



MILLENNIUM CHALLENGE CORPORATION (MCC) CUSTOMS PROGRAM

Jordan Customs Integrity Assessment

JORDAN CUSTOMS ADMINISTRATION MODERNIZATION PROGRAM

Submitted to:

USAID/Jordan

Submitted by:

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1.0 BACKGROUND

The Jordan Customs Administration Modernization Program (CAMP-Jordan), a project funded through the Millennium Challenge Corporation (MCC) Threshold Country Program and administered by USAID, is helping the Government of Jordan to achieve its trade facilitation goals by improving the efficiency and effectiveness of the customs system over the next two years. CAMP-Jordan will assist Jordan in improving its Trade Policy score, thereby facilitating Jordan's qualification for MCC Compact status. At the conclusion of the two-year timeframe, CAMP-Jordan will have helped Jordan Customs reduce the number of days required to import or export a good, as well as the number of documents and signatures required to import or export, and markedly improve its scores on the Heritage Foundation's Index of Economic Freedom "Openness to International Trade" indicator.

The Integrity Assessment was designed to assess the extent to which Jordan Customs is in compliance with the Revised Arusha Declaration (Declaration of the Customs Co-operation Council Concerning Good Governance and Integrity in Customs, Revised in 2003) and to identify areas where further reform may be needed.

2.0 METHODOLOGY

To accomplish the above, the consultant took the following actions:

- Observed Customs operations at the Amman Customhouse and the land border port of Jabber;
- Interviewed the managers and staff of the various Directorates with direct or indirect responsibility for ensuring the integrity of Customs personnel, systems and procedures;
- Interviewed the Chief of Party of the European Union Twinning Project;
- Interviewed trade association members and Customs brokerage personnel;
- Used the checklists provided in the World Customs Organization's Integrity Development Guide as a survey document; and
- Used the WCO Integrity Best Practices Compendium as a reference to support recommendations.

A complete list of persons interviewed is appended to this report in Annex 1.

3.0 GENERAL OBSERVATIONS AND SITUATIONAL ANALYSIS

The conclusion of this evaluation is that Jordan Customs has adequately addressed the 10 key issues set forth in the Declaration of the Customs Co-operation Council Concerning Good Governance and Integrity in Customs (The Revised Arusha Declaration) and is in compliance with that Declaration. The Declaration is provided in its entirety in Annex 2. The WCO Integrity Checklists used for this assessment are provided in a separate, companion document.

While opportunities for further improvement were noted during this assessment and are addressed in this report, Jordan Customs commitment to designing and implementing effective anti-corruption strategies and systems provides an example to and serves as a model for other Customs Administrations desiring to effectively counter corrupt influences within their organizations. Jordan has appropriately been cited numerous times in the World Customs Organization's Compendium of Integrity Best Practices as is noted in the companion document (Jordan WCO Integrity Checklists).

Opportunities for further improvement identified during this assessment are discussed in the following sections of this report. Some of these have also been identified in the Jordan Customs Administration Modernization Program (CAMP) evaluations of Training and Human Resource Management systems. Where this has occurred, it has been verified that the conclusions and recommendations of the three consultants, working independently, are consistent.

The Millennium Challenge Corporation (MCC) has tasked CAMP with (1) assisting the implementation of the single window clearance process; (2) upgrading and integrating Customs information and communications technology infrastructure, including support of the implementation of ASYCUDA World; (3) providing capacity strengthening and training of Customs officials; and (4) developing policies and mechanisms to strengthen cooperation between Customs and the private sector. Expected outcomes include reducing non-tariff barriers, reducing the number of documents and government signatures required to import or export commercial goods, and reducing the number of days necessary to import and export commercial goods.

Although the stated intent and primary purpose of this assessment was to review Jordan Customs systems, operations and procurements from the Arusha Declaration perspective, information obtained during this assessment occasionally had a direct bearing on a number of these MCC-designated areas of assistance. Where risk management inefficiencies, bottlenecks, redundant or inefficient procedures and unnecessary delays were observed, they have been noted and addressed in detail as opportunities for further improvement. The five areas noted where specific and important opportunities for improvement exist are:

- Risk Management
- Declaration Processing
- Internal Investigations
- Standard Operating Procedures
- Human Resources Management

4.0 RISK MANAGEMENT

4.1 Utilization of Available Processing Channels (WCO Checklist items 2.3 and 2.13)

Customs has implemented cargo selectivity using the ASYCUDA Selectivity Module. The implementation has been extremely conservative and it is unclear as to whether senior management has established adequate goals to maximize the efficiency and cost-effectiveness of the cargo selectivity system.

ASYCUDA's selectivity module allows Customs to direct an imported goods declaration to one of four channels as follows:

- Green Channel – Release upon automated checks only
- Yellow Channel – Release after Customs officer audits declaration and supporting documents
- Red Channel – Release after document audit and physical examination of merchandise
- Blue Channel – Release without examination and referral for post clearance audit. (Not currently in use.)

The Customs staff at Amman Customhouse advised that the selectivity module directs approximately 10% of declarations to the Green channel, 40% to the Yellow channel and 50% to the Red channel. The Risk Management Directorate advised that from month to month between 60% to 80% of declarations are directed to the Red Channel for physical examination but that 95% of the Golden List importer's declarations are directed to the Green Channel.

These numbers were not verified but, if substantially correct, would indicate that very few declarations other than those from Golden List authorized economic operators receive Green channel treatment. It would make little difference, however, for more declarations to be processed through the Green channel since observation and interviews at Amman Customhouse clearly indicated to the evaluator, and this was confirmed by a major broker, that there is virtually no difference in the manner in which a Green channel declaration and a Yellow channel declaration are processed. In other words, Green channel processing, for all practical purposes, does not occur. The current process provides multiple, redundant document reviews for all declarations including those designated for Green channel release. The only difference between green, yellow and red processing is that green and yellow declarations will not normally be physically examined.

Cargo selectivity is designed to focus Customs resources on high risk shipments. Each examination criteria should be reviewed on a routine, recurring basis to ensure that it is generating the discovery of significant discrepancies. If it is not, then it must be terminated or revised.

The Risk Management Directorate does not appear to be effectively monitoring the results of examinations to determine whether examination criteria remain valid. In fact, the Directorate uses three degrees of "black lists" which can result in an importer receiving 100% examinations

for a minimum of 18 months whether or not he makes a concerted effort to improve his compliance rate.

Risk management must, in all cases, be responsive to Customs goals as established by Customs senior managers, the Ministry of Finance and other elements of Government. It was unclear during this process whether the Department's goals are driving the selectivity process or whether the process is driving itself. The purpose of this consultancy was to conduct an integrity assessment. While risk management is an issue that must be considered, the tasking and authorized level of effort did not provide for an in-depth analysis of risk management practices. Jordan Customs adoption of risk management satisfies Arusha Declaration requirements; however, further analysis of risk management efficiency would benefit efforts to reduce processing times and to implement single window processing.

4.2 Supervision and Accountability (WCO Checklist item 4.11)

If as reported by the Forwarders Syndicate, a Customs manager directs his employees to ignore the selectivity instructions generated by the ASYCUDA selectivity module and examine Green channel declarations as though they were Red channel declarations but instructs subordinate officers not to upgrade the declarations in the system, this gives the false impression that more declarations are being processed through the Green channel than actually are. It does not matter that the intention of that manager is, more than likely, to increase the level of enforcement. What does matter, and it matters significantly, is that he is conveying to his officers that a manager can, at his own discretion, ignore policies and practices established by the Customs Department. If the officers accept these instructions and act on them, then how might they react if the manager occasionally tells them not to examine a Red channel declaration but to indicate in the automated system that they have done so. If this allegation is correct, it is not necessarily a corrupt act *per se*, but it definitely gives subordinates a dangerous perception, and it is contrary to Customs' well-established policies of accountability.

5.0 DECLARATION PROCESSING

5.1 Transit Procedures (WCO Checklist item 2.14)

Standard 15 of Specific Annex E of the Revised Kyoto Convention states that only when they consider such a measure to be indispensable shall the Customs : (a) require goods to follow a prescribed itinerary; or (b) require goods to be transported under Customs escort.

Trucks arriving at the border receive one of three treatments:

- They are released after non-intrusive examination (gamma ray scanning) if empty.
- They are released after scanning and clearance of goods for consumption in limited circumstances.
- After a transit declaration and guarantee have been prepared, filed and accepted, the trucks are convoyed to various inland Customhouses for clearance.

Transit movements, in most countries, are generally permitted without escort when the Government revenue and security of the goods in transit is ensured by adequate seals and financial guarantees. Only exceptionally sensitive goods are convoyed.

Although there was some disagreement as to whether all transit movements or almost all transit movements had to be convoyed, the fact that Customs has just hired an additional 250 officers to perform convoy duties would indicate that the distinction is somewhat moot. The question arises that if all transit trucks are convoyed from Customs border exit gate to Customhouse entrance gate, why is Customs even requiring a transit declaration, much less subjecting transit shipments to selective unloading at the border? If they are under Customs control their entire time they are on the road, then all that would be needed is a list of the trucks in the convoy.

Officers at Jaber indicated that the average time it takes to process a transit truck at the border is twelve hours. Although there are no specific time standards established, international practice is to process such trucks within a much shorter period of time. Extreme delays such as this provide a breeding ground for “facilitation fees.”

In a recent World Bank Trade Facilitation project in the Balkans, the standard of twenty to thirty minutes was established for processing trucks at border stations and releasing them for transit movement to inland inspection stations. In the United States, while no mandatory standard exists, at seven of the major commercial land border crossings, processing times (including release of goods) for 95% of trucks ranged from 33.9 to 83.4 minutes. One Jordan Customs manager interviewed rightly commented, “We (Jordan Customs) live in a tough neighborhood”. However, does the risk or threat justify the twelve hour processing time for the majority of transit trucks at the border and the extensive resources and expense associated with mandatory convoying? Does it justify the delays and additional expenses to Jordan’s importers and exporters? When considering these questions, one must be mindful of the fact that before transit trucks leave the border, safeguards are enacted, as all trucks are scanned for weapons and explosives and all goods are covered by a guarantee.

5.2 Amman Customhouse Current Entry Processing Scheme (WCO Checklist item 4.2)

Article 4 of the Revised Arusha Declaration states “Where possible, automated systems should be configured in such a way as to minimize the opportunity for the inappropriate exercise of official discretion, face-to-face contact between Customs personnel and clients and the physical handling and transfer of funds.” (“Minimize the opportunity” includes limiting interactions to the bare minimum required.)

Current processing at Amman Customhouse requires between five and nine separate interactions (and possibly more) between the importer’s representative and various Customs officers. Declarations are currently routed as follows:

- At the manifest section’s first window, the first officer receives the declaration, the accompanying transit document and the yard entry card, reviews the paperwork, and provides the transit document to another officer who closes out the transit movement. The first officer then returns the declaration to the broker’s employee who takes it to a second window. This is the first mandatory Customs officer to broker interaction in the declaration process.
- At the manifest section’s second window, the declaration and accompanying documents are reviewed and stamped by a third officer who reviews the paperwork to ensure that the broker and importer have an approved relationship and then passes it to a fourth officer who reviews the documentation and registers the document, thereby obtaining the green, yellow or red routing and the clearance section designation. This is the second mandatory Customs officer to broker interaction in the declaration process.
- Green and Yellow channel declarations are delivered by another Customs officer to the appropriate clearance office section in another room by a fifth officer. The broker’s employee proceeds to the appropriate counter in the clearance office. A sixth Customs officer conducts a detailed review of the declaration and accompanying documents. This is the third mandatory Customs officer to broker interaction in the declaration process.
- If all is in order, he returns the declaration to the broker’s employee who then takes it to a seventh officer at the accounting section to pay duties and taxes. This is the fourth mandatory Customs officer to broker interaction in the declaration process.
- Once the duties and taxes are paid and the broker’s employee has received a receipt, he takes it to an eighth officer in the clearance office in order to obtain a yard release. This is the fifth mandatory Customs officer to roker interaction in the declaration process.
- Those declarations requiring further approval or inspection by another agency are referred to a separate counter to ensure that adequate guarantees have been posted. This is the first possible supplemental Customs officer to broker interaction in the declaration process.
- Those declarations requiring physical examination are given back to the broker’s employee either at the manifest office or the clearance office (if upgraded from green or yellow to red), who takes the declaration to the examination office. This is the second possible supplemental Customs officer to broker interaction in the declaration process.

- At the conclusion of an examination that reveals no discrepancies, the broker's employee must return the declaration to either the manifest or the clearance section, depending on who designated it for red channel. This is the third possible supplemental Customs officer to broker interaction in the declaration process.
- If the examination revealed a discrepancy, the declaration is referred to the Cases office for penalty issuance. This is the fourth possible supplemental Customs officer to broker interaction in the declaration process.

As a result of the process described above, a declaration ultimately designated for the Green channel (which is designed for no document review) receives the following mandatory reviews:

- by the Customs officer who first accepts the entry and approves the closing of the transit movement;
- by the Customs officer who determines that all required supporting documents are present;
- by the Customs officer who determines that the broker and importer have an approved relationship; and
- by the Customs officer in the Clearance section.

As a result of the current processing scheme, the minimum number of Customs officer – broker interactions per declaration is five and the maximum appears to be nine, but could actually be higher. This does not include the Customs officers who control the entrance and departure of trucks from the yard. Ideally this process should be reduced to between two and three Customs officer – broker interactions.

Customs managers at Amman Customhouse stated that some of this would be addressed as part of the migration from ASYCUDA++ to ASYCUDA World. As a primary donor to this upgrade, MCC through CAMP should work closely with the Customs/UNCTAD ASYCUDA World implementation team to ensure that this is made a matter of priority.

6.0 INTERNAL INVESTIGATIONS

6.1 Internal Investigations (WCO Questionnaire 6.1, 6.3, 6.4, 6.23, 9.6 and 9.13)

The Revised Arusha Declaration states that “the prevention and control of corruption in Customs can be assisted by the implementation of a range of appropriate monitoring and control mechanisms such as internal check programmes, internal and external auditing and investigations and prosecution regimes.” It goes on to state that “Customs personnel, clients and the general public should be encouraged to report corrupt, unethical or illegal behaviour, and when such information is provided, it should be investigated in a prompt and thorough manner, and sources should be protected.”

Jordan Customs has recently established an Intelligence Section consisting of four subunits: Informants, Investigations, Complaints and Controls, and Intelligence Information. The Section is currently staffed with 12 Customs officers. Customs plans to upgrade this section to a directorate and to increase the number of internal investigators to three, one of whom would be an attorney. The Intelligence Section is responsible for 7-day-a-week, 24-hour-a-day staffing of the Customs Department’s video surveillance room, with two officers during normal working hours and one officer during night hours. There is not sufficient staffing for an effective internal investigations unit.

Responsibility for conducting investigations is shared with the Legal Directorate whose public prosecutors participate in developing internal affairs investigations. In order to ensure both confidentiality and a high degree of efficiency, management of and responsibility for internal investigations should not be shared with other Directorates. This only tends to dilute effectiveness and the safeguarding of confidential information.

The Customs Department's commitment to integrity is demonstrated by the establishment of this new Section. It is clearly understood that this Section is in the developmental stage and that the Department intends to raise both its organizational status and staffing resources. It is highly recommended that this critical function be elevated to the Directorate level within Jordan Customs. This initiative is clearly compliant with article 6 of the Revised Declaration; however there are some problems yet to be resolved.

An internal affairs unit is typically assigned several key goals: developing proactive integrity measures, including the creation of an effective corruption prevention program, the carrying out of personnel security investigations, enhancement of physical security programs, facilitation of timely investigations and inquiries into misconduct, coordination with other government agencies on corruption issues, and provision of ethics training and counseling. Currently, the resource level of the Intelligence Section does not permit it to fully engage in developing proactive measures or ethics training or counseling. As stated above, the Department has indicated that it will be increasing the staffing.

Customs internal investigators are generally responsible for maintaining a high level of visibility with the Customs administration. This is done by unannounced visits to various Customs offices and informal conversations and formal training sessions with officers regarding Customs expectations with respect to integrity. Customs does not have this capability at this time, and it would be unreasonable to expect that any outside investigators would be willing or capable of satisfying these requirements. Again, the current resources (2 investigators) simply do not allow this to be accomplished at this time.

6.2 Background Investigations (WCO Checklist item 8.2.7)

The Human Resources Directorate conducts background checks with the police prior to employment. This a function that should be conducted by the internal/affairs investigations staff. Customs should conduct periodic follow-up investigations.

6.3 Declaration of Assets (WCO Checklist item 7.13)

New Customs employees should be required to submit statements of financial resources that can be verified during the background investigation. These should be updated and re-verified periodically. Requiring Customs officers and employees to disclose their assets in writing deters unjust enrichment and provides investigators and auditors with a powerful instrument to detect corruption by identifying the existence of unexplained wealth. Financial reporting requirements must be strictly enforced and monitored. Failure to report or false reporting must be considered to be a serious breach of ethics.

Customs must be aware of any potential conflict of interest created by the employment of other family members. For example, if a Customs officer's wife, son, aunt or brother works for a major Customs broker or freight forwarder, this has the potential to create a conflict of interest. For these reasons, outside employment by officers and employees as well as employment of family members should be included in the Asset Declaration.

6.4 Distinction between Internal Investigations and Intelligence

Both the CAMP Human Resources Management consultant and the EU Customs Twinning Project have identified the need for a specialized Intelligence Directorate that would concentrate on developing and analyzing information related to smuggling, commercial fraud and other Customs issues. The EU Twinning project will be providing training in intelligence gathering and analysis techniques. While this training would be useful to the existing staff, it should not be assumed that with their limited staffing they can take on the additional responsibilities of a dedicated proactive intelligence analysis unit. Additional staffing should be considered for this function.

A separate Internal Affairs or Internal Investigations Directorate should be established and adequately staffed. It should be responsible for both promoting integrity within the organization as well as investigating complaints and allegations of inpropriety.

7.0 STANDARD OPERATING PROCEDURES

7.1 Customs Procedural Design (WCO Checklist items 2.3, 2.4)

Two Directorates within Customs are responsible for designing procedures. The Tariff and Procedures Directorate is responsible for technical instructions and the Total Quality Management Directorate is responsible for other procedures. The Total Quality Management Directorate periodically reviews and re-engineers processes after observation and interaction with Customs staff and clients. The Procedures Section of the Tariff and Procedures Directorate does not use TQM procedures of observation and discussion with staff and stakeholders. Viewed from the perspective of a transition to a TQM approach, it was logical to continue to maintain the traditional procedural development capabilities while the new TQM approach was being developed. Now that the TQM directorate has demonstrated its capacity, the next logical step would be to consolidate procedural development efforts within that directorate to ensure that the TQM approach is applied to all procedural review, re-engineering, drafting and implementation.

7.2 Client Service Charter (WCO Checklist items 3.16 – 3.18)

Customs has not, at the time of this evaluation, established a Client Service Charter. Doing so would be entirely consistent with Customs modernization efforts, and it would be a logical response to the results of the forthcoming client satisfaction survey. A Client Service Charter describes the minimal level of service a client can expect from a Government Department or Office. The Charter defines service standards in clear terms and simple language, informs customers how to make a complaint or a suggestion (including, if appropriate, forms of external redress/appeal), and includes the date of the Charter and contact details.

A Client Service Charter should not seek to cover everything a Department does. It should instead focus on what is important to its clients. Similarly, the Charter should not focus on internal processes or policies to achieve the service standards. It is more important that Customs clientele understand what level of service they may expect to receive, rather than be provided a detailed explanation of how Customs intends to achieve it.

Since developing a Client Service Charter involves consultation with customers/stakeholders, demonstrates Customs' commitment to service standards, and includes ongoing evaluation of performance with open reporting of results, it is a significant element in gaining widespread public confidence in Customs as a professional organization with high standards and a demonstrated commitment to public service. It also forces operational managers to realize that they cannot only focus on enforcement and controls but must also give due consideration to minimizing delays and unnecessary expenses to legitimate traders. Furthermore, it provides Senior Management with standards by which Customhouses can be measured.

8.0 HUMAN RESOURCES MANAGEMENT

The following opportunities for improvement identified by this consultant have also been identified and addressed by the CAMP Consultants who conducted the Human Resources Management Assessment and Training Assessment. This consultant concurs with their recommendations, and they will not be repeated here.

- The Training Center provides new employees and existing staff with training on ethics and other aspects of integrity, but it is not clear that this training sufficiently emphasizes management responsibility for prevention and detection. (WCO Checklist item 1.20)
- Supervisors interviewed clearly understood that they are responsible for ensuring integrity within their operations, and control and oversight mechanisms confirm that they are held responsible for any breaches; however, position descriptions and performance evaluation plans do not consistently and specifically address these issues. (WCO Checklist item 1.22)
- Staff are not fully aware of the selection and promotion process. (WCO Checklist item 8.2.4)
- There does not appear to be a program of succession planning to ensure that the administration does not become over-reliant on a few key individuals. (WCO Checklist item 8.4.5)
- Training effectiveness is not adequately evaluated. (WCO Checklist 8.4.6)
- The performance management/appraisal system does not adequately identify development needs and reinforce integrity principles. It stands alone from the code of conduct and disciplinary systems, and there is no specific mention of development needs in the performance appraisals. (WCO checklist item 8.4.8)
- The reward system stands alone and is not adequately linked to the performance evaluation system. (WCO Checklist item 8.5.5)
- The performance appraisal system does not link performance to the administration's Code of Conduct. For non-supervisory employees, the Code of Conduct and the performance appraisal system can stand alone. Supervisory employee performance plans should include the responsibility for ensuring that subordinates perform their duties in accordance with the Code of Conduct. (WCO Checklist item 8.5.6)

9.0 RECOMMENDATIONS

1. CAMP should assist the new Director General by conducting a formal cost effectiveness and productivity assessment of the effectiveness of current risk management/cargo selectivity efforts. This would enable the Director General to determine whether the overall impact of current practices fully supports Government and Customs Department goals. (Discussion item 4.1)
2. Customs should reaffirm to the heads of all Customhouses that established procedures for upgrading or downgrading selectivity channel referrals must be complied with. While managers should retain the right to override Green, Yellow or Red channel designations when warranted, such action must be accomplished within the ASYCUDA system to ensure the reliability of statistics as well as to ensure a proper audit trail. (Discussion item 4.2)
3. The Total Quality Management Directorate should review the current transit policy to determine the impact that the convoy requirement has on total processing times from arrival at the border to release at the inland inspection station, to eliminate redundant controls and to determine if this the most productive use of the 250 new Customs officers recently hired on a contract basis to perform this function. (Discussion item 5.1)
4. The Total Quality Management Directorate should review the declaration processing scheme with a view toward simplifying the process, eliminating redundant document reviews, and significantly reducing the number of Customs officer – Broker interactions necessary to process a declaration. It is an established concept that the more Customs officers who have face-to-face interaction with a broker or importer, the greater the number of opportunities for a corrupt officer to subvert the process for his own personal gain. A sample scheme is provided in the appendices. A generic processing flowchart is provided in Annex 3. (Discussion item 5.2)
5. An Internal Affairs Directorate should be established and staffing increased to provide a minimum of six investigating officers including at least two public prosecutors, in order to provide sufficient resources to engage in proactive promotion of integrity, ethics training and periodic updating of background checks on employees. (Discussion item 6.1)
6. Responsibility for internal investigations of allegations of corruption and case development should be consolidated solely within the Internal Affairs Directorate. (Discussion item 6.1)
7. CAMP should assist the new Internal Affairs Directorate with development of professional interviewing skills based on proven internal affairs techniques by providing a sample “investigator’s toolkit”; and with development of an intelligence database capable of tracking, cross-referencing and analyzing complaints and allegations of misconduct or corruption, as well as recording all internal investigative findings, conclusions and recommendations. This assistance would be best provided by a professional internal affairs investigator with management experience, to provide on-the-job in-office mentoring and guidance to the Intelligence Section. (Discussion item 6.1)

8. Customs should not only be conducting mandatory background investigations of all new employees but also should be conducting periodic updates of all employees. While Customs currently checks applicants against various government data bases, this is only the first step in an effective background investigation process. Customs internal investigators should supplement this process by interviewing the applicant, friends, neighbors, previous employers, etc. The new Internal Investigations Directorate will require sufficient resources to periodically update background checks of employees. (Discussion item 6.2)
9. New officers and employees should be required to file an Asset Declaration at the time that they apply for positions, and these declarations should be reviewed prior to the actual offers of employment. Officers and employees transferring from other Government Departments should be required to file an Asset Declaration form within a very short period of time, for instance, within 15 working days of reporting to Customs, regardless of whether or not they have previously filed such a report with their previous department. All other employees should be required to file an Asset Declaration at least once a year on a date established by Customs. (Discussion item 6.3)
10. The existing internal investigation function should be situated within a new Directorate to reflect its leadership role in the Customs integrity campaign. Suggested titles are: Internal Affairs Directorate, Internal Investigations Directorate, Professional Responsibility Directorate or Integrity Assurance Directorate. The retitled unit should report directly to the Director General. Intelligence is a key function in a modern Customs administration, but it must not be confused with or mixed in with Anti-Corruption efforts. Intelligence should be performed by a separate Directorate or made a function of the Enforcement Directorate. (Discussion item 6.4)
11. Now that the Total Quality Management Directorate has been formed and gained the requisite knowledge, techniques, skills and experience; all responsibility for reviewing and modernizing Customs procedures should be consolidated within this office. Procedural design responsibility now assigned to the The Tariff and Procedures Directorate and the staff devoted to this responsibility should be reassigned to the Total Quality Management Directorate. (Discussion item 7.1)
12. Jordan Customs should undertake a joint public/private initiative to draft a Client Service Charter. This would be accomplished after the conclusions of the forthcoming client satisfaction survey have been presented. A detailed guide on developing such charters has been developed by the Public Service Modernization Division, Office of the Taoiseach, Government of Ireland. This guide can be found on the internet at www.bettergov.ie/publications/charter.index.html. (Discussion item 7.2)
13. Jordan Customs' integrity procedures have been communicated to other Customs Administrations around the world through publication of the World Customs Organization's Compendium of Integrity Best Practices. There are a number of best practices of other Customs administrations that would be entirely consistent with and compliment Jordan's efforts. The best practices listed in Annex 4 should be given due consideration by Senior Management.

ANNEX 1: LIST OF PERSONS INTERVIEWED

- Director of International Cooperation and Public Relations
- Director of the Office of Human Resources
- Director of Training Affairs
- Deputy Director of Training Affairs
- Director of the Amman Customhouse
- Director, land border port of Jabber
- Director, Total Quality Management Directorate
- Director and staff, Human Resources Directorate
- Director and staff, Legal Affairs Directorate
- Head, Procedures Section, Tariff and Procedures Directorate
- Head and staff, Intelligence Section
- Staff, Information Technology Directorate
- Director and staff, Risk Management Directorate
- Director and staff, Valuation Directorate
- Director, Enforcement Directorate
- EU Customs Assistance Twinning Project
- Chairman and member, Forwarders Association Syndicate
- Director Manager, Alasqsa Transporations and Clearance Co. Ltd.

THE REVISED ARUSHA DECLARATION

**DECLARATION OF THE CUSTOMS CO-OPERATION COUNCIL
CONCERNING GOOD GOVERNANCE AND INTEGRITY IN CUSTOMS**

THE CUSTOMS CO-OPERATION COUNCIL*,

NOTING that Customs administrations throughout the world perform a number of vitally important tasks on behalf of their Governments and contribute to national goals such as revenue collection, community protection, trade facilitation and protection of national security;

ACKNOWLEDGING that integrity is a critical issue for all nations and for all Customs administrations and that the presence of corruption can severely limit Customs capacity to effectively accomplish its mission. The adverse effects of corruption can include:

- a reduction in national security and community protection;
- revenue leakage and fraud;
- a reduction in foreign investment;
- increased costs which are ultimately borne by the community;
- the maintenance of barriers to international trade and economic growth;
- a reduction in public trust and confidence in government institutions; a reduction in the level of trust and co-operation between Customs administrations and other government agencies;
- a reduction in the level of voluntary compliance with Customs laws and regulations; and
- low staff morale and “esprit de corps”;

CONSIDERING that corruption can be combated effectively only as part of a comprehensive national effort;

AFFIRMING that a priority for all Governments should be to ensure that Customs is free of corruption. This requires firm political will and a sustained commitment to the fight against corruption;

DECLARES that an effective national Customs integrity programme must address the following key factors :

1. Leadership and Commitment

The prime responsibility for corruption prevention must rest with the head of Customs and the executive management team. The need for high levels of integrity must be stressed and commitment to the fight against corruption maintained over the long term. Customs managers and supervisors should adopt a strong leadership role and accept an appropriate level of responsibility and accountability for maintaining high levels of integrity in all aspects of Customs work. Customs managers should demonstrate a clear and unequivocal focus on integrity and be seen to set an example that is consistent with both the letter and spirit of the Code of Conduct.

2. Regulatory Framework

Customs laws, regulations, administrative guidelines and procedures should be harmonized and simplified to the greatest extent possible so that Customs formalities can proceed without undue burden. This process involves the adoption of internationally agreed conventions, other instruments and accepted standards. Customs practices should be reviewed and redeveloped to eliminate red tape and reduce unnecessary duplication. Duty rates should be moderated where possible and exemptions to standard rules be minimized. Systems and procedures should be in accordance with the revised International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).

3. Transparency

Customs clients are entitled to expect a high degree of certainty and predictability in their dealings with Customs. Customs laws, regulations, procedures and administrative guidelines should be made public, be easily accessible and applied in a uniform and consistent manner. The basis upon which discretionary powers can be exercised should be clearly defined. Appeal and administrative review mechanisms should be established to provide a mechanism for clients to challenge or seek review of Customs decisions. Client service charters or performance standards should be established which set out the level of service clients can expect from Customs.

4. Automation

Automation or computerization of Customs functions can improve efficiency and effectiveness and remove many opportunities for corruption. Automation can also increase the level of accountability and provide an audit trail for later monitoring and review of administrative decisions and the exercise of official discretion. Where possible, automated systems should be configured in such a way as to minimize the opportunity for the inappropriate exercise of official discretion, face-to-face contact between Customs personnel and clients and the physical handling and transfer of funds.

5. Reform and Modernization

Corruption typically occurs in situations where outdated and inefficient practices are employed and where clients have an incentive to attempt to avoid slow or burdensome procedures by offering bribes and paying facilitation fees. Customs administrations should reform and modernize their systems and procedures to eliminate any perceived advantages which might be obtained through circumventing official requirements. Such reform and modernization initiatives should be comprehensive in nature and focus on all aspects of Customs operations and performance. The Revised Kyoto Convention provides a sound reference point for such initiatives.

6. Audit and Investigation

The prevention and control of corruption in Customs can be assisted by the implementation of a range of appropriate monitoring and control mechanisms such as internal check programmes, internal and external auditing and investigation and prosecution regimes. Such regimes should strike a reasonable balance between positive strategies to encourage high levels of integrity and repressive strategies designed to

identify incidences of corruption and to discipline or prosecute those personnel involved. Customs personnel, clients and the general public should be encouraged to report corrupt, unethical or illegal activity and, when such information is provided, it should be investigated in a prompt and thorough manner and sources should be protected. Where large scale or complex investigations are warranted or in administrations where corruption is widespread, there should also be recourse to independent anti-corruption agencies.

7. Code of Conduct

A key element of any effective integrity programme is the development, issue and acceptance of a comprehensive code of conduct which sets out in very practical and unambiguous terms the behaviour expected of all Customs personnel. Penalties for non-compliance should be articulated in the code, calibrated to correspond to the seriousness of the violation and supported by appropriate administrative and legislative provisions.

8. Human Resource Management

The implementation of sound human resource management policies and procedures plays a major role in the fight against corruption in Customs. Human resource management practices, which have proved useful in controlling or eliminating corruption in Customs, include:

- providing sufficient salary, other remuneration and conditions to ensure Customs personnel are able to maintain a decent standard of living;
- recruiting and retaining personnel who have, and are likely to maintain, high standards of integrity;
- ensuring staff selection and promotion procedures are free of bias and favoritism and based on the principle of merit;
- ensuring that decisions on the deployment, rotation and relocation of staff take account of the need to remove opportunities for Customs personnel to hold vulnerable positions for long periods of time;
- providing adequate training and professional development to Customs personnel upon recruitment and throughout their careers to continually promote and reinforce the importance of maintaining high ethical and professional standards; and
- implementing appropriate performance appraisal and management systems which reinforce sound practices and which foster high levels of personal and professional integrity.

9. Morale and Organizational Culture

Corruption is most likely to occur in organizations where morale or 'esprit de corps' is low and where Customs personnel do not have pride in the reputation of their administration. Customs employees are more likely to act with integrity when morale is high, where human resource management practices are fair and where there are reasonable opportunities for career development and progression. Employees at all levels should be actively involved in the anti-corruption programme and should be

encouraged to accept an appropriate level of responsibility for the integrity of the administration.

10. Relationship with the Private Sector

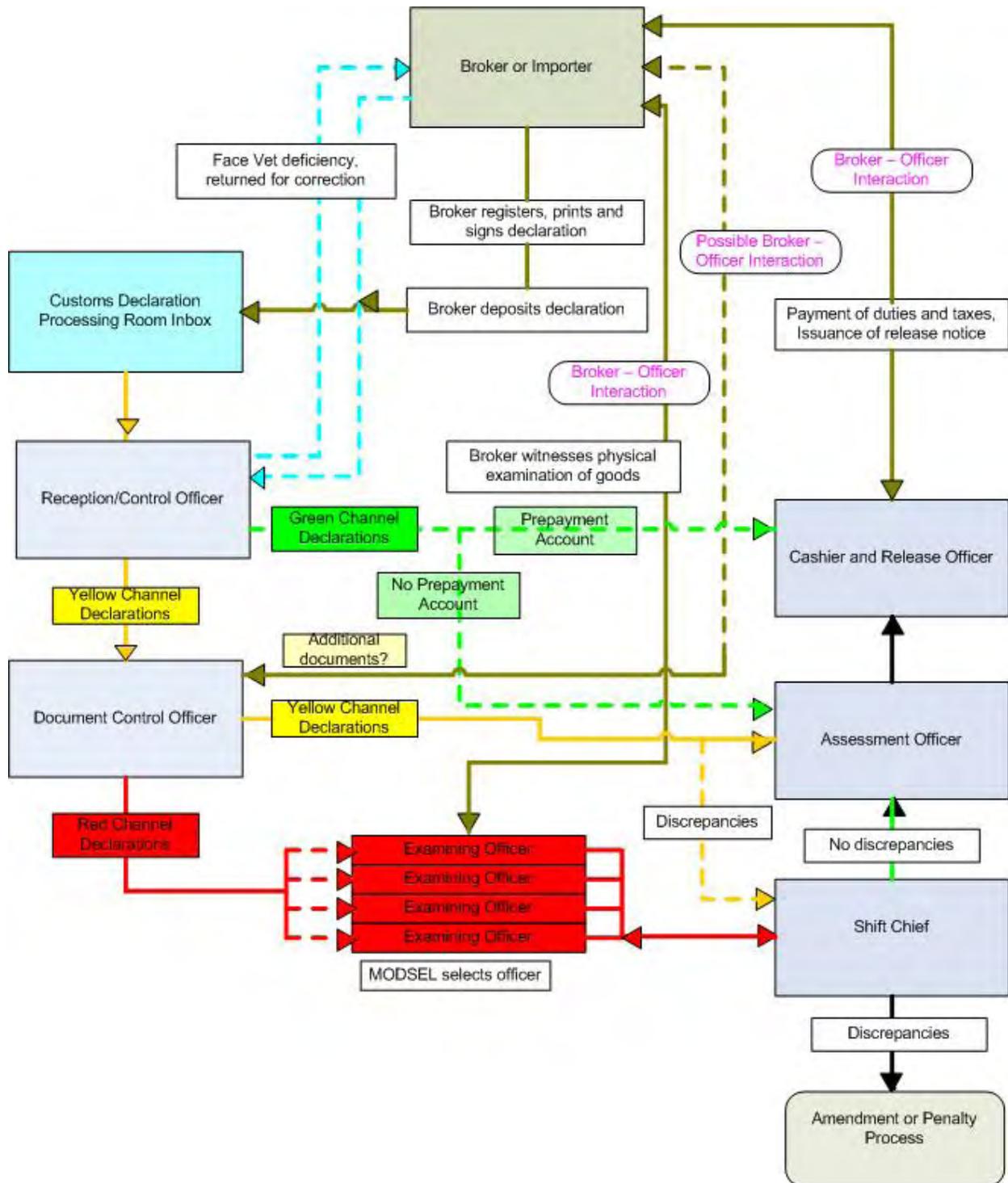
Customs administrations should foster an open, transparent and productive relationship with the private sector. Client groups should be encouraged to accept an appropriate level of responsibility and accountability for the problem and the identification and implementation of practical solutions. The establishment of Memoranda of Understanding between Customs and industry bodies can be useful in this regard. Likewise, the development of codes of conduct for the private sector, which clearly set out standards of professional behaviour, can be useful. Penalties associated with engaging in corrupt behaviour must be sufficient to deter client groups from paying bribes or facilitation fees to obtain preferential treatment.

We, the Members of the Customs Co-operation Council, call upon Customs administrations to implement comprehensive and sustainable integrity action plans based on the key principles outlined above and on Governments, the business sector and members of the international community to support Customs in its fight against corruption.

Done at Arusha, Tanzania, on the 7th day of July 1993 (81st/82nd Council Sessions) and revised in June 2003 (101st/102nd Council Sessions).

* Customs Co-operation Council is the official name of the World Customs Organization (WCO).

ANNEX 3: FLOWCHART OF SIMPLIFIED DECLARATION PROCESSING SCHEME



ANNEX 4: BEST PRACTICES OF OTHER CUSTOMS ADMINISTRATIONS

It has been noted in this report that a number of Jordan Customs Department's practices have been recognized by the World Customs Organization and publicized to Customs administrations worldwide in the Compendium of Integrity Best Practices. The following best practices of other Customs administrations are also listed in the Compendium and would be consistent with Jordan Customs Department's anti-corruption strategy.

1.2.3 Strong Leadership by Example (United States)

"Implementation of integrity initiatives has been greatly assisted by the strong personal interest taken by successive chief executives. A senior executive, normally the Chief Executive, leads the integrity discussion for new recruits. Managers are expected to not only model integrity in their behaviour, but also to be able to point to the positive leadership they have provided in facilitating integrity. Increasingly, integrity and ethical behaviour is a competency managers are being assessed on and is a recruiting requirement."

2.3.1 Simplified Regulatory Framework (United States)

Clear and concise publicly-available regulations allow for a full understanding by the public and trade community of the legal requirements that are in effect and thereby dispel concerns of extrajudicial application of the law. The public and trade community are encouraged to comment on regulations during the time when they are proposed, so that when they become final, the controlling legal authorities will take into account the impact they are expected to have on interested parties in the global supply and transportation chain. Comments that are received often result in a more practical application of the law.

3.1.4 Customer Liason (Hong Kong, China)

Hong Kong Customs has set up four Customer Liaison Groups for the sea-freight, air-freight, cross-boundary transport and dutiable commodities trades to solicit views and monitor expectations of the public on services provided.

8.2.6 Background Investigations (United States)

Sound administration of human resource employment practices includes identification, selection, promotion and retention of candidates that demonstrate a high degree of personal and professional integrity. The Office of Internal Affairs assists in this endeavor by performing background investigations (of varying degree of intensity) for new candidates, in order to determine fitness for employment. Internal Affairs also performs regularly scheduled periodic reinvestigations for those that remain employed with U.S. Customs and Border Protection. These investigations generally determine if the employees should retain their positions by exploring aspects such as personal financial profiles to determine possible bribery risk, arrest history, potential for perceived or actual "conflict of interest" in performance of duties, etc. Employees are provided with opportunities for career growth and personal satisfaction that would normally prevent their taking risks at losing their legitimate livelihood. Opportunity for

advancement also assists in generating employee satisfaction by building morale and a positive *esprit de corps* within the organization.”

8.3.2.3 Management Training (United States)

Mandatory 2-week leadership training program to be attended by newly selected supervisors (within 90 days of appointment), as well as annual ethics and integrity training required for all managers and supervisors.

Dissemination of updated integrity training standards and information (that represent the current agency policy) to all employees, including presentation through an internal Web portal and other automated training means.

Management development conferences that include training sessions on professionalism, integrity and other leadership concepts.

Formal training courses for supervisors and managers that all include sessions or references to integrity, ethics and professionalism.

9.1.1 Integrity Counselors (Netherlands)

Another aspect of the integrity policy involves the appointment on April 2001 of 40 integrity counselors. Directorates and units have recruited and selected these integrity counselors. The positions they hold are new. We already had a central integrity counselor, but—partly to bring the entire issue closer to staff—it was recently decided to appoint counselors at unit level. Integrity counselors are ordinary employees who serve as sounding boards and advisors to other employees when they have questions in relation to integrity. They do so on a voluntary basis, as a secondary responsibility. The questions may be about a staff member’s own integrity or a suspected infringement by others. A protective regulation is being drawn up for both integrity counselors and people who report suspected abuse. These whistle-blowers enjoy protection of their legal status (against dismissal, transfer, etc.) when they report abuse in accordance with an internal procedure. However, people who take information about possible abuse outside the organization, or report it to the media, lose this protection.