔</p> <p style="text-align: center;">⇔</p>	<p>Two key tasks being facilitated by TAPRII – Organizational Re-alignment and IT procurement – will be the pillars for this task. Additionally, it is imperative that the customs procedures be simplified first, before pursuing to automate them.</p> <p>ECA is no longer involved in the MCTC, instead expanding the number and services at MCCs.</p>

<p>ANTI-SMUGGLING</p> <ul style="list-style-type: none"> • Study current status and organizational structure • Establish Intelligence System • Electronic Data System • Roll-out new Anti-Smuggling and Security program 	<p style="text-align: center;">✓</p> <p style="text-align: center;">↔</p> <p style="text-align: center;">x</p> <p style="text-align: center;">x</p>	<p>While there have recently been a number of high profile interdiction successes from customs, the mechanism for customs to be able to build customs intelligence in-house is limited. Building this capacity should be a priority area under the Risk Management umbrella task in TAPRII.</p>
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Technical Assistance for Policy Reform II
BearingPoint, Inc,
8 El Sad El Aali Street, 18th Floor,
Dokki, Giza
Egypt
Country Code: 12311
Phone: +2 02 335 5507
Fax: +2 02 337 7684
Web address: www.usaideconomic.org.eg