USAID Trade Project

Customs Compliance Risk Management: Gap Analysis and Roadmap for Implementation in Pakistan

USAID Trade Project
USAID/Pakistan
Office of Economic Growth & Agriculture
Contract Number: EEM-I-03-07-00005

August 2014

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Trade Project

List of Acronyms	
AEO	Authorized Economic Operator
APPTA	Afghanistan-Pakistan Transit Trade Agreement
ASO	Anti-Smuggling Organization
ATF	World Trade Organization Agreement on Trade Facilitation (Bali Agreement)
CCC	Customs Cooperative Council
CCTV	Closed Circuit Television
CRM	Compliance Risk Management
CMPG	Compliance Management Project Group
DGI&I	Directorate General of Intelligence and Investigation
DGRM	Directorate General of Risk Management
DGTR	Directorate General of Training & Research
FATE	Facilitation and Taxpayers Education
FBR	Federal Board of Revenue
GoP	Government of Pakistan
IAU	Internal Affairs Unit
MoF	Ministry of Finance
NCCOCA	National Committee of Customs Officers and Customs Agents
NCCOCC	National Customs Communication and Operational Command Centre
NVG	Night Vision Gear
PACCS	Pakistan Automated Customs Clearance System
PCA	Post Clearance Audit
RKC	Revised Kyoto Convention- The International Convention on the Simplification and Harmonization of Customs Procedures
RMC	Risk Management Committee
RMS	Risk Management System (of WeBOC)
SWOT	Strengths, Weaknesses, Opportunities, Threats
TNA	Training Needs Analysis
ToR	Terms of Reference
UNODC	United Nations Office on Drugs and Crime
WeBOC	Web Based One Customs (Automated customs clearance system)
WCO	World Customs Organization
WCO SAFE Framework	WCO Safe Framework of Standards to Secure and Facilitate Global Trade
WTO	World Trade Organization

Executive Summary

Customs administrations around the world have seen dramatic increases in workload, due to increases in trade volumes promoted by economic growth, as well as with the increased speed of multi-modal transport across borders.

To facilitate this continually growing movement of goods, Pakistan Customs needs to implement an effective and robust Customs Compliance Risk Management (CRM) system. This will not only allow Pakistan Customs to improve their internal procedures and systems, but will also provide them with the capability to address their issues of compliance and non-compliance of traders, while ensuring that adequate resources are allocated to address the identified risk areas.

Pakistan Customs has initiated various reforms over the last few years, especially in developing an automated customs clearance system, and may now be suffering from reform fatigue. The fatigue is a result of prolonged effort towards reforms, however, they have been poorly planned, managed, and implemented; and not necessarily completed. The failure to understand the intention and application of the Post Clearance Audit (PCA) function to achieve its broader objectives means Pakistan Customs has implemented PCA without having the supporting foundations of structured Risk Management in place. In consequence, sophisticated audit techniques are not being conducted. Effective PCA would enable the identification of issues of non-compliance, and, more importantly, identify entities with high levels of compliance so that trade facilitation privileges can be granted to them.

Further highlighting the issue of "reform fatigue" or absence of "the will" to reform, is the lack of participation by senior officials in the completion of the Trade Project's CRM Survey and the Strengths Weaknesses Opportunities and Threats (SWOT) analysis. In fact, only two senior Pakistan Customs Managers took the time to complete this survey.

Without effective reform, Pakistan Customs will trail behind neighboring countries in adopting international best practice, and implementing World Customs Organisation (WCO) initiatives. They will struggle to regain full compliance of trading entities that will have embedded themselves into a culture of non-compliance with customs legislation.

This Gap Analysis contains forty-four (44) recommendations for the Federal Board of Revenue (FBR) to carefully consider, prior to embarking on a reform program to improve the CRM environment in Pakistan Customs. The following report is a summary of the recommendations for action, condensed into sixteen (16) strategic areas.

1. Organizational Structure
Pakistan Customs needs to be streamlined and restructured to provide a greater level of autonomy within the framework of the FBR. Restructuring should include the creation of a post for Customs Chairman and two additional Customs Members. One of these two new Customs Members should have the role of overseeing the Customs Wing for Compliance and Enforcement (Reference Recommendations 1, 2, and 3).

A separate Customs Internal Affairs Unit should investigate integrity issues and report directly to the Chairman (Reference Recommendation 6).

2. Legislative Reform
Pakistan Customs/FBR should consider revising the Customs Act in compliance with the requirements of the Revised Kyoto Convention (RKC) (Reference Recommendation 4).

3. Policy Reform

Pakistan Customs/FBR needs to introduce new policy, or improve existing policy, in the areas of Compliance Management, Risk Management, Integrity and Human Resources (Reference Recommendations 5, 6 and 7).

4. Recruitment and Training

Pakistan Customs/FBR needs to take urgent action to recruit new staff before impending retirements decimate the organization's numbers. As a greater priority, Customs should increase the capacity of the Directorate General of Training and Research (DGTR) to design and deliver quality training programs to new recruits and existing staff (Reference Recommendations 7and 8).

5. Strategic Planning and Reporting

Pakistan Customs should adopt a strategic planning and reporting framework to produce an annual Customs Business Plan, Strategic and Operational Work Area Plans, and Risk Management Plans (Reference Recommendations 9, 10, 11, 12, and 13).

6. Improved Client Services

Pakistan Customs/FBR needs to significantly improve its level of service to clients. This can be achieved by establishing a Customs Cooperative Council; increasing the amount of information on its website; establishing "Help Desks"; automating its internal and external communication systems; and commencing work in accordance with the documented Government Service hours (Reference Recommendations 14-20).

7. Risk Management Committee (RMC)

The Terms of Reference (ToRs) for the Risk Management Committee (RMC) should be redefined and institutionalized as a strategic level committee, as opposed to its current status as an operational level committee (Reference Recommendation 21). It will be the responsibility of the RMC to oversee and ensure that the implementation of government policy, and agreed facilitation rates, are achieved (Recommendation 27).

8. Intelligence

The Intelligence function should be devolved from the Collectorate level and administered centrally by the proposed Directorate General of Enforcement. The proposed Intelligence and Risk Management Directorate must include targeting and performance monitoring units. These units will drive selectivity in the Web Based One Customs System (WeBOC) Risk Management System (RMS) with parameters that are documented, accountable, and entity-based (Reference Recommendations 22, 23, 24, 28, 29 31 and 34).

Establishing suitable Intelligence targeting and monitoring units will require an increase in human resources and specialist trainings. In addition, these units will require the introduction of a fully automated and integrated intelligence database and intelligence management system (Reference Recommendations 25 and 26).

9. WeBOC Development

The WeBOC RMS and statistical reporting modules need to be more intelligent and robust. The RMS requires dramatic improvements to include: entity based selectivity, better examination reporting, automatic manifest acquittal, and useful statistics for analyzing the performance of selectivity profiles (Reference Recommendations 29, 30, 32, and 33).

10. Anti-Smuggling Organization (ASO)

The ASO function should be devolved from the Collectorate level and administered centrally by the proposed Directorate General of Enforcement. By increasing human resources, specialist trainings, equipment and access to specialized technology, the ASO can become the lead agency in anti-smuggling areas, and manage coordinated interagency enforcement operations (Reference Recommendations 35 and 36).

11. Technology Unit and Operational Command Centre

Pakistan Customs should introduce a Technology and Operations section in the proposed Directorate General of Enforcement. This section will be responsible for the procurement, deployment, and maintenance of expensive non-intrusive intervention equipment. In addition, Pakistan Customs should establish a National Customs Communications and Operational Command Center (NCCOCC) to coordinate and oversee all customs strategic and tactical operations (Reference Recommendations 37 and 38).

12. Investigations Unit

All Investigation functions should be devolved from the Collectorate level and administered centrally by the proposed Directorate General of Enforcement. This will require substantial efforts in capacity building, with increased human resources and specialist trainings to establish an Investigations unit capable of conducting large scale investigations, including those involving international cooperation to prosecute offenders (Reference Recommendations 39 and 40).

13 Post Clearance Audit (PCA)

Pakistan Customs should build the capacity of the PCA unit to enable the conducting of better quality audits at the premises of traders. Audits should be carried out with the objective of improving compliance levels, and provide greater quality assurance for risk-managed entities that have increased levels of self-assessment (Reference Recommendations 41).

14 Customs Agents Licensing and Regulation

Pakistan Customs should strengthen the Customs Agents Licensing and Regulation provisions as per international best practice. This will lead to improvement of the quality of Customs Agents through: Customs to Trade cooperation, more stringent testing, and ongoing professional development programs.

15 Warnings and Penalties

Pakistan Customs needs to produce and apply a documented formal warning and penalty system to ensure consistent application of policy on a national basis (Reference Recommendation 43).

16. Trusted Trader Facilitation Program

Pakistan Customs should initiate a formal Trusted Trader program for entities that have maintained high levels of compliance, where compliance levels have been confirmed by audits over a period of three consecutive years (Reference Recommendation 44).

This initiative should be further developed into an Authorized Economic Operator (AEO) program.

In order to achieve the wide range of reforms detailed above, it will be first necessary to gain high level approval from the FBR. Subsequently, additional higher level approval will be required for the expected investments in human resources, technology, and equipment. Revenue leakage, due to smuggling and other fraudulent activities of the trading public, is estimated to be in excess of USD 1 billion per year. As such, it is clear that there is plenty to be gained from investing in CRM, and persisting with the required reform agenda.

1. Introduction

Deloitte Consulting LLP is under contract with USAID to implement the Trade Project. The goal of the project is to improve the trade environment in Pakistan, resolve trade challenges and support trade reform through the provision of technical assistance.

The FBR has requested the Trade Project to provide technical assistance in improving the CRM capability of Pakistan Customs/FBR so that the broader goals of the Project can be achieved using an approach that intervenes less in real time but is still able to control a number of different risks after the release of goods into the economy.

The Trade Project's Work Plan Activity for the development of a CRM Roadmap requires the completion of a "gap analysis" in the first instance, identifying the current situation in Pakistan and evaluating the Compliance Management Framework, before recommending changes in a roadmap (documented in the later stage of this report).

2. Background

Modern Customs Administrations are challenged by the demands of increased trade volumes, faster multi-modal transport and commercial transactions that are finalized with the push of a button on the computer. These challenges can be met through the adoption of a Compliance Management Program, built on the solid foundations of Risk Management principles and application.

Compliance Management is paramount in managing all trade facilitation measures that Customs can provide to trading entities. It operates on the concept of allowing entities identified as having high levels of compliance to be rewarded; whereas those entities identified as not compliant are penalized. An increase in the number of traders identified as compliant, in turn, allows Customs to focus its limited resources on the non-compliant traders that pose a greater threat to organizational objectives.

The supporting foundations for this approach lie with a robust, but flexible, legislation and a commitment to recognize traders as "clients". Client focus, service, and advice on legal obligations, are known to lead to greater compliance levels.

Compliance Management allows for minimal physical intervention, and relies more on post clearance interventions. This is driven via the correct application of Risk Management parameters, while maintaining the expected levels of control over revenue collection, integrity, and supply chain security.

3. Methodology

The approach taken to collect information for the Gap Analysis was focused on engagement, at the highest level and at every opportunity, between the Trade Project and the core component beneficiary: Pakistan Customs/ FBR. The Trade Project's planned activities were undertaken in consultation with the FBR to obtain prior approval for all workplace visits.

Despite receiving high-level approval and support, the Trade Project team faced difficulties in accessing relevant information and data from the FBR. Some information requests were never fulfilled during the period of research. In order to obtain the required information, it was often necessary to conduct multiple visits, to a number of locations nationally, to provide the Trade Project with the best chance of producing a quality report for the benefit of Pakistan Customs.

The approach to obtaining information included the following activities:
- Formal and informal meetings with senior officials of Pakistan Customs/FBR in Islamabad, Karachi, and Lahore

- Workplace visits to operational areas of declaration processing and examinations, and *ad-hoc* discussion with staff members in Karachi, Lahore, and Islamabad. A complete table of meetings and visits can be found in **Annex 1**
- Submission by the Trade Project of formal requests for documentation and data for analysis appear in **Annex 2**
- Preparation of a CRM Survey and SWOT Analysis form for completion by senior FBR/Customs officials. A copy of the form and a summary of the answers is provided in **Annex 3**
- Review of Trade Project strategic documents, such as the RKC Gap Analysis
- Analysis of open source documents previously prepared by other donors
- Analysis and comparison of the websites of a number of Customs administrations to that of the Pakistan Customs website appear in **Annex 4**
- Training Needs Analysis (TNA) survey and focused group meetings on training matters with the staff of Pakistan Customs. A compilation of TNA Report recommendations is attached as **Annex 5**
- Review of Risk Management-specific training courses in the United Nations Office on Drugs and Crime (UNODC) computer-based training programme.

Note – As mentioned above, despite numerous requests, a significant amount of requested information such as risk management practices, profiles and selectivity, Risk Management Committee Minutes, and statistics were never provided. As a result, the Trade Project treated this lack of information as gaps in the Compliance Management Framework.

3.1 Relationship to other Strategic Documents

A number of documents have been prepared during the life of the Trade Project that prompted the need to look more closely at the status of CRM in Pakistan Customs. These documents have served as starting points for background information and research.

These documents are as follows:
- CRM Concept Note, prepared by the Trade Project in 2012
- The Assessment of Pakistan's Customs Border Post at Wagah-Attari in 2013
- Legal Gap Analysis, Consistency of Pakistan Customs Regime with the Revised Kyoto Convention in 2013
- Analysis of Afghanistan-Pakistan Transit Trade Agreement (APTTA) in 2013
- Gap Analysis and Implementation Roadmap for the Directorate General of Post Clearance Audit (PCA) in Pakistan Customs in 2014
- CRM Training Needs Analysis (TNA) in 2014
- Dwell Time Study of Afghan Transit Trade in 2014
- Authorized Economic Operators (AEO) Concept Report in 2014
- Customs Agents Licencing and Regulation Report in 2014

The adoption and implementation of the recommendations contained in all of these reports will greatly assist with improving the CRM environment in Pakistan.

4. Expected Results
The expected results of this Gap Analysis and Implementation Roadmap are as follows:
- Acceptance and endorsement of the document by the FBR's executive authorities.
- Further endorsement and support by the Ministry of Finance (MoF) and the Government of Pakistan (GoP).
- Recognition that implementation will require funding and further technical assistance to support the range of reforms. Including: organization restructuring; specialized staff

development; introduction of technology to improve targeting; performance monitoring mechanisms; and an increase in non-intrusive interventions.

- Complete and effective implementation of this strategic plan within the recommended timeframes.

Acceptance and implementation of the critical recommendations and actions needed to effect the necessary change will require a commitment and strong leadership of FBR/Pakistan Customs officials.

5. An Overview of Compliance Risk Management

Customs Administrations are empowered to ensure compliance with the statutory provisions for which they have administrative responsibility. These statutory provisions may be directly related to Customs legislation, or to other agency legislation, which Customs administers on behalf of these other agencies. Furthermore, Customs is expected to achieve a balance between regulatory control and trade facilitation.

An effective application of the Risk Management principles is fundamental to achieving an optimum balance between control and facilitation. As the use of Risk Management becomes more effective, the relationship between facilitation and control improves.

In June 1999, the Council of the World Customs Organization (WCO)[1] approved the revised International Convention on the Simplification and Harmonization of Customs Procedures (i.e., the Revised Kyoto Convention (RKC)). The RKC is seen as the international `blueprint` for Customs Administrations, and is aimed at addressing concerns from the international trading community, minimizing customs intervention in cargo movements, and maximizing levels of trade facilitation. Essentially, the RKC is intended to promote the achievement of a highly facilitative international travel and trading environment, while maintaining appropriate levels of regulatory control across all member administrations. This trading environment would therefore mirror the objectives of the WCO and those of any modern and efficient Customs administration by:

- Eliminating divergence between the Customs procedures and practices of contracting parties that can hamper international trade and other international exchanges
- Meeting the needs of both international trade and Customs authorities for facilitation simplification and harmonization of Customs procedures and practices
- Ensuring appropriate standards of Customs control
- Enabling Customs authorities to respond to major changes in business and administrative methods and techniques
- Ensuring that the core principles for simplification and harmonization are made obligatory on contracting parties
- Providing Customs authorities with efficient procedures, supported by appropriate and effective control methods

Chapter 6 of the RKC General Annex Guidelines relates specifically to Customs control and emphasizes the need for Customs to place less emphasis on 'gateway' controls:

- Customs administrations have to apply efficient and effective controls by implementing Risk Management techniques, in order to simultaneously fulfill the responsibility of collecting revenue, implementing trade policy, safeguarding public interests, managing the increase in world trade and tourism, reducing Customs personnel, and offering trade facilitation to legitimate traders and travelers.
- Customs administrations should shift from frontier based, movement controls towards greater levels of trader-focused, audit-based controls, (e.g. shifting from the introduction of simplified procedures to allowing an authorization for trader self-assessment). This will enable Customs to manage the growth in world trade and the increasing demand to reduce resources, as well as the need for greater trade facilitation.
- Risk Management is the key element in achieving this objective, and is integral to the control program of a modern Customs administration.

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[1]The World Customs Organization (WCO) is an inter-governmental organization with headquarters in Brussels, Belgium. With its worldwide membership, the WCO is recognized as the voice of the global customs community. The WCO maintains the international Harmonized System (HS) goods nomenclature, and administers the technical aspects of the World Trade Organization (WTO) Agreements on Customs Valuation and Rules of Origin.

The initial approach to an effective regulatory compliance program can be shown in the Risk Management Model adopted by the WCO. The WCO model addresses five main areas:

- ***Establish the Context:*** At this stage it is essential to consult with stakeholders, both internal and external, to ensure that those involved in Risk Management are fully aware of any policies, directives, legislation, etc. that may impact a Risk Management project.

- ***Identify the Risks:*** This cannot be achieved without communication / consultation with those who have responsibility for activities / processes under review.

- ***Analyze Risks:*** Those involved in identifying risks will be an important resource in analyzing risk, their likely impact, and the occurrence of risks.

- ***Assess and Prioritize Risks:*** At this stage of the process it is imperative to have management input, as management will be accountable for any Risk Management decisions taken. It should be noted that managerial input becomes more important as the risks addressed become more strategic in nature. In prioritizing risk, it is essential that those responsible for a particular area are consulted, and that agreement within the Risk Management project is reached to identify and classify risk as low, medium, or high.

- ***Address / Mitigate Risks:*** At this point discussions will take place on how to address the risk through selecting preferred options that will mitigate it.

Throughout these five steps, it is essential to continually monitor, review, and highlight Compliance Management. Feedback from stakeholders during this process is essential so that the levels of risk can be regularly reviewed and the current, appropriate, risk level agreed.

A more in-depth explanation of the Risk Management model's components listed above is provided in **Annex 6.**

Furthermore, the WCO has designed standards to secure and facilitate the ever-growing flow of goods in international commerce. These standards are set in the SAFE Framework of Standards which was adopted by the WCO Council in 2005. A vast majority of WCO Member administrations have expressed the intention to begin the process of implementing the SAFE Framework's provisions.

SAFE sets out a range of standards to guide international Customs administrations toward a harmonized approach, based on Customs-to-Customs cooperation and Customs-to-Business partnership. SAFE is based on four core elements:
1) Harmonizing advance electronic cargo information
2) Introducing a Risk Management approach to address security threats
3) Performing outbound inspections of high-risk containers and cargo at the request of the receiving customs administration
4) Defining benefits that Customs will provide to businesses that meet minimal supply chain security standards and best practices

In addition to the Risk Management model adopted by the WCO, a number of other Compliance Management styles are available for Customs administrations to consider.

One such style compares key elements of a risk managed style of Compliance Management with the more traditional 'gatekeeper' style.[2] This Compliance Management style focuses on four main areas: Legislative Framework; Administrative Framework; Risk Management Framework; and Information Technology (IT) Framework.

Another model uses risk-based Compliance Management pyramids to draw together the various elements of a Risk Management style and provide a structured approach to the management of compliance. The risk- based compliance management pyramid used in this gap analysis is presented below.

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[2]Widdowson (2004), Managing Risk in the Customs Context, page 95 in: Luc De Wolf & Jose B Sokol (eds) Customs Modernisation Handbook. World Bank DC, retrieved on various dates, April / May 2012

Figure 1: The Risk-Based Compliance Management Pyramid[3]

Modification of Ayres and Braithwaite (1992) Enforcement Pyramid

Penalty

Formal Warning

Persuasion
- Simplified procedures
- Increased self-assessment
- Intervention by exception
- Reduced regulatory scrutiny
- Periodic payment arrangements
- Less onerous reporting requirements

Enforce noncompliance using administrative discretion

Reward compliance using administrative discretion

Risk-based Procedures:

- Balance between control and facilitation
- Focus on identifying compliance and non-compliance
- Information management focus
- Pre-arrival assessment, clearance and release
- Real time intervention in high-risk cases
- Post-transaction focus in majority of cases
- Audits of industry systems and procedures
- Investigation where non-compliance suspected

- Consultation and cooperation
- Clear administrative guidelines
- Formal rulings
- Education and awareness
- Technical assistance and advice
- Appeal mechanisms

- Recognises respective responsibilities of government and industry
- Provides for electronic communication
- Establishes sanctions for non-compliers
- Enables flexibility and tailored solutions
- Breaks between goods and revenue liability

Enforcement / Recognition

Compliance Assessment

Client Service

Legislative Base

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[3] Source Widdowson 2004

Customs Administrations have implemented Compliance Management using various approaches. For example:

- Mozambique Customs maximized revenue collection and enhanced trade facilitation through innovative public cooperation initiatives, including tax education and awareness sessions for the trade sector.[4]
- Peru Customs transformed Customs-to-Business relations through a modernization program and reported an increase of 435 % in revenue collected within the first six years.[5]
- Mongolian Customs concentrated its efforts on reducing costs to businesses through trade facilitation and other actions, including: simplifying Customs documentation; reducing clearance times; and encouraging online declarations.[6]
- South African Customs benefited from a Risk Management strategy which has developed specialized units such as the Customs Risk Management Division, whose main purpose is the identification, classification, dissemination, and mitigation in compliance risk.[7]
- French Customs introduced the Authorized Economic Operators scheme, where those accredited benefited from reduced Customs inspections.[8]
- Cameroon Customs combined trade facilitation with enforcement, by adopting ASYCUDA. Comparisons between the 1st quarters of 2010 and 2011 saw the declaration process at the port reduce from 11 to 3 hours, revenue collection increased by 22% and poor practices, which are potential sources of corruption, declined.[9]
- The Brazilian Customs reform process has been supported by an alliance of Brazilian Companies (Procomex). Their experience has shown that the greatest progress is made with issues identified through consultation with the trade.[10]
- Dominican Republic Customs' successful reform processes were built on facilitation, post-clearance control, and Risk Management, alongside professional and well-trained staff.[11]

Furthermore, the World Trade Organization Agreement on Trade Facilitation[12] (the Bali Agreement of December 2013) re-enforces many of the RKC's standards applicable to CRM and, in some instances, expands on these to further increase the capacity to facilitate trade.

Customs administrations have adapted their control mechanisms and approach to regulating laws over time. The evolution from high levels of interventions to minimal interventions with high levels of compliance is depicted as the "Evolution of Risk Management and Compliance Management" in **Annex 7**.

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[4] WCO News No 61, February 2010 (p28)
[5] WCO News No 61, February 2010 (p32)
[6] WCO News No 61, February 2010 (p43)
[7] WCO News No 62, June 2010 (p27)
[8] WCO News No 63, October 2010 (p39)
[9] WCO News No 65, June 2011
[10] WCO News No 66, October 2011 (p42).
[11] WCO News No 67 February 2012 (p28)
[12] http://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm

6. Goals, Objectives and Expected Results of a Customs Compliance Risk Management System

6.1 Goals

The goal of implementing a CRM Framework into the Pakistan Customs administration is to increase the levels of voluntary compliance and self-assessment by traders, and decrease the levels of those traders identified as being non-compliant with Customs Law and Regulations.

6.2 Objectives

6.2.1 Revenue Protection

Customs collects revenues for the Government in accordance with its national legislation. To ensure that the traders / stakeholders are fully advised of their own reporting and record keeping responsibilities, and are afforded the opportunity for voluntary compliance, Customs needs to work closely with its client base of importers, exporters, and brokers. In instances where a non-compliant activity occurs, Customs has the mandate to identify criminal intent or fraudulent activity, and take the appropriate action to ensure that any lost revenue is collected, plus any sanctions imposed or prosecutions affected.

6.2.2 To Facilitate Trade While Maintaining Supply Chain Security

Customs activities have an impact on all forms of international movement, involving the movement of people, means of transport, cargo and postal items, entering, exiting or transiting through the country's territory. The functions and activities undertaken by Customs for its own statutory requirements, or on behalf of other agencies, need to be done in a transparent manner and with an emphasis on the use of Risk Management. Risk Management allows legitimate trade and travellers to be processed quickly and with minimal intervention, while those considered a higher risk are subjected to closer scrutiny and higher levels of intervention, thus mitigating the risk to revenue loss and community.

Certain customs enforcement activities can support facilitation initiatives and ensure that compliance is enforced without having a detrimental effect on the supply chain and delivery time of goods. These risk management initiatives should be risk-based, ideally non-intrusive, and undertaken until such a time that Customs is satisfied with the level of compliance. Overall, targeted interventions will reduce assessment / inspection time spent on conducting 100% examinations.

By taking enforcement action and penalizing or prosecuting offenders appropriately, Customs can promote higher levels of voluntary compliance as the preferred alternative to non-compliance.

6.2.3 To Protect the Community and Maintain Border Integrity

In a majority of countries, including Pakistan, Customs is considered to be the primary "frontline" border agency. This natural perception, and operational reality, comes about by virtue of the functions that Customs authorities perform in line with their legal jurisdiction of regulating the international movement of people, goods and means of transport across borders. Very often, this jurisdiction also extends to domestic vessels operating in territorial waters.

Customs has a major responsibility to protect Society from a variety of prohibited or restricted goods such as: narcotic drugs; weapons; and sub-standard goods. Other responsibilities include significantly contributing to the global battle to eliminate terrorism, human trafficking, and other transnational crimes.

Criminals can use legitimate means of transport, trade routes, and points of entry, combined with falsified documentation to disguise the origins and nature of consignments. They can also engage in direct smuggling across borders, at locations not set aside for legitimate entry or exit.

7. Gap Analysis of the Compliance Risk Management Environment in Pakistan Customs

Managing risks and compliance for a Customs administration requires a systematic application of Risk Management principles to ensure all strategic business objectives are achieved. Pakistan Customs has fundamental and systemic challenges within its administrative and management structures.

The Gap Analysis has identified areas of concern, or where specific issues arise, and includes recommendations that, if accepted and implemented, will provide the foundations to manage risk and raise compliance.

7.1 Administration and Legislation

Customs administrations exist and operate as regulatory bodies based on legal foundations. In order for Compliance Risk Management to be implemented and indeed achieved the organizational structure must be efficient; the legislation and policies must be robust and flexible; and strategic planning and reporting should be driving the administration's goals and direction.

7.1.1 Organizational Structure

At the time of this report, Pakistan Customs was headed by the Member of Customs supported by seven (7) Directorate Generals with technical or specialized responsibilities, and nine (9) Chiefs responsible for customs operational activities and administrative policy.

The number of Directorates is considered excessive, with many overlaps of functions. For example, each Collectorate has their own intelligence and investigation function whereas there is already a "specialist" Directorate General of Intelligence and Investigation. The staff of the DG I&I have raised concerns that very few cases are referred to them by the Collectorates for in-depth detailed investigation.

The current structure is overbearing on the Member Customs; excessive numbers report directly to the position. It should be structured to produce a more effective and efficient Pakistan Customs. To illustrate the excessive structure, an Organogram of the Customs administrative structure has been prepared by the Trade Project. This is presented in **Annex 8**.

In the broader structure of the FBR, it is apparent that the tax streams of Inland Revenue and Customs are two disparate entities with separate operations and specialized functions. Of the few functions that are common to streams such as the DG FATE, DG Legal, and DG HRM, their focus is dependent on the background and discretion of the incumbent Member. The result is disjointed working relationships, negative competition, and 'turf wars'.

To ease the burden at the leadership (Member) level, there are a number of options, but ideally any changes to administrative structure should follow a path that allows Customs to be more autonomous within the current FBR. A model similar to that of India, which includes a Chairman of Customs, would be most beneficial.

Recommendation 1
It is recommended that the GoP restructure FBR/ Pakistan Customs Wing to create a separate Board of Customs, reporting to the Secretary Revenue Division. The existing work assignment

between different Directorate Generals / Collectorates should be reviewed and re-allocated to remove overlapping areas and gaps.

7.1.1.1 Compliance Risk Management in the Administrative Structure

Directorate General of Risk Management is established in law in Section 3BBB of Pakistan's Customs Act 1969. The "Risk Management Directorate" was formed in 2011 with the aim to increase the Tax to Gross Domestic Product (GDP) ratio and to stop under-invoicing.[13] In 2012, the FBR announced its decision to implement a Directorate General of 'Reforms, Automation and Risk Management' to deal with all customs-related reforms including computerization, automation, risk-management systems, and monitoring/functioning of the WeBOC clearance system. The directorate was to be headed by the Director General Reforms, Automation and Risk Management.[14]

Progress has been slow and through 2013 and into 2014, the positions of DG Reforms, Automation and Risk Management and the Director Risk Management had not been filled. The Directorate General of Risk Management is still not functional and exists only in name.

Recommendation 2
It is highly recommended, and seen as a matter of urgency, that Pakistan Customs create and staff an appropriate office of the Director Risk Management until such time as it is ready to consider, and implement, a new Wing for Compliance and Enforcement per Recommendation 3.

Collectorates / Directorates are considered to be excessive in number within Pakistan Customs' current administrative structure. This has resulted in Collectorates and Directorates working in isolation, rather than in coordination and collaboration. Therefore resources should be directed towards developing the right balance between executive, managerial, and operational staff.

The following directorates and Collectorates currently exist in Pakistan Customs: DG of Risk Management; DGPCA; DG Facilitation and Compliance (F&C); DG Intelligence and Investigations (I&I); and Preventive Collectorate (Anti-Smuggling Organizations). It is preferred that these areas work under a single focused command to collaborate and deliver on national objectives effectively.

Recommendation 3
It is recommended that as part of a broader administrative restructure identified in Recommendation 1, the FBR consider creating a position of a Customs Member for Compliance Management, which supervises the work of all related Directorates and Collectorates.

This recommendation will allow a strategic shift to a functional based structure that centralizes key areas for nationally driven compliance risk management activities, and removes the existing duplication of effort conducted in isolation by current Collectorates and Directorates in a territorial based structure. For example, the current Preventive Collectorate has territory which includes appraisement and anti-smuggling. Additionally, each Collectorate has Intelligence and Investigation cells.

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[13] Published in The Express Tribune, March 8th, 2011. Available at: http://tribune.com.pk/story/129206/fbr-to-set-up-risk-management-directorate/

[14] Business Recorder, April 1st, 2012. Available at: http://www.brecorder.com/taxation/181:pakistan/1171080:customs-related-reforms-fbr-to-set-up-new-directorate-general/?date=2012-04-01

7.1.2   Legislation – Pakistan Customs Act 1969

The Trade Project has undertaken a major task of conducting a "Gap Analysis" of the Pakistan Customs law and has benchmarked it against the Revised Kyoto Convention (RKC) to measure its compliance against International Standards and required best practice.

Table 1: Summary of Pakistan's Legislation Compliance with the RKC

All Chapters of the General and Specific Annexes Standards and Practices	Compliant	Substantially Compliant	Partially Compliant	Marginally Complaint	Non-Compliant	Not Applicable
518	235	54	81	4	116	28

It was previously believed that Pakistan Customs laws were substantially compliant with the requirements of the RKC. Pakistan Customs Legislation is compliant against only 45.36% of the RKC's elements; against 22.39% of the elements it is totally non-compliant, and is somewhere in-between for the remaining 32.25%.

Additionally, the WTO Agreement on Trade Facilitation (Bali Agreement) will have an impact on existing legislation, and require future legislative reform. This matter will also be addressed in great detail by the Trade Project in combination with the RKC roadmap.

The overall assessment, or conclusion, is that Pakistan's Customs Law is structurally outdated and too cumbersome. Therefore, upgrading legislation to an acceptable level will be an extremely challenging task. While reviewing and implementing a new Customs Act and Regulations will be problematic, time-consuming and expensive; new legislation should be more robust and progressive enough to deal with the requirements of the international trading community and customs compliance activities in the future.

Recommendation 4
It is recommended that a new Pakistan Customs Act and Regulations be written and enacted so as to be compliant with the RKC.

7.1.3   Policy

The disjointed administrative structure and procedures of Pakistan Customs result in incoherent and disconnected administrative areas responsible for policy. For example, a Collector is able to publish a Statuary Regulatory Order (SRO) which applies to a particular location or region. Customs law is national law and, therefore, all policy documents of 'how' Customs will interpret and apply law should be uniform across all Collectorates.

Consistent national Customs policy forms part of the Risk Management and Compliance Management approach. These are critical to creating and implementing effective Compliance Management mechanisms.

7.1.3.1 Risk Management Policy

Pakistan Customs does not have a Risk Management (RM) Policy that outlines the administration's legal basis to use RM principles and their intention to apply it. This would be the responsibility of the Directorate of Risk Management.

7.1.3.2 Compliance Management Policy

There is no policy document for Compliance Management. The policy document should incorporate elements of RM and refer to the RM policy. The Director General of Compliance Management/Risk Management or its equivalent would be responsible for the above.

Recommendation 5
It is highly recommended that a Customs Compliance Management Policy, incorporating Risk Management, be prepared as a driving document to implement Compliance Management

7.1.3.3 Staff Integrity Policy

Transparency International has ranked Pakistan, in its 2013 publication, as the 43rd most corrupt country in the world, of the 177 countries covered.[15] Although the perception of corruption is considered to be higher for tax collection officials than for Customs, as the single biggest revenue collection agency in the country, Pakistan Customs is at high risk to contribute to these perceptions.

At a country level, the National Accountability Bureau (NAB) is tasked with the responsibility of eliminating corruption through a holistic approach of awareness, prevention and enforcement.[16] Later, the National Anti-Corruption Strategy (NACS) project was initiated by NAB to further increase the national efforts towards transparency and accountability. Moreover, the Federal Investigation Agency (FIA) is also empowered to investigate and prosecute corruption. While the former agency takes cognizance of large / serious cases of corruption, the latter agency routinely investigates small-to-medium cases of corruption.

Within Pakistan Customs, the DG I&I is charged with the responsibility of investigating breaches of the Code of Conduct as well as a wide range of other fiscal fraud offenses. It would be preferable to separate the functions, so that those responsible for internal security do not deal with fiscal fraud.

Recommendation 6
It is recommended that Customs consider introducing a separate Internal Affairs Unit (IAU) to promote integrity and educate staff on the Code of Conduct, investigate the more common reports of poor integrity, and work closely with other government agencies for higher level investigations into corruption.

The integrity policy implemented in Pakistan Customs comes under the umbrella of the Code of Conduct, formulated in March 2004, to comply with the Public Service Efficiency and Discipline Rules.

The Code of Conduct is signed by each staff member to acknowledge receipt; however, the Trade Project was unable to obtain any documentary evidence of the distribution and acknowledgement of the Code of Conduct, nor was any Collector-level officer able to produce a copy of the Code of Conduct. The signed copy of the document should be part of the manager's management profile, and a copy should also be contained in individuals' human resource files.

The following chapters of the Code of Conduct were reviewed by the Trade Project: Expected Norms of Behaviour; General Work Environment; Personal Conduct; and Implication of Misconduct:

While the Code of Conduct is all encompassing in its scope and, for all intent and purposes, fulfils the needs, it could benefit with strengthened commentary specific to Customs Officers and Customs Agents in areas related to Conflict of Interest.

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[15]http://issuu.com/transparencyinternational/docs/cpi2013_brochure_single_pages?e=2496456/5813913
[16]http://www.nab.gov.pk/

In August 2011, personnel from a Collectorate of Pakistan Customs researched compliance vis-a-vis a number of different Codes of Conduct for Customs Administrations, prepared a draft version, and presented this to the FBR. The draft document highlights sixteen (16) key areas to improve and ensure higher levels of integrity.

Although in draft form, this document is a good example for Customs to adopt in a more autonomous manner and demonstrate that Customs is willing to take the initiative in relation to integrity. The Trade Project suggests further refinement and improvement, including ways of documenting consequences and action to be taken against breaches of the code of conduct, to instil confidence that breaches are appropriately investigated, proven, or disproven.

The following table populated with statistics provided by the Directorate of HRM suggests that it has taken at least five years for this policy to gain either acceptance, or momentum, in implementation. Considering 2013 in comparison to previous years, there is a significant increase of disciplinary cases initiated.

Table 2: Disciplinary Cases BPS 16 and Below and BPS 17 and Above

Years	2004	2008	2009	2010	2011	2012	2013	Total
BPS 16- (Cases Initiated)	1	0	0	0	0	1	80	82
BPS 17+ (Cases Initiated)	0	1	9	6	13	7	10	46
Name Wrongly Included in the List							1	1
Official asked for some Documents from Collectorate							2	2
Inquiry Report Awaited						2	3	5
Reminder Issued to the Inquiry Officer to Complete the Inquiry Proceedings							3	3
Case Investigation in Progress as per Inquiry Report		1	3	3			2	9
Show Cause Issued							13	13
Case Heard by Chief (Mgt-Customs)/Competent Authority							4	4
Official Placed Under Suspension							43	43
Charge Sheet Issued						1	15	16
Court Stay Taken by the Officer	1							1
Penalty of Censure Imposed			1					1
Retired on Superannuation							1	1
Removal from Service			4	1				5
Exonerated			1	2	13	5	3	24
Grand Total	1	1	9	6	13	8	90	128

The FBR must acknowledge that poor integrity is a problem, and that corruption is a crime. Until this acknowledgement and appropriate handling of such situations, Customs will be unable to achieve its full potential for operating efficiency (e.g., maximizing revenue collection). The FBR receives regular negative coverage in print and online media.

It is essential that Pakistan Customs, and more broadly the FBR, is considered by the public to be an administration of the highest integrity. Otherwise, it is only natural that the trading community will be less interested in Customs endeavours to increase their voluntary compliance levels.

7.1.3.4 Human Resource Management (Recruitment and Training)

The administrative management of customs contributes indirectly to total Compliance Management and risk mitigation through higher standards of professionalism, performance, and aptitudes of the workforce.

The Trade Project has been able to establish and report through the CRM Training Needs Analysis (TNA), that it has been in excess of 22 years since a recruitment exercise was completed for staff at level BPS16 and below. The average age of these officers in Customs is 49 years and 3 months[17] and there are 7283 employee falling under this category level. The average age of the smaller sample group that completed questionnaires for the Trade Project was 54 years.

Therefore, it is anticipated that in the next 10 – 15 years, many of these employees are going to reach the retirement age. This means that Pakistan Customs needs to be initiating recruitment and induction training for approximately 700 people per year in order to replace the staff due to retire.

The Trade Project is concerned that the Directorate General of Training & Research (DGTR) will not be able to provide quality training given their current capacity in staffing levels and training material. The DGTR, although capable of managing externally provided e-learning courses, is limited in its ability to deliver Compliance Management trainings such as Risk Management, Intelligence, Investigations, Anti-smuggling, or Audit. Furthermore, there is also limited ability to deliver basic Tariff Classification, Rules of Origin, and WTO Valuation courses.

Recommendation 7
It is highly recommended that the FBR take urgent steps to review its staffing needs beyond 2020, and ensure that its Human Resource Management Policy and Staffing Strategy is able to fulfil the recruitment and induction training needs.

Recommendation 8
Additionally it is highly recommended that the human resources and technical capacity of the DGTR is significantly increased in order for the department to be prepared to deliver extensive and comprehensive induction training courses for new recruits in the coming years.

7.1.4 Strategic Planning and Reporting

The use of strategic planning should be an integral part of any organization. Strategic planning outlines the broad-based goals intended to be achieved, the high level sets of actions (strategies) to be implemented, and the expected results that will be reported against calendar-specific timeframes.

High level strategic plans and their reports provide important information to governments to aid the decision-making process on areas such as staffing, budget support, and income. These plans and reports need to be transparent and freely available to members of the public.

The FBR Year Book 2012-2013, produced by the "Strategic Planning Reporting and Statistics" wing of the FBR, indicates that there is some form of higher level reporting of results across all the functional bodies of FBR including Customs. It identifies the FBR's Vision, Mission and Values as follows:

Vision Statement: To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with tax related laws.[18]

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[17]Source of statistics, Secretary Management Customs-II - Mr Masood Ahmed
[18]FBR Year Book 2012

Mission Statement: Enhance the capability of the tax system to collect due taxes through application of modern techniques, providing tax payer assistance and by creating a motivated, satisfied, dedicated and professional workforce.

FBR Values: Integrity, Professionalism, Teamwork, Courtesy, Fairness, Transparency and Responsiveness

Although these statements would conceivably originate from a Business Plan, against which the FBR is reporting, the Trade Project was unable to find evidence of the FBR's Business Plan for review.

A strategic planning regime in Customs Administrations should incorporate a top to bottom approach: incorporating Business Planning, Operational Work Planning, and Risk Management Planning.

Recommendation 9
It is highly recommended that Customs adopt and implement a strategic planning and reporting model, which links Customs to higher levels of the Government of Pakistan

7.1.4.1 Annual Customs Business Plan and Report
There is no published Customs Annual Plan that states a high level "Mission Statement" for Customs or objectives that identify "Key Result Areas" to report against. It is the annual business plan that starts the strategic planning process for subsequent lower level plans.

Risk Management, in the first instance, is applied to ensure the achievement of objectives or desired outcomes. If objectives are not documented in an annual plan and in the underpinning lower level operational plans, then Risk Management is not able to be applied.

Recommendation10
It is highly recommended that the Member Customs produce, and present, an Annual Customs Business Plan, plus an Annual Report of Customs Activities, to the Government of Pakistan (GoP), Customs workforce and the public of Pakistan.

7.1.4.2 Operational Work Planning and Reporting
Customs administrations that have a structured planning framework in place will produce a high level annual Operational Work Plan that expands on the content and objectives of the Business Plan. This 'Business Plan' incorporates a series of activities, objectives, key result areas, and reporting responsibilities identified.

The operational planning system works its way down the administrative chain of command to the Chief Collectors, Collectors, and possibly Deputy Collectors. As the planning documents go down the chain, the content becomes more specific to particular activities to be performed, at each level, to meet overall objectives. For example, a lower level work plan for the Anti-smuggling Unit will have revenue targets and activities related to "beyond the border" interventions, whereas an Examination Unit will have activities related to "customs control" areas.

By following the same objectives and key results through the chain of planning, an operational work plan ensures that all reports appropriately address the same criterion when reporting.

Pakistan Customs does not have any documented operational plan. The only source of planning that could be ascertained is in the form of revenue targets. This information was not forthcoming from Pakistan Customs.

The Collectorates do, however, produce revenue statistical reports for management in Islamabad. These have been developed over time to meet the needs of the FBR. Even though the "revenue theme" is consistent, however, the details of the report are not necessarily so. Some reports use only 'revenue collected', while others include a comparison to targets and previous reporting periods. Some also include the nature of the discrepancy, but do not necessarily identify the follow-up action related to warnings or penalties.

Recommendation 11
It is recommended that Customs implement a more structured and comprehensive Operational Work Area Planning and Reporting system, which includes high and operational level objectives, activities, key result areas, responsibilities and deadlines where applicable.

7.1.4.3 Risk Management and Compliance Management Planning and Reporting
Risk Management is required to ensure that business objectives are achieved and that Compliance Management additionally involves the identification of compliance and non-compliance within the current Customs legislation. These plans will need to address the operational and business plans respectively.

The FBR and Pakistan Customs do not use Risk Management or Compliance Management plans. These would normally be produced in the first instance by the Directorate of Risk Management, which would work with the Collectorates to produce lower level RM Plans.

As with the operational work planning system, there should be a series of plans from a notional level Customs Risk Management Plan that works its way down through the chain of command to include Risk Management plans for individual Collectorates, or even lower to individual units.

The risks to be included will be a combination of external and internal risks to customs business objectives.

Recommendation 12
It is recommended that Customs implement a structured and comprehensive Risk Management Planning and Reporting system and, thereafter, expand on this to a more encompassing Compliance Management Planning and Reporting System

7.1.4.4 Training for Strategic Planning
To ensure success in developing and implementing plans and reporting mechanisms, a robust and effective training regime must be in place. This will include training for appropriate staff at all planning and reporting levels (i.e., strategic, operational, and tactical). Furthermore, for staff in these positions, training must be considered mandatory. The Trade Project delivered training courses covering Strategic CRM and Risk Management Profiling and Targeting, and implemented a Train the Trainer Program to assist the FBR with ongoing delivery of said training courses.

Recommendation 13
It is recommended that all staff with a responsibility for planning and reporting attend the relevant courses for Strategic Compliance Management.

7.2 Client Services

The second element of the Compliance Framework relates to client services. Traditionally, Customs has been the "gatekeeper" with the ability to impose power over the trading or travelling community with little respect for the time lost, or hardship, that their actions cause. The evolution of Compliance Management has necessitated a change of attitude by Customs to refer to these communities as clients and to develop more cooperative approaches to not only achieve government objectives but also to fulfil the needs of legitimate and compliant trade.

7.2.1   Cooperation and External Relationships

Pakistan Customs is of the opinion that it has a good working relationship with the trade and, in particular, the customs agents industry; however, the industries' views appear to be different. The trading community complain of the constant need to visit Customs on a daily basis to resolve numerous outstanding issues related to valuation and classification. This can suggest either a high degree of incompetence on the part of the Customs Agents; high levels of attempted fraud; or inconsistent application of valuation and classification by Customs.

Recommendation 14
It is recommended that Customs initiates an institutional attitude change to treat the trading community and public as clients, and take a facilitative approach to compliant taxpayers.

Pakistan Customs needs to improve public relations, integrity, and efficiency as well as to engage the trade and public in a more formalized manner so as to ensure that they are better informed of their legal obligations and the background regarding Customs decisions. Currently, Pakistan Customs does occasionally meet with the various Chambers of Commerce and the Customs Agents Associations, but this is done on the initiative of the Collectorates and on an informal basis, which has the potential to provide opinions of individuals rather than an organizational policy of Pakistan Customs.

Recommendation15
It is recommended that a Customs Cooperative Council be established and meet regularly on a formal basis, so that ongoing problems, or recent policy and procedural changes, can be discussed and explained in a formal setting

7.2.2   Clear Administrative Guidelines

The administrative guidelines are issued by the Administration Wing of the FBR, in the form of letters and are also published on the FBR website. There may be instances, however, where the Member Customs might ask the Collectorates to form guidelines related to critical matters in order to avoid ambiguity - such as assessment guidelines pertaining to various importable goods to avoid revenue loss.[19]

7.2.3   Decisions and Formal Rulings

Pakistan Customs has the ability to establish a Classification Committee to provide for advance rulings on Customs classifications as per Chapter – II of the Customs General Order 12 of 2002. The ruling is valid for 12 months and this is communicated to the importer and the relevant customs Collectorates.

There is also a system of standing valuation rulings for particular commodities or products. This, however, is contrary to the rules of the WTO Valuation Agreement to which Pakistan Customs is obliged to comply. Pakistan Customs, at present, do not possess the ability to deal with valuation

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[19]http://customnews.pk/index.php/2013/09/28/assessment-guidelines-issued-to-avoid-revenue-loss/

issues effectively, and within the scope of international rules. Strengthening their CRM framework and, in particular, their investigation unit's capacity, will greatly assist with this.

7.2.4 Education and Awareness

The Facilitation and Taxpayers Education (FATE) Wing of the FBR primarily deals with awareness programs related to taxpayers, and conducting workshops for employees. One of the main functions of FATE is to ensure that the flow of information to the stakeholders is timely, relevant, and of high quality. Liaising with the electronic and print media of the country is essential for updates, news, and events.[20]

The future action plans of FATE as per the FBR Website are as follows:

- **National Essay Writing Competition:** National Essay writing competitions shall be arranged on the national tax issues in collaboration with the Ministry of Education and the Higher Education Commission.
- **Capacity Building Courses:** For tax officers frequently in public contact; will be arranged to acquaint them with 'best practices' in public dealing with being polite, courteous, and helpful to the taxpayers.
- **Call Center/ Complaint Handling System:** Help line is currently serving the taxpayers by responding to their queries through phone, e-mail, fax, and courier. An automated complaint handling system / call center is being planned to be set up in the near future.
- **Brochures and Leaflets:** FBR has traditionally been weak in this vital area; however reform efforts must introduce the culture of facilitation of taxpayers.

There is a "program schedule" tab in the FBR awareness campaign section operating under FATE, however, for a number of months the Trade Project has been unable to access this due to a technical error. Without the ability to access the website information appropriately, the Trade Project is unable to clearly identify whether there are any appropriate education and awareness sessions that deal specifically with taxpayers or non-taxpayers, including Customs clients.

Recommendation 16
It is recommended that the FATE Wing take immediate action to ensure that information related to education and awareness on the FBR Website is functioning.

It has been suggested that the FATE Wing does not have staff with a working background of Customs and, as such, all of their activities are focused purely on internal revenue activities. Customs is the major government revenue collector and to achieve higher levels of compliance the education of the trading community must be increased significantly.

Recommendation 17
It is recommended that FATE engage the expertise of Pakistan Customs to obtain a better understanding of its needs, and to produce and publish Customs-specific information, which can assist in improving the compliance levels of Customs clients.

7.2.5 Technical Assistance and Advice (Help Desks)

The FBR website has a "Help and Guidance" section which provides details on technical assistance and advice related to Federal Excise Duty, Customs Duty, Income Tax, and Sales Tax from the FBR. There is also an online section on the FBR website which is named as "Inquiry/Comments/Suggestions" for online assistance regarding any technical area falling under the domain of the FBR.

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[20]http://www.cbr.gov.pk/ShowArticle.aspx?actionID=175

The Trade Project established that information related to valuation or tariff rulings is not freely available on the website, as it has restricted access to Customs Officers or registered users. This is an area which needs to be addressed as this information should be public knowledge and freely available to all.

The concept of a 'help desk', for the trade and public, has not been established by Pakistan Customs. The present system allows the trade and public to freely contact senior management (Deputy / Assistant Collector) to present their case or issues.

A "Help Desk" is typically a fully functional separate office, usually based in major cities, that takes all initial inquiries on any customs related topics from the trade and public - either by telephone or in person. Their job is to answer these questions, so that operational staff in the Collectorates are not approached and therefore, can perform their functions related to the clearance of goods. The Collectorates should only become involved if the help desk requires specific information about a particular case.

Recommendation 18
It is recommended that Customs establish centrally located "Help Desk" offices in Karachi, Lahore, and Islamabad that are physically accessible by the public and the trading community, and have a publicly known telephone number for all citizens to call and present their inquiries.

7.2.6   Appeal Mechanisms
Chapter XIX of the Customs Act 1969 details the appeals and revision procedures, where the result of Section 179 Adjudication is aggrieved. Chapter XIX-A provides for the settlement of cases by the "Indirect Taxes Settlement Commission". During the Trade Project's information-gathering visits, it was stated by various stakeholders that the "Adjudication and Appeal System" has many loopholes. The system's effectiveness needs to be reviewed. Additionally, the management of the Adjudication and Appeal System is ineffective, and the whole process appears unduly bureaucratic.

The Adjudication and Appeal Collectorate appears to be a worthwhile initiative. It separates original decision-makers from the process and, in theory, allows for closer examination of the facts rather than relying on the factors that can come into play in the operational work area.

It was suggested by various stakeholders, including interviewed Customs staff, that this Collectorate is not being administered properly, and is instead being abused by the trading community to the extent that many cases have been "gridlocked" in the system and not resolved. The traders are doing this by lodging appeals, but not depositing the duty demanded as required by Section 195 B of the Customs Act, as they systematically apply for, and usually obtain, a waiver.

The Trade Project has made a recommendation to improve the current process in its PCA Gap Analysis and Roadmap.

7.2.7   Official Customs Communications Network
The current use of manual paper correspondence between Customs offices and officers is cumbersome, slow, and outdated. The archaic approach to having a letter prepared for signature and dispatch to a colleague, instead of a simple phone call, or email, is a bureaucratic process that delays the communication process.

Very few Customs Officers are contactable via an assigned FBR email address, be it for internal or external communications. This is extremely surprising, considering that Customs is attempting to implement a completely paperless web-based customs declaration processing system. It only makes sense that Customs themselves should begin operating in a paperless environment.

The use of private email addresses by Customs Officials for any business-related purpose bypasses internal monitoring and control mechanisms and should be discouraged.

Recommendation 19
It is highly recommended that Pakistan Customs invest in technology to implement a nationwide intranet. This should allow them to access all official FBR documentation, and provide an email service among staff, and to external parties. It must allow monitoring and re-call of emails for internal investigation purposes.

7.2.8 Working Hours of Customs

It has been observed at all locations visited by the Trade Project, that there is marked consistency in the attempts to schedule meetings and training events for 10:00am or later; in order to be aligned with the start of the working day of Customs (Karachi). On many occasions, the Trade Project has delayed its meetings with focal persons until 11:00am (when the Customs officer has arrived at the office).

The official working hours for Pakistan Customs in line with Public Service provisions are from 9:00am to 5:00pm. When this is identified, many staff justify the late arrival due to the behavior of traders (who don't arrive early), or due to the notion that "Karachi starts late".

The WeBOC system is completely web-based and a General Declaration can be submitted 24 hours a day. Declarations submitted at 7:00pm may not be finalized until after 10:00am, when Customs Officers' typically initiate their work day, rather than 9:00am, when public servants are expected to begin work.

If Customs implemented changes to their punctuality, and made its services accessible at the official starting time, and closed the doors at the correct closing time, it is expected that traders would respond accordingly. At the time of this report, traders are resigned to the fact that nothing happens at Customs until after 10:00am.

Recommendation 20
It is recommended that the Member Customs instruct all Collectorates to adhere to the official working hours of the GoP, to promote higher levels of public service.

7.3 Compliance Assessment (Risk Based Procedures)

7.3.1 Risk Management Committee (RMC)

The Customs RMC operates as an operational level targeting group, rather than as a high level strategic committee which it is meant to be. The RMC consists of a number of Collectors in Karachi who meet to discuss issues related to the risks posed to their Collectorates, with a view to identify strategic risk commodities or sector groups for profiling in the WeBOC system.

The FBR has advised the committee to meet on a regular basis (e.g., monthly); however, during visits to Karachi, the Trade Project received conflicting information from committee members regarding the frequency of meetings. The RMC should meet on a regular basis as per the FBR's advice above, but the Trade Project's discussions with members of the RMC suggest that monthly meetings do not happen. As the meetings are not minuted, there is no evidence to prove this one way or the other. There needs to be assurance that risk is being continually assessed, and that the system is transparent for internal auditors.

It was noted that the RMC is unable to state the success rates of their "red lane" interventions, or the impact of additional revenue from these interventions. This indicates that the system is not driven by

intelligence, nor is it guided by results. Members of the RMC have admitted that monitoring is difficult, as there are no analysts or statisticians who can process the data in the WeBOC system and that the management reporting parameters are poor. .

While the establishment of an RMC is necessary, the committee is meant to be strategic, and therefore the current approach and implementation taken by the FBR is placed at the wrong level. A high level RMC should be the conduit between government policy makers and lower level targeting and monitoring functions.

Recommendation 21
It is recommended that the Terms of Reference (ToRs) for the Strategic Level RMC be written, or amended to reflect a strategic role, rather than the operational level role they currently provide.

The profiling, targeting and monitoring function should be undertaken by a dedicated team of operational level Intelligence officers, analysts and statistical analysts rather than by Collectors responsible for managing Collectorates, as is the current situation.

The Risk Management Committee should be responsible to the GoP with agreed rates of interventions, for example, 50% Green, 35% Yellow and 15% Red. The operational intelligence targeting and monitoring unit should then be accountable for profile selections and performance monitoring. It will then be the responsibility of the targeting and monitoring unit to obtain these results.

Recommendation 22
It is recommended that an Intelligence Targeting and Monitoring Unit be established to take responsibility for profiling, targeting, and profile performance monitoring on a daily basis.

7.3.2   Intelligence-Led Profiling and Targeting

The Trade Project was unable to access an intelligence work area or an intelligence officer to provide an overview of the types of activities that they perform. Numerous requests have been submitted for statistical information related to information reports and intelligence "products", such as threat assessments, post detection analysis, and risk profiles. The Trade Project was not provided samples of the above-mentioned documents. Based on numerous discussions with Customs officers, the Trade Project assumes that these types of intelligence documents are not produced; therefore intelligence officers are not performing their role per international best practice.

The Trade Project is only in a position to make comments and observations at arms-length, as in-depth and open discussions with intelligence officers did not occur to establish how they operate. In consequence it is unknown whether intelligence officers:

- Have a computer-based intelligence database that links all units with each other and other agencies
- Participate in interagency or international intelligence forums
- Produce operational profiles with lists of indicators for staff to adhere to in the field
- Have any direct input into the selectivity of the WeBOC Risk Management System of the WeBOC system
- Brief and work alongside Anti-Smuggling operations, nor
- What kind of Intelligence documents they produce

All of the above should be the daily activities of the Intelligence section. Intelligence is the vital starting point for risk-based selectivity. The Intelligence section has no formalized links with other Collectorates nor with the DG I&I, and operates in isolation as part of only one Collectorate. At the

same time, in what is a duplication of effort stemming from territorially structured Collectorates, each territorial Collectorate has its own Intelligence and Prosecution section.

Recommendation 23
It is recommended that Pakistan Customs consider transferring responsibility of Collectorate-based I&I officers to the Directorate General of Intelligence and Investigation, or the proposed Compliance and Enforcement wing of Customs.

The Customs intelligence section should be responsible for risk profiles and selectivity within the WeBOC system and the analysis of the results of these profiles. Information comes from a variety of sources that contribute to an entity's or commodity's overall risk rating. Intelligence officers should have access to all relevant information in order to evaluate and create "intelligence" that produces risk profiles for WeBOC.

Customs intelligence is an integral part of CRM, and in particular, providing intelligence-led selectivity. Customs Management must understand what Customs Intelligence is, including its role and functions.

Recommendation 24
It is recommended that the Customs I&I section be given responsibility for all profiling, targeting, and performance monitoring of WeBOC selectivity, which is currently being performed, incorrectly, by the RMC.

Recommendation 25
It is further recommended that human and physical resources are allocated to introduce targeting and monitoring units consisting of: information collection and evaluation officers; intelligence analysts; data and statistical analysts; and surveillance operatives. This will further support the RMC per Recommendation 22.

Intelligence is information which has been developed, analyzed and evaluated for dissemination to those that need it. It is the higher level of probability that guides the Risk Management and risk selectivity criteria. In order for this to happen, all Customs Officers need to be able to put their findings, thoughts, or opinions into a central system that is analyzed.

To do this, Pakistan Customs requires an "Information Report" mechanism. In the basic form, this is through manual "Information Reports" or "Offense Reports" being submitted in hard copy to the Intelligence section for evaluation and inclusion in intelligence dossiers for profiling and targeting.

A more modern approach, in line with international best practice, is to have an intelligence database which has:
1. A reporting capability for all staff.
2. An evaluation capability for intelligence evaluators to create intelligence from numerous information reports.
3. A research capability for all staff to refer to and conduct checks in situ against entities or persons on whom they are making decisions.
4. A dissemination capability that automatically informs officers of particular profiles, or targets, of which they should be aware in their day-to-day duties.

Recommendation 26
It is highly recommended that Customs introduce an automated intelligence database and integrated management system. This should be a system that all officers can access in order to: input information reports related to offenses or suspicions, to read all evaluated

intelligence information (except ongoing investigations), and to assist with operational decision making.

7.3.3   WeBOC Risk Management System (RMS) – Selectivity

The WeBOC system uses three colors for its selectivity as follows:

Red: Physical Examination and Documentary Check prior to release
Yellow: Full Documentary Check prior to release
Green: No Physical Intervention (unless targeted by Anti-Smuggling post declaration)

Other countries, and particularly those using ASYCUDA, have also incorporated a "Blue" channel which, depending on the country, may allow the consignments to follow a "green" lane but be subject to Post Clearance Audit at a later stage. There is currently no provision in the WeBOC system for risk-based selection of entities for PCA, although a PCA module for WeBOC is currently being developed.

The following table provides a limited amount of statistical information for comparison of worldwide selectivity rates.

Table 3: Comparison of Selectivity Rates

Country	Year	Red	Yellow	Green	Blue/Grey
Australia[21]	2011/12 Physical Examination Non-Intrusive Inspection	0.56% 3.91%	Unknown	Unknown	
Georgia[22]	2011 (Imports)	5%	18%	42%	35%
	(Exports)	1%	31%	56%	10%
Brazil[23]	2007 (Imports)	9.3%	5%	85.5%	0.2%
Armenia[24]	2008 (Imports)	17%	17%	66%	
Pakistan	**2013 (Imports)** **(Exports)**	**25%** **21%**	**47%** **9%**	**28%** **69%**	
Jordan[25]	2007 (Imports)	50%	40%	10%	

It is difficult to benchmark without up-to-date statistics reported against the same criteria; however, Pakistan Customs will have a significant impact on trade facilitation if it is able to improve its risk-based selectivity. Risk-based selectivity will increase its Green channel rates, and decrease its Red and Yellow channel rates.

It should be possible and acceptable, through Risk Management, to raise the Green channel rate for imports to approximately 50% by the end of 2015.

Recommendation 27
It is recommended that the GoP, or the Risk Management Committee, nominate a target "Green Lane" percentage and use better Risk Management and targeting techniques to achieve this.

The Trade Project has been unable to establish exactly how the WeBOC Risk Management System works in relation to profiling and selectivity. Therefore, it is unclear if the system is working to its full potential, and meeting the needs of Pakistan Customs.

The system operates by self-populating, self-analyzing, and adjusting an entity's risk rating according to its history of previous declarations. At best it appears that WeBOC RMS operates on a points scoring system or "quantitative" analysis: if all of the selectivity criteria add up to a certain score it is allocated Green, Yellow, or Red status.

This process is flawed for a number of reasons.
1. There has been no structured approach to risk assessment that is able to document the basis for the determination of points allocation for dictating Green, Yellow or Red routing. For example, an entity with a score of 85 goes to Red and a score of 79 goes to Yellow, but how the cut-off point was identified, and by whom, is not explained.
2. The system is unable to make a determination on risk using all available intelligence. It is the "human" element that decides what the risk is in the context of government policy, and targeting officers make determinations on the basis of all known information and intelligence.

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[21] Australian Senate Standing Committee on Legal and Constitutional Affairs Question No72 on 12 February 2013. The figures provided are for Sea Cargo inspections (Inspection definition may include use of non-intrusive examination such as x-ray technology, trace particle and detector dogs. Examination definition – Physical examination by Customs and Border Protection Officer)
[22] http://www.slideshare.net/E-Gov_Center_Moldova/georgia-revenue-service-lili-begiashvili-eng-as-of-sept-20-9590452
[23] www.sice.oas.org/ctyindex/brz/wto/english/wttprs212-3_e.doc
[24] www.wto.org/english/tratop_e/tpr_e/s228-03_e.doc
[25] http://pdf.usaid.gov/pdf_docs/Pnadk955.pdf

Customs administrations with developed Risk Management approaches use a "qualitative" approach in the first instance which identifies the risk levels before applying quantitative tools

3. The system cannot target individual entities on the basis of risk

The first administrative requirement for any selectivity element in a customs automated system is the approval of an entity or commodity to be profiled. A "profile request" form would be completed by an intelligence targeting officer after analyzing a variety of information sources and determining the level of risk. This request with approval from the Director I&I could then be forwarded to WeBOC technicians to action in the system. A document such as this justifies the actions of Customs and provides a full audit trail and accountability in the form of reporting results.

Recommendation 28
It is recommended that documented profile requests be produced by intelligence targeting officers, prior to selectivity being activated in the RMS of WeBOC.

The RMS of WeBOC analyzes information and/or data in two broad bases of selectivity for intervention.

The first is through the "Trader Profile", which is specific information related to the importing or exporting entity. The "Trader Profile" in WeBOC could be named more appropriately as the "Trader History" as the information contained in it relates to previous declarations entered such as commodities, payments, and contraventions. This information can contribute to establishing intelligence for future targeting.

The second selectivity basis is specific to other information or data related to the remainder of the declaration such as HS Code, weight, quantity, value, and description.

Since it was not able to properly interrogate the system, the Trade Project was not able to exactly establish how commodity-based profiles work within WeBOC; however, discussions in a number of environments lead us to assume that the commodity-based profiles do not allow entities with high compliance levels to pass through the Green channel. This is in reality "blanket" coverage of a particular commodity rather than being selective.

Commodity-based targeting for undervaluing is not effective unless the system parameters can encompass acceptable valuation ranges. At the time of writing this report, WeBOC is unable to target a range of values that represent a high risk, and therefore if an entity imports the targeted commodity, it follows that they will be processed Yellow or Red regardless of compliance history.

The ability of WeBOC RMS to sift a number of multiple key elements out of the declared information, in order to make targeted selections, is limited. Whether this is due to the programming, or the lack of intelligence-led profiling, is unknown. The system needs to be intelligent enough to be able to apply a range of control options over a specific entity depending on the goods being imported and their compliance history, in relation to each commodity line the entity imports.

Recommendation 29
It is recommended that WeBOC RMS be significantly improved so Customs can commence targeting high-risk entities for examination and reduce blanket coverage commodity targeting. This should be able to be undertaken prior to the declaration being entered into the system, as well as at the time of declaration lodgement.

Implementing entity-based selectivity will take time, and is dependent on fully functional intelligence targeting and monitoring units being introduced. Therefore a period of two years would be an acceptable period of time to achieve this goal.

7.3.4   WeBOC Profile Monitoring and Reporting

Since its introduction, the WeBOC system has constantly undergone development to meet the needs of Pakistan Customs, with a number of modules still to be finalized. This implementation process continues to raise concerns as to whether it can meet the demands of Customs and the trade. Taking into consideration international best practice, it would have been prudent to have built the system and tested it within a pilot phase environment before implementing the system nationally.

Prior to the development of the system, Business Processing Re-engineering (BPR) across Pakistan Customs should have been undertaken to eliminate archaic and inefficient manual processes. This was not completed properly. Consequently, WeBOC has, for the better part, automated outdated processes.

The Trade Project was advised that Collectorates have a Management Information System (MIS) function that could provide numerous pieces of information for analysis for the Gap Analysis; however, the Trade Project was unable to analyze the system to get a full understanding of its capabilities. A large number of statistical items were requested, but statistics provided were disjointed, incomplete, and not in a format that was useful.

In an attempt to try and obtain some tangible information that could be analyzed, the Trade Project requested a full set of standard, generic, monthly reports generated by the WeBOC system. To date, these reports have not been produced.

It is the Trade Project's understanding that WeBOC does not produce any standard report. The reporting capability of WeBOC specific to Risk Management and profile performance monitoring is most likely non-existent. This problem initiates from the examination module of WeBOC, where there is no capability to clearly record the result of the examination in terms of specific offenses related to: mis-description of quantity; mis-classification; undervaluation; or undeclared goods; to name but a few.

The system can only isolate the percentage of declarations that go Green, Yellow or Red, which is of minimal use in implementing measures to change the ratio. It is also unable to produce the simplest statistics related to successful interventions, or their impact.

Recommendation 30
It is recommended that the WeBOC development team design a more robust statistical analysis and reporting mechanism in the RMS module.

As stated previously, poor implementation has resulted in an operating system that is unable to provide a full range of statistical reports that can actually allow performance measuring. A likely reason for this is the fact that, apart from the amount of revenue collected, the FBR do not know what they want the system to tell them in relation to the results. The absence of administrative direction has provided a poor foundation for the WeBOC project. This may be due to senior management not fully understanding what information can be extracted through reporting mechanisms.

The lack of a structured, disciplined approach to creating risk profiles results in a lack of capability to report the success, or failure, of these profiles.

It is frustrating to the stakeholder and, in particular, an entity, to have Red Lane interventions continuously, having negative or minimal examination results, while continuing to remain as a Red Lane selection.

It is also unfortunate to have a situation where sensitivity analysis occurs on very rare occasions, and selectivity changes are made, and it is many months before the changes are reviewed. Profile performance monitoring, and more advanced forms of statistical analysis, should be occurring on a daily basis, by dedicated and qualified analysts. This will require greater human resources, as well as the technology and software required to produce and analyze statistics.

Failure to monitor the performance of risk profiles represents a substantial risk to the government as a whole. Unsuccessful profile selections and any unmonitored "easing" of selectivity criteria could result in large revenue loss before it is realized and rectified.

Recommendation 31
It is recommended that a risk profile monitoring team be created to constantly analyze the performance of WeBOC's RMS. This is directly related to recommendations 20, 22, and 23.

7.3.5   Customs Clearance Activities
The three standard basic customs control activities that are part of the clearance process are:
1. Cargo Control and Manifest acquittal
2. Documentary checks by the appraisement section
3. Physical examination section

It has not been established whether manifest control, intelligence, anti-smuggling or any other officers of customs are undertaking pre-arrival screening activity of manifests. This is usually undertaken to identify high risk consignments, using a number of indicators such as: origin; routing; description of goods; quantity; exporter and importer.

If Manifests, individual Bills of Lading or Airway Bills are input into the WeBOC system, it will be possible to use the RMS to assist targeting and selectivity in the operational and tactical areas by way of pre-declaration selections.

It has also not been established whether the WeBOC system is able to "acquit" Manifests by way of a drawing down; where declarations identify a Bill of Lading, which in turn identifies the Master Manifest. When all of the Way Bills attached to the Manifest have a declaration entered and cleared against them, the Manifest is then "acquitted". Section 82 of the Customs Act 1969 provides a twenty-day time period for goods to be cleared. Therefore, automatic alerts for manifest acquittal in the WeBOC system should inform the Manifest Clearance Department (MCD) of consignments that have not been cleared and are subject to custody of Customs for auction.

Recommendation 32
It is recommended that the WeBOC system be configured to automatically acquit Manifests, and produce a daily report of un-acquitted Manifests.

The Appraisement Section ensures that all required documentation has been presented and checked for accuracy. The declaration is appraised for compliance with the law on issues such as origin, classification, description, and valuation. In the event of any discrepancies, or disputes, the declaration is forwarded to a senior appraiser for further analysis and decision prior to contacting the Customs Agent.

The majority of appraisement issues that are escalated to senior management relate to valuation disputes. The Trade Project has been informed, via a number of discussions, that the most common form of obtaining the accepted value of certain goods, or consignments, is by way of an informal negotiation, and not through evidence produced in compliance with the WTO Valuation Agreement.

For Compliance Management to be effective there is a requirement for a penalty to be applied in the event of an offense such as a false declaration. This is difficult to realize when the uplift of the value by Customs may not be in compliance with national legislation that is aligned to the WTO Valuation Agreement.

The Examination Section conducts physical examinations of all Red Lane declarations, as well as referrals or queries of appraising officers requiring more detailed information specifically related to the goods. A Red Lane examination should be a complete 100% physical examination. The Trade Project established that the examination officers conduct, on average, ten container examinations per day. Trade Project Customs Advisors are of the opinion that each examination is not being completed fully (i.e., 100% examination), and is therefore less effective.

In order to assist with profile performance monitoring, it is important for the analysts to know the reality of the action taken by the examining officer: be it a complete un-load and examination of all packages, or a partial unload and partial examination. This information should be accurately reported in the WeBOC examination report module. Ideally the report module would also have a "Check Box" system for officers to select the degree of examination conducted by them.

Recommendation 33
It is recommended that any Red Lane examination, which is not completed to a 100% standard, be reported correctly in WeBOC to reflect the actual percentage amount examined. Included in the examination report should be a degree of examination "check box" and a risk-based justification for undertaking a partial examination

When offenses occur there is no basic "information reporting" system for referral to the intelligence branch to maintain appropriate dossiers of offenders for future targeting. This is vital to manage Risk Management and profile performance monitoring as it identifies non-compliance and compliance.

Pakistan Customs is currently intervening, via documentary check or physical examination, at a rate of 72%, perhaps because it is still developing RMS. With an expected increase in trade volumes, this rate of intervention is not sustainable. The Trade Project attempted to demonstrate the way in which this intervention rate is ineffective by obtaining statistics of successful interventions; however, this could not be done due to the limited reporting ability of the WeBOC system, and a lack of cooperation from the FBR.

Recommendation 34
It is recommended that Pakistan Customs conduct critical statistical analysis of examination results, to improve risk-managed profiling and targeting, so that the rate of intervention can be reduced.

7.3.6   Anti-Smuggling Organization (ASO)

The ASO is an enforcement arm of the Preventive Collectorates that exist throughout Pakistan. Once again, this is part of the "territorial" form of administrative structure that exists. Although the name Preventive suggests enforcement activity, the reality is that these Preventive Collectorates have the majority of their functions associated with appraisement and the normal clearance process.

In order to obtain information related to how the ASO conduct their activities, the following information was sought.

1. A list of assets and equipment specifications
2. Statistical data related to ASO interventions
3. Opportunity for closer examination of previous case files
4. A copy of the Anti-Smuggling Procedure Manual

None of the above was presented to the Trade Project; however, the following information was obtained through a number of discussions / meetings with Pakistan Customs officials.

The Karachi-based ASO's geographic jurisdiction is from Lasbela-Baluchistan to the Coastal Belt (until Gwadar Collectorate). It also has jurisdiction over a twelve Nautical Mile territorial sea. Currently there are four mobile units operating. One mobile unit consists of six Customs officers with two vehicles. There are two stationary back-up units also in place. In addition to the land force there are five vessels of various lengths, but only one is currently operational.

Joint agency operations were not discussed in detail beyond the following comments: there is good co-operation with some other agencies such as the Anti-Narcotics Force (ANF), and the Frontier Corps are empowered with anti-smuggling responsibilities in certain locations. The poor condition of the ASO vessels also required cooperation with the Coast Guard.

Customs law in general provides an all-encompassing jurisdiction over the movement of people, goods, and means of transportation entering or departing the national territory. Therefore, Customs should be the lead agency in border control activities, and in this particular discussion, anti-smuggling efforts.

Recommendation 35
It is recommended that the administrative responsibility of the ASO be transferred from the Collectorates to the proposed "Compliance and Enforcement" wing of Customs, and that Pakistan Customs take steps to be the lead agency for such activities in Pakistan.

The commencement of container tracking of transit consignments has created additional workload for the ASO. The ASO is responsible for dealing with situations in which a truck has either departed the approved transit route or there is a suspected unauthorized opening.

Many of the anti-smuggling efforts are initiated by informants who contact individual officers directly by mobile telephone and report incidents or anticipated smuggling activities. While informant handling is a regular aspect of law enforcement work, it generally only allows for a "tactical" response which often results in a lack of available staff or vehicles to take the appropriate action.

The most common goods identified as being regularly smuggled are as follows: automobile parts, including old or used tires, rims, etc. (mostly smuggled through Afghanistan); Iranian cloth; diesel (smuggled through Iran); drugs, liquor (mostly through Dubai); tobacco; and counterfeit medicines through India.

Some of the Challenges faced by the ASO include:
- Lack of staff, fuel, communications equipment, vessels, arms, and ammunition
- Lack of intelligence to target smuggling in advance of it occurring
- Limited capability of marine assets due to endurance and being un-serviceable. Currently trying to refurbish the Barbarossa boat to make it functional again

While the ASO believes that its results are much better than the separate Anti-Narcotics Force (ANF) which has more staff and more equipment, there are many anti-smuggling activities that could be conducted if more staff resources were available. These activities would ideally be initiated by intelligence analysts who have targeted a particular consignment or entity for a strong intervention.

Many of the anti-smuggling officers are approaching retirement age, therefore there is a resistance to using new technology, such as computers, for investigative activities. There is also a reluctance to participate in anti-smuggling activities beyond the bounds of the port limits, into areas that are potentially dangerous due to the nature of the terrain and the smuggling community.

The Trade Project Advisors have many years of experience conducting anti-smuggling activities in developed countries and post-conflict developing countries, and are acutely aware of the challenges and dangers the ASO faces. Although the Trade Project was unable to accompany the ASO on their operations, it is apparent that they are understaffed, under-resourced, and not fully supported through a central communications and monitoring center..

Recommendation 36
It is highly recommended that the capacity of the ASO be substantially strengthened with additional human resources, equipment, technology, and specialist training.

Pakistan Customs officers in the anti-smuggling unit require access to a variety of non-intrusive examination technology and equipment for use during different operational activities. This includes mobile x-ray scanners, trace particle detectors, detector dogs, covert and overt surveillance equipment, closed circuit television (CCTV), evidence collection equipment, and search tools.

The cost and maintenance of technology and communication equipment for the purpose of interventions and monitoring operational activity is extremely expensive. Much of the equipment, due to its cost, has to be procured under standard government procurement rules and include maintenance contracts. All of these administrative requirements are a distraction to anti-smugglers who only need this equipment as tools to perform their role to a higher standard.

For this situation, a separate department of technology could be considered, in order to take responsibility for identifying and purchasing specialized equipment for those departments that require it.

Recommendation 37
It is recommended that Customs consider introducing a technology department to manage the procurement and maintenance of sophisticated, non-intrusive, examination and surveillance equipment. This department would be part of the proposed Compliance and Enforcement Wing.

Customs Anti-Smuggling operations should be monitored by a central command and communications center, which would serve as the communication link between mobile units and other agencies, so that duplication of effort does not occur when there is an ongoing operation.

The central communication command center would operate 24/7 and have a number of officers manning it to oversee operational enforcement activities such as:

- Secure Radio Communications with all mobile Customs units on land and sea
- GPS tracking of Customs units for strategic and tactical enforcement operations
- Remote Surveillance of Customs controlled areas such as ports, dry ports, and Collectorate offices via CCTV
- Transit Tracking Control and Response

Recommendation 38
It is recommended that a National Customs Communication and Operational Command Center (NCCOCC) be created to provide 24 hour communications and coordination capability for all of Customs' strategic and tactical operational activities.

7.3.7   Investigations

The Directorate General (Intelligence and Investigation) Customs and Central Excise was established in 1985. In 1995, the Directorate General became the Directorate General (Intelligence and Investigation) Customs, Sales Tax and Central Excise when its remit was widened to perform detailed audits of cases relating to Sales Tax fraud and Central Excise.

In 2005 the Directorate General was assigned the additional responsibilities of vigilance and integrity management. As a consequence of restructuring under the reform process, it was re-named the Directorate General Intelligence & Investigation – FBR, Islamabad, with the responsibilities of both Direct and Indirect Taxes. In 2010, the Directorate General was notified as one of the focal agencies for Anti-Money Laundering Investigation under the AML Act 2010.[26]

The Trade Project was unable to obtain data or statistics related to the activities being undertaken by the Investigations cell of the DG I&I. Instead, discussions were held with the DG I&I, and these confirmed that the Investigations Directorate has the mandate to investigate the evasion of Customs duties including mis-declarations, valuation frauds, or fraudulent rebate claims.

Additionally the Collectorates also conduct investigations specific to their area, via the Intelligence and Prosecution unit attached to them. They are often over-burdened with investigation cases, and are poorly trained and equipped for modern-day investigating. There is limited referral of cases to the DG I&I, who should take the lead in such situations.

Recommendation 39
It is recommended that Pakistan Customs consider transferring responsibility of Collectorate-based Investigations officers to the Directorate General of Intelligence and Investigation, or the proposed Compliance and Enforcement Directorate.

The Trade Project was able to establish that there is no written procedure that directs Collectorates to refer cases to the DG I&I investigation.

Investigation case management, evidence collection and recording, investigation techniques, and preparing for prosecutorial action are very specialized activities, requiring experience and training.

A thorough investigation requires a great deal of time and patience to achieve the final outcome. The Trade Project believes that the current approach, involving Collectorate-level staff undertaking

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[26]http://www.fbr.gov.pk/ShowArticle.aspx?view=Article&ActionID=572&ArticleID=

investigations involving fraud, has limited effectiveness. This is because investigations are based only on the particular offense that has been identified.

An investigation case should involve a serious offense, or a large amount of revenue fraud. It should target an entity's historical activity, in addition to the offense or activity that occurred at the time of interdiction. This process should be undertaken by the DG I&I.

As the origins of Customs fraud very often start with the production of false invoices in the country of origin, it would be prudent for the investigators to conduct internationally-based inquiries and obtain evidence. Pakistan Customs is a signatory to the "Nairobi Convention"[27] and therefore has the ability to follow the formal protocols to seek assistance with information, or conduct investigations, in other signatory countries.

A Collectorate-initiated investigation does not have the ability to do this, and therefore this is a further argument to confine Collectorate-run investigations to minor offenses and contraventions. A formal internal procedure that dictates the referral of cases to the DG I&I should be established, provided that the capacity of the DG I&I is significantly increased.
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Recommendation 40
It is recommended that any case involving a fraud or potential fraud in excess of USD 25,000 be automatically referred to the Directorate General of Intelligence and Investigations, DG I&I, to manage a thorough and methodical investigation, which may include internationally-based evidence collection to successfully prosecute or penalize offenders.

As previously recommended in this document, investigations into staff integrity under the banner of vigilance should not be performed by the DG I&I. The DG I&I should be allowed to concentrate on serious fraud cases properly and professionally with a view to prosecute offenders or apply appropriate penalties.

7.3.8   Post Clearance Audit (PCA)
PCA is the modern approach to maintaining high levels of Customs compliance, using entity-based control mechanisms (audits) which occur after the transactions/declarations have been cleared, without the need for real-time interventions.

Where Risk Management, and targeting, represent the "front end" of the entire process, PCA is the "back end". It is a quality assurance mechanism that identifies strengths and weaknesses in the Risk Management system, and adds value to previous work performed by the appraisement and examination sections. A post clearance auditor has more time, and access to documentation and entity transaction records, in order to confirm the correctness of declarations submitted by that particular entity.

A PCA will validate the Risk Management and selectivity being used, and can provide an assurance that entities that are usually processed via "Green Lane" should remain in that lane. In the event that an audit identifies errors, to assist in developing informed compliance, the PCA team will advise the entity of the measures it must take to rectify the problem.

If the audit identifies higher than expected errors or fraud, then PCA will take the necessary action under the legislation (e.g., issue of penalty), and may recommend that the entity's risk profile is revised. These results may then lead to the Green Lane status changing to Yellow or Red.

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[27]WCO International Convention on Mutual Administrative Assistance for the prevention, investigation and repression of Customs Offenses. Entered into force 21 May 1980

The Trade Project has undertaken a separate Gap Analysis of the PCA section, and produced a comprehensive report with recommendations. The following is an extract from the Executive Summary of that report:

"Many key areas relating to PCA were found to be in need of substantial modernization. The current operation does not provide senior management with the necessary assurance that Customs and associated revenues will be protected or legislative breaches will be detected. In addition, it does not provide the quality assurance required for FBR Customs to successfully implement Compliance Management necessary to support the implementation of Risk Management principles in the new information technology (IT) system for cargo clearance. A competent and results-oriented PCA operation is necessary to facilitate trade while maintaining an appropriate level of control."

PCA is an assurance tool which will identify, through audit, if an entity is compliant or not. The creation of this Directorate, while having an ineffective Directorate General of Risk Management, limits the effectiveness of a PCA system being driven by risk-based audit selection.

It is essential that PCA progress is not hindered by the ineffectiveness of other Directorates, and the PCA Gap Analysis and Roadmap has all of the required recommendations to support PCA reform. In the context of this document, it is important for the Directorate of PCA to establish its audit planning framework. It needs to commence a program of identifying the largest traders by volume, and value, and engaging them with a view to creating greater acceptance of the audit process, and an understanding of the benefits brought about by a confirmed level of compliance.

In order to do this, the Directorate of PCA will need to dramatically increase its capacity in audit planning, as well as entity-based and computer-based audits.

Recommendation 41
It is recommended that the findings of the Trade Project PCA Gap Analysis and Roadmap are acted on as soon as possible to increase the capacity of PCA auditors to conduct entity-based audits and computer-based audits

7.3.9   Customs Agents Licensing and Regulation
The Customs Agents are authorized by legislation to submit declarations to Customs on behalf of their clients. As such they have an important role to play in the overall Compliance Management framework.

Customs is charged with the responsibility to ensure that Customs Agents are tested prior to the issuance of a license and further ongoing professional development training. Best practice requires all Customs Agents to have an extremely high level of technical knowledge of the Customs clearance process, and high competency in the areas of Classification, Valuation, and Rules of Origin as well as other regulatory prohibitions and restrictions.

Some of the key issues and problems identified with the current Customs Agents licensing and regulations include:
- Customs' inability to implement its own legislative obligations
- Poor interpretation of the law and subsequent inconsistent application
- Poor Quality Testing Regime that has greater emphasis on English and Computer literacy than Customs technical expertise
- Allegations of people sitting for the Professional Development exam on behalf of others
- Inability to maintain administrative control and records over agents' representatives and provisional licenses
- Inability to audit Customs Agents for quality assurance purposes

A robust Customs Agents licensing and regulation regime assists with higher levels of compliance, as there is a reduction in deliberate mis-declarations and inadvertent errors with declarations when the threat of penalties and license revocation can impact the Customs Agent's business and livelihood.

Recommendation 42
It is recommended that Customs improve the technical expertise and integrity of the Customs Agents.

7.4 Enforcement and Recognition

The "Carrot and the Stick Approach" sits at the top of the Risk-based Compliance Management Pyramid (refer to Diagram 1) that addresses enforcement and recognition. A structured gradual approach to enforcement with escalating responses by Customs for offenses, and continuing non-compliance, represents the stick. A similar approach, with a gradual increase in facilitation rights for high compliance, represents the carrot.

The actions at the top of the pyramid are able to be undertaken thanks to the legislative foundations identified at the bottom of the pyramid.

The concept of Compliance Management is structured on a willingness of the trade to be compliant; Customs assists them in their efforts to comply. Once identified, and confirmed as having high levels of compliance, these entities can be rewarded in a number of ways within the scope of the legislation.

Currently, Pakistan Customs is unable to accurately identify, and provide evidence of, entities that are either compliant or not compliant.

7.4.1   Enforcement Possibilities

The Pakistan Customs Act, although robust in many of its penalty options for offenses, is outdated in others. Some of the penalty options are set at a specific amount of Rupees for the offense, and others offer an opportunity to penalize an amount up to five times the revenue avoided, or at risk.

There is no documented, agreed policy or procedure which outlines how Customs will apply penalties. In addition, no set policy as to under which circumstances it will apply a penalty is evident. It appears the unwritten procedure is to allow up to a 30% discrepancy before applying a penalty. While this is a good approach, it is not sanctioned formally, and is therefore open to abuse. Also, depending on the value of the consignment, a 30% discrepancy could represent a significant amount of revenue loss.

Compliance Management allows a degree of flexibility for offenses that occur due to human error, or events perceived to be a "one-off". Therefore, elements such as persuasion, or formal warnings, play an important part in Compliance Management.

In the event that an audit identifies a number of errors due to poor accounting records of an entity, Customs can suggest procedural improvements to rectify. This could be in the form of education, or a warning, rather than a strict penalty application. Should the mistakes continue and the recommendations of Customs are ignored, then the next alternative would be to escalate to penalties.

The above is an acceptable action for minor errors and discrepancies. In the event of blatant fraud or large errors in excess of 30%, then a strict penalty regime should be initiated in the first instance. Subsequently, action should continue to a stage where, if there is no change in attitude, or no real attempt to comply, investigation and prosecution should be initiated.

In Pakistan many penalties are appealed to the court, and claims of indiscriminate harassment are common. This is usually refuted by Customs, which nonetheless often finds itself in court without sufficient evidence to support its actions. This is due to a lack of record-keeping, or the fact that previous indiscretions were not dealt with in accordance to the legislation. If these offenses and indiscretions are not being reported and recorded by the intelligence system and profile performance monitoring unit, the perpetrator can continue to operate without fear of being brought to account.

Recommendation 43
It is recommended that Customs introduce a formal documented offense reporting regime, which must be reviewed on all occasions prior to making decisions on application of a formal warning, a penalty, or pursuing a prosecution.

This system must be nationally consistent in its application, and recorded in a national intelligence database of offenders that is accessible by all officers. This will assist in dealing with offenders who choose to "port jump" to avoid detection.

This recommendation reinforces recommendation 22, promoting the need for a national intelligence database that will be accessible to all staff, for research and analysis activities.

7.4.2   Facilitation Rights in Recognition of High Compliance

As customs administrations evolve and improve their systems and processes, the ability to introduce trade facilitation initiatives improves as well. These benefits are offered when entities have established good, or acceptable, levels of compliance and display an ongoing commitment to work in close consultation with Customs to ensure improvements.

In the context of reward, or recognition, for high compliance levels, Pakistan Customs does not currently have a formal facilitation program to provide simplified, or expedited, clearance.

There is a lack of understanding within Pakistan Customs of the actual nature of trade facilitation, and further, the instruments that Customs can use to facilitate trade. Pakistan Customs considers trade facilitation to be reflected in its use of the "Green Channel".

The current ratio of Green, Yellow and Red interventions provide no evidence of trade facilitation. The current ratio indicates that for every four declarations presented, there is a probability that one will go to Green, two to Yellow and one to Red. This is clearly not Trade Facilitation, and it is also not Risk Management per international best practice.

Trade Facilitation measures to be offered by Customs administrations are legally supported instruments providing specific facilitative measures to those entities that have a proven record of high compliance. These mechanisms come in a variety of different forms such as: Trusted Trader Programs; pre-arrival clearance facilities; deferred payment of duty liabilities (e.g., up to 30 days); self-assessment with lodgement and payment of declarations on a quarterly basis; acceptance of "prudential audit" for compliance; self-regulation authority; and approved Authorized Economic Operator status.

In order to establish a formal trade facilitation program, it is important to identify those who would be the best candidates, and most willing to cooperate with Customs requirements. Those entities that represent the bulk of the trade, either by volume or value, should be approached first to participate in a compliance assessment program which would aim to confirm their suitability and eligibility for any agreed privileges.

Recommendation 44

It is recommended that Customs identify the top 20 entities according to trade volume to engage and establish a pilot compliance-based trusted trader program. Initially 5 to10 entities would be the anticipated number for this pilot program.

A trusted trader program can have a variety of incentives similar to those identified above. The key factor is a willingness to cooperate with post clearance auditors on an ongoing basis to ensure continued high levels of compliance. In an environment such as that of Pakistan Customs, which has a lack of effective PCA capacity, the above recommendation cannot be implemented overnight, but needs to follow a gradual approach to implementation.

8. The Way Forward – A Roadmap to Improve Compliance Risk Management

To progress the recommendations in the Gap Analysis of CRM, Pakistan Customs must implement a 'roadmap' which will guide progress towards its goal of developing a CRM Strategy. This will, in turn, provide the structure to develop Risk Management within the operational and tactical areas, and ultimately lead to an increase in trade facilitation.

Throughout Customs Administrations in developing countries, there is a fear factor, and a reluctance to relinquish control and associated 'resistance to change'. Improved knowledge of 'how' Risk Management works, and its secure applications, will assist to overcome these fears. Improved resourcing for the operational applications of Risk Management activities and control schemes will ultimately provide the required change.

The following sections of this report detail the areas to be implemented or enhanced to meet the desired goal of developing and further implementing CRM within Pakistan Customs.

8.1 Administration and Legislation

8.1.1   Proposed Organizational Structure

A modern customs organizational structure that caters to an organization focused on compliance management is essential in today's world. To restructure, Pakistan Customs will need strong leadership and require support at the highest level of Government to succeed and drive administrative reform.

The Trade Project proposes a restructuring of the existing Directorates and Collectorates into three streams, each headed by a "Customs Member" of the FBR who will then report directly to a "Chairman for Customs" or a suitable title within the FBR executive as detailed in the following organogram:

Figure 2: Proposed Organogram with 1x New Customs Chairman, 2x New Customs Members and Retention of Existing Directorates and Collectorates
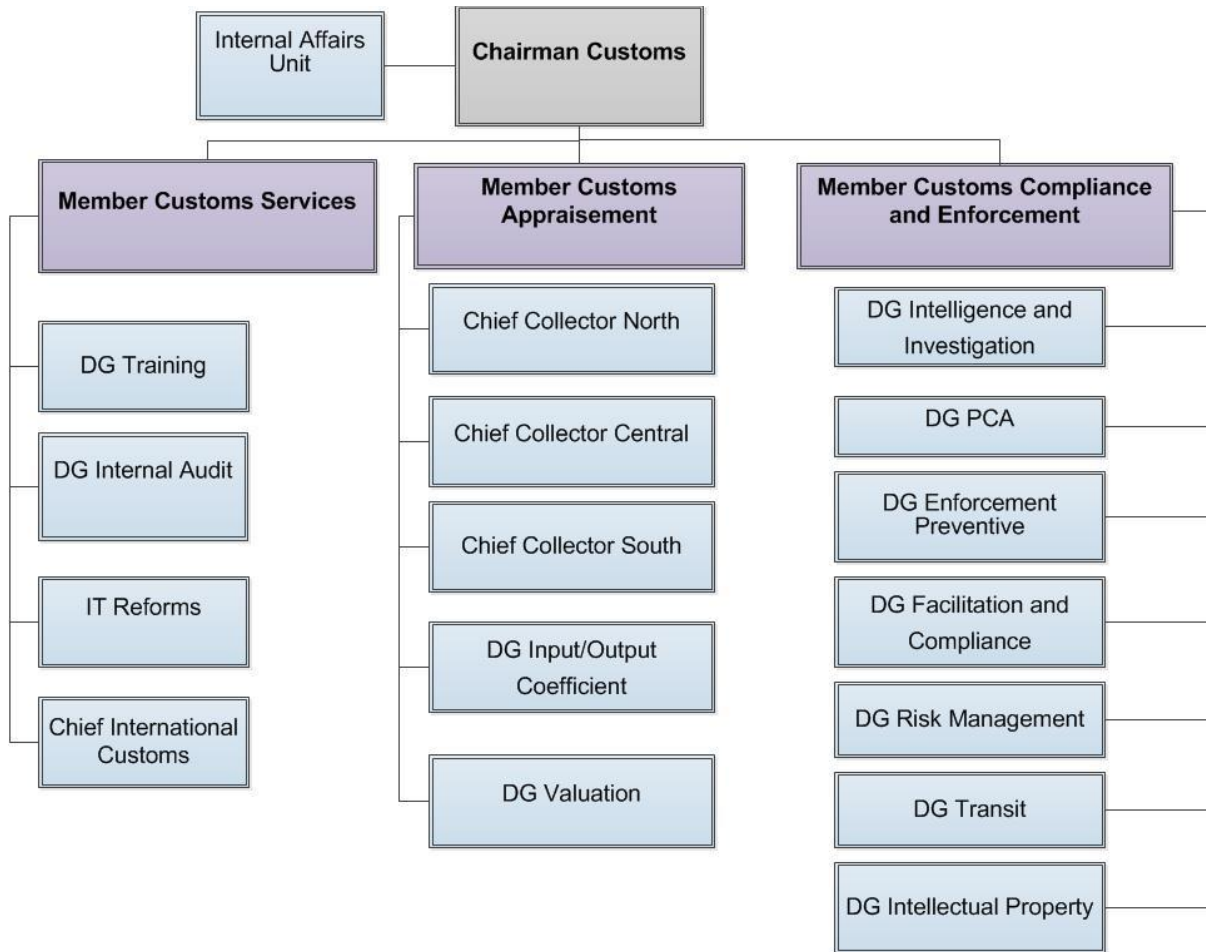
Furthermore, the Trade Project proposes that the Wing of Compliance and Enforcement be restructured into two Directorate Generals, rather than the seven displayed above. This would result in a Director General Compliance Management and a Director General Enforcement, both reporting to the Customs Member Compliance and Enforcement as detailed in the following organogram:

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offense history; and a system that legislates to break the nexus of the goods clearance formalities being dependant on real-time payment of the revenue liability.

8.1.3 Policy Reforms

In order to implement CRM effectively, there will need to be a series of policy documents that outline the Customs position in areas of Risk and Compliance Management, and detail how they intend to apply the relevant legislation.

8.1.3.1 Compliance Risk Management Policy

Customs administrations have evolved with the development and implementation of Risk Management before the approach to Compliance Management commenced. Therefore many administrations will have a Risk Management policy and will only have a Compliance policy depending on their rate of progress in this area. Pakistan Customs needs to develop these policies in accordance with its current policy framework.

Australian Customs and Border Protection Service have produced a series of "Practice Statements", which include a short policy statement plus a separate procedural statement. The practice statements for Risk Management and Compliance will assist the FBR/Pakistan Customs in preparing its own streamlined policy and procedural statement. These appear in **Annexes 10 and 11**.

8.1.3.2 Staff Integrity Policy

As noted previously in this document, the number of disciplinary cases has seen a marked increase in 2013, which suggests that the approach taken by the FBR is starting to gain momentum. The Trade Project still proposes that Customs take additional initiatives in relation to improving staff integrity and fighting corruption. This can be achieved by establishing its own Internal Affairs Unit, which is completely autonomous from any of the operational areas of Customs. It is also proposed that the administrative structure report directly to the Chairman Customs.

As a starting point, a Customs specific 'Code of Conduct' can be distributed to all staff for their signature and retention. The draft Code of Conduct initially presented to the FBR in August 2011 by its Collector is at **Annex 12**.

8.1.3.2 Human Resource Management (Recruitment and Training)

Policy for employment in Customs is dependent on, and to a certain extent restricted by, government funding and allocation of positions. In relation to the Customs grade BPS 16 and below, the working strength of 7,283 staff is a significant shortfall compared to the cadre strength of 9,043. This would suggest that Customs has the ability to initiate a recruitment and training program with the aim to build the working strength of the organization with younger, well-educated school-leavers or university graduates, both of which are in great abundance in Pakistan.

An immediate change in policy approach to recruitment and induction training is required, to address the retirement of many staff in the next ten years. The Trade Project estimates that, as a minimum, and just to maintain the current staffing level, Pakistan Customs will have to commence recruiting and training approximately 700 people per year at BPS 16 and below. This process will have to commence by 2016, but cannot commence until the resourcing and capacity of the DGTR is significantly increased, to enable them to cope with the additional workload.

Additionally, it is necessary to recruit, train, and improve the capacity of Customs Officers to a minimum standard, to support the implementation of the recommendations of this report. In particular focus should be on the functions of Staff Training, Intelligence, Investigations, Anti-Smuggling, and Post Clearance Audit.

8.1.4   Strategic / Operational Planning and Reporting

To start managing risks strategically and in a structured manner, Pakistan Customs should have documented business objectives that are guiding the administration with a vision, mission and set objectives. Risk Management should be seen as a tool to ensure that business objectives are achieved.

The following diagram provides a simple overview of a Customs Planning and Reporting Framework that can be adopted partially or in full by Pakistan Customs.

Figure 4: Customs Planning and Performance Reporting Framework[28]
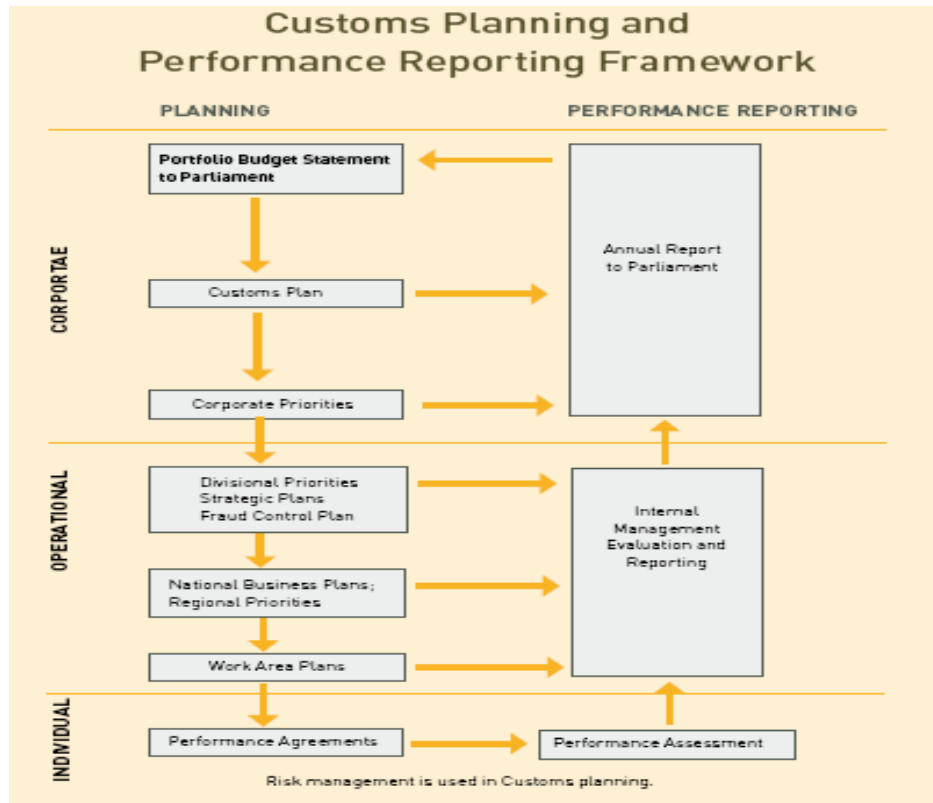
The best approach to introduce strategic planning into Pakistan Customs' environment would be to take a simple approach until such time as it becomes a normal part of the Customs business. The most efficient way to do this is to follow a generic design and layout in the production of the plans.

The suggested responsibility for planning at each level is as follows:
1. National Customs Activity Plan - Chairman Customs
2. Divisional Activity Plans - Customs Members/Chiefs/Director Generals
3. Work Area Activity Plans - Collectors

By taking this approach, the high level objectives in each plan will be worded the same, which makes it easier to link activities to objectives for reporting purposes. The following are a number of broad objectives that Customs should be documenting in their activity plans:

1. Revenue Collection	2. Trade Facilitation
3. Customs Control	4. Protection of Society
5. Quality Assurance	6. Financial Management

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[28] Australian Customs Service, Customs Plan 2005-2010 pg12

<div style="margin-left:2em">

7. Human Resources and Staff Development

8. Improving Systems and Procedures

9. Infrastructure and Technology Improvements

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The plan prepared for implementation must be measurable, with results-driven criteria and allocation of responsibilities for reporting and completing the work. The following criteria are important components of the strategic planning documents:

- Specific Objectives
- Activities to complete the objectives
- Performance Indicators
- Completion Date of the Activity
- Work area or individual with responsibility to manage the activity to completion
- Regular Reporting Requirements

In order to provide guidance to the FBR and Pakistan Customs with Strategic, Operational, and Risk Management planning, the Trade Project has sourced a number of strategic planning documents to review and use as examples to assist with preparing FBR's own Business Plan, Work Plan, and Risk Management plan. These include the following:

1. Customs Strategic Plan Maldives 2011-12[29]
2. Customs Strategic Plan Jordan 2008-10[30]
3. Australian Customs Annual Plan 2012/13[31]
4. Angolan Customs Activity Plan 2009 (see **Annex 13**)
5. Liberia Bureau of Customs Business Plan 2010/11 (see **Annex 14**)
6. Angola-Anti Smuggling Work Area Plan 2009 (see **Annex 15**)
7. Papua New Guinea Risk Management Plan[32]
8. Risk Register Template (see **Annex 16**)

8.2 Client Services

To assist with achieving the implementation of a Compliance Management Framework, an approach that is more proactive in engaging with the trade and public needs to be taken up in areas such as law, policy, and procedures. Very often, an institutionalized compliance program will inform the public of the key areas of risk and what the administration intends to do to ensure compliance. An example of this is the Australian Taxation Office Compliance program 2011-12.[33]

Compliance Management is focused on compliance with Customs Laws; therefore law, policy, and procedures must be transparent, so that the trading community has easy access and intimate knowledge of their legal obligations.

"To improve compliance with the law, the business community must understand the law. This is a deeply underestimated source of non-compliance." [34]

8.2.1 Cooperation and External Relationships

The World Customs Organisation (WCO) promotes partnership between Customs and business, and this should be at the forefront of any strategic policy implemented by Customs.

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[29]www.**customs**.gov.mv/en/downloads/publications/**Strategic**%20Plan.pdf

[30]https://www.**customs**.gov.jo/pdf/**Plan**_E_2008_2010.pdf

[31] http://www.customs.gov.au/webdata/resources/files/AnnualPlan2012-13WEB.pdf

[32]http://www.customs.gov.pg/06_legislation_and_publications/4_Publications/03_PNG_Customs_Strategic_Risk_Management_Plan.pdf

[33] https://www.ato.gov.au/Print-publications/previous-years/Compliance-program-2011-12/

[34]See Department of Justice, Canada, A Strategic Approach to Developing Compliance Policies: A Manager's Guide, Department of Justice, Ottawa, 1992, p. 6.

Increased 'Customs to Trade' initiatives, and more formal Customs Cooperative Councils (CCC), allow for both sides to identify problems and concerns, and discuss workable solutions within the bounds of the law. Transparency will be greatly increased as Customs takes steps to publicly state its policy position, procedures, and reasons for particular decisions or rulings that directly impact on trade.

A CCC would ideally be represented by senior officials of the government, and trade, and meet on a quarterly basis. While these meetings are formal, and in a controlled environment, it would also be important that in addition to the CCC meetings, more informal public forums are conducted. Forums should identify traders and the public as clients of Customs, thereby promoting feedback from the trade in order to improve Customs services.

8.2.2 Education and Awareness

Improving compliance within the trading community will take a combined effort from both Customs and the traders but ultimately should be led by Customs. To build on the "informed compliance" concept required to improve the compliance of trade through education, the CCC would advertise and hold awareness seminars for all interested individuals of the trading community. CCC members will give presentations to transfer information, and be available to participate in open Question & Answer sessions and more specific detailed sessions, as required.

Print, radio, or television media are other options available to Customs to present information and educate a broader base of their clients (keeping in mind cost considerations). Increasing the amount of information on the FBR website, as well as the amount of information freely available without the need for registration and a password, will also contribute to higher levels of informed compliance.

All administrative publications should be made available on the website, such as: policy, procedures, prohibitions, restrictions, guidelines, decisions, formal rulings, penalty provisions, appeal provisions, and compliance programs.

In order to do this, the existing FATE wing of the FBR will need to include Customs officers, who understand the technical issues related to Customs objectives, in its workgroup.

8.2.3 Technical Assistance and Advice

There are two key types of "Help Desk" that Pakistan Customs would benefit from introducing. The first type is a "Client Service Front Counter" style, based in the physical location of the Collectorate. Here traders or passengers can report when required and request information related to consignments that are perceived as being delayed. Should there be a need to talk with individual technicians or higher officials, it is this office that can schedule appointments.

The second type of Help Desk is a centrally-located office in the city that fields general inquiries (commercial or individual) about all Customs matters. It is this office that also manages a national call center for inquiries, complaints, and anonymous information related to smuggling.

Very often public inquiries have simple answers, but due to lack of knowledge, require some detailed explanations or examples. All of this takes time and is a distraction for operational staff if they have to deal with these types of inquiries on a regular basis. Help desks alleviate this burden by dedicating resources to education and assisting clients, allowing operational staff to carry out the work that they are most suited to do.

The current FATE wing of the FBR is best placed to establish regional Help Desks in Karachi, Lahore, and Islamabad. Before doing so, FATE will need to ensure that each help desk has a mixture of

technically proficient Customs officers, as well as people who can design and develop a variety of "tools" such as pamphlets, procedure notes, and videos to transfer information to the public.

8.3 Compliance Assessment (Risk Based Procedures)

8.3.1 Risk Management Committee (RMC)

It is important that the role and responsibilities of the Customs Strategic RMC are clearly defined in both (i) its role in good governance; and (ii) the operational aspects of Risk Management planning, targeting, and monitoring.

The RMC is the executive level group that connects high level government objectives and policy to the operational area, attempting to achieve the objectives in their day-to-day functions.

Ideally the RMC should perform two high level roles, namely:

1. Manage the implementation of Government-agreed targets for trade facilitation rates (i.e., the target Green/Yellow/Red rates to be achieved
2. Review and Endorse the Annual Risk Management Plan

Its key responsibilities would include:

- Providing policies, frameworks, methodologies, and tools to business units for the identification, assessment, and management of risks
- Defining roles, responsibilities, and accountabilities at the executive and senior management level
- Ensuring that the application of Risk Management at the operational level is following a consistent approach to risk assessment, prioritizing and treating risks
- Reviewing performance measures and resource allocation against planned/expected results and recommending actions to achieve higher success where appropriate
- Communicating the Risk Management process to the Member Customs and Chairman FBR

The Trade Project proposes that the RMC comprises the following group of senior officers:
1. Customs Member Compliance and Enforcement (Chair)
2. Customs Member Appraisement
3. Director General Compliance Management
4. Director General Enforcement
5. Director General Internal Audit
6. Chief Collector Appraisement South
7. Chief Collector Central
8. Chief Collector North
9. Director Intelligence and Risk Management (Strategic)

The RMC should meet on a quarterly basis for approximately two working days, with a prepared agenda, and minutes produced at the conclusion of each meeting and subsequently presented to the Member Customs.

At this meeting comprehensive statistical performance reports, produced by the Intelligence Profile Monitoring and Reporting Unit for each current profile in the WeBOC system, will be critically analyzed and evaluated in line with the achievement of the Government's selectivity targets. Profiles not producing acceptable levels of results (i.e., positive interdictions) or not triggering an acceptable number of interventions, would be ordered for re-assessment with tighter selectivity parameters, or removed from the system altogether.

The requested change of direction of risk-based targeting is to be documented and forwarded to the Director Intelligence, so that the Intelligence Profiling and Targeting Unit can implement the changes.

On an annual basis, the RMC should meet to review the new Customs Annual Business Plan and existing National Risk Register and Risk Management Plan. At this meeting, recommendations for appropriate changes to the Risk Management Plan will be made in accordance with the current government policy and Customs objectives.

As the RMC is implemented and progress made, the next logical step will be the establishment of regionally based RMCs that will report to the National Committee. The introduction of regional RMCs will ease the initial heavy burden on the national Risk Management Committee, as it can be expected that all profiles in the system will be reviewed by them until devolution to the regional RMCs.

8.3.2 Intelligence Led Profiling and Targeting

Effective Risk Management comes from a broad information base, alongside the production of intelligence to guide the organization's decision-making. Therefore, it is important to understand what customs intelligence is and how intelligence units should operate.

Intelligence is a _product_ that is produced and disseminated after the _evaluation_ process of developing and analyzing a number of pieces of _information_. This information can come from a variety of internal and external sources as well as regional and international bodies or other law enforcement agencies.

Examples of Intelligence products include intelligence alerts, intelligence bulletins, threat assessments, risk assessments, intelligence profiles, and post-seizure analysis.

The evaluation of information is usually made on the basis of grading information according to the following two areas, known as the "Admiralty Rating System". The table below provides a summary of the Admiralty Rating System. A fuller explanation of the terminology is presented in **Annex 17**.

Table 4: The Admiralty Rating System

The _Reliability_ of the source of information (A-F)	The Validity and _Probability_ of the information being true and correct (1-5)
A. Completely Reliable	1. Confirmed True
B. Usually Reliable	2. Probably True
C. Believed Reliable	3. Possibly True
D. Not Usually Reliable	4. Doubtfully True
E. Unreliable	5. Improbable
F. Unknown –Reliability cannot be judged	

For end-users, the higher the letter, (i.e. "A") and the higher the number (i.e., "1") implies a better quality intelligence product. A better intelligence product can usually be expected to guide an enforcement action (anti-smuggling operation or examination) to an event with a higher chance of success. An intelligence analyst is able to make a logical determination of probability based on higher quality intelligence ratings.

Quality intelligence drives profiling and targeting decisions that direct Customs Risk Management and subsequent allocation of resources. It ultimately creates the profile parameters and trigger points within the WeBOC's RMS.

This allows Customs Management to dedicate resources as required for strategic, operational, and tactical risk mitigation measures. To send the ASO for a prolonged period of time on an indiscriminate "fishing expedition" on intelligence with a very low rating (F-5) is probably going to achieve minimal results at great expense, and potentially expose the Government to embarrassment.

In order to establish a system that is intelligence-led it is first necessary to create an Intelligence Unit that records and accesses all sources of information about particular events, entities, or individuals, whether factual, opinion-based, or allegation-based.

To initiate the system above, Customs will need to introduce documented "Information Reports" that are completed by Customs Officers when any form of information is encountered in their duties, or private lives, that can contribute to the development of intelligence.

An intelligence automated database system that is accessed by all customs officers would allow them to input their information reports electronically, so that they can be evaluated by centrally-based, or regionally based, intelligence analysts and disseminated.

With an established information collection and storage facility database, the job of creating intelligence products, such as risk profiles, can commence. A unit within the Intelligence section known as "Profiling and Targeting" - tasked with targeting high-risk entities, individuals, and commodities, to create risk profiles which are input into the RMS selectivity function - will access intelligence reports within the Customs system, import/export data from WeBOC, intelligence from Other Government Agencies (OGAs), intelligence from international sources, and open source information.

In the first instance Pakistan Customs needs to establish an Intelligence Unit to fulfil the needs of Compliance Management. There will need to be a combination of central (Islamabad) and regional units (Karachi, Lahore, Quetta, and Peshawar). The regional units will work independently of each other while being overseen and managed by the central office unit for consistency.

The operational Intelligence unit in each region headed by a Director Intelligence should ideally have four units performing different intelligence functions as follows:
1. Information Collection and Evaluation
2. Profiling and Targeting (Operational and Tactical Risk Management)
3. Profile Monitoring and Reports (Operational and Tactical)
4. Strategic Risk Management Planning and Analysis

The location of the unit will determine the number of people needed to staff the teams. Indicative numbers for each unit would be as follows: Islamabad (40), Karachi (50), Lahore (25), Quetta (25), and Peshawar (25).

To enable effective performance, human resources will need to be properly supported by adequate infrastructure and technology, as well as strong administrative procedures and guidelines. As the information and intelligence holdings of the unit are highly confidential, there is a need for internal security arrangements, and rigorous background checks of integrity and assets. This will be part of the vetting procedure.

Annex 18 provides a pictorial view of how an Integrated Intelligence targeting and monitoring system would manage the targeting and monitoring needs of risk profiles in Pakistan. This reflects a system that is established in a coordinated manner, both administratively under the proposed Directorate of Compliance Management, and with a national intelligence computer system.

It is important to identify and clarify the relationship and cooperation between the profile targeting and monitoring units at regional locations and national level (headquarters) to ensure efficiency with limited duplication of effort. It must be understood that while regional targeting is considered more effective due to proximity to sources of information and the ability to gain feedback instantly, the same approach and methodology for the risk assessment (i.e., likelihood vs. consequence equals high/medium/low risk) must be applied consistently.

The Intelligence branch will need to establish Memoranda of Understanding (MOU) with a number of other intelligence agencies within the GoP, to make additional research options into entities and individuals available. This would also be expanded to include bi-lateral agreements with regional neighbors, or as a much more concerted effort, to work with other Customs administrations who are also signatories to the "Nairobi Convention."[35]

8.3.3   WeBOC Risk Management System (RMS) – Selectivity

The RMS of WeBOC needs to be populated with specific profiles targeting entities, individuals, and occasionally commodities, to improve and accurately target high risk consignments. These profiles should be fed into the system by the Intelligence Profiling and Targeting team.

Risk profiles require a set lifespan, including a review date, or an end date. A common problem faced by Customs administrations engaged in developing automated selectivity systems is dealing with a build-up of unmonitored and outdated risk profiles in their systems. These can negatively impact trade facilitation, by unnecessarily sending consignments for examination beyond the intended lifespan of the profile.

All risk profiles to be entered into the WeBOC system should be accountable and fully documented, so that a clear audit trail is available. A documented profile request, accompanied by all of the supporting risk assessment information, should be signed off by the Director of Intelligence prior to uploading the profile parameters in the WeBOC system.

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[35]WCO International Convention on Mutual Administrative Assistance for the prevention, investigation and repression of Customs Offenses. Entered into force 21 May 1980

The programming of WeBOC requires further development, so its "sifting" ability is greatly improved to identify known targets, or threats (entities, people, and commodities). Rather than the blanket coverage of commodities that currently exists, WeBOC can then select these threats/targets for appropriate action, be it a Red Lane or Yellow Lane intervention.

Programming the system to do this is obviously a highly technical specialism and the Trade Project must assume that the WeBOC programming and development staff has the ability to program entity-based selectivity. It can only be assumed that this type of programming was not initially carried out as Customs did not understand selectivity enough to identify it as a key requirement.

For example: if televisions are considered high risk for undervaluation, do all consignments of televisions get selected for examination? Currently, the answer is yes. Instead, if WeBOC were able to target 24-inch televisions, valued at less than USD 35, then risk-based selectivity would be in place.

For example: is the risk for undervaluation of televisions the same for those that are imported from China and those imported from Korea? If this risk is different, then the selectivity result should also be different. Therefore, 24-inch televisions valued at less than USD 35 from China would again be targeted, whereas 24-inch televisions valued at less than USD 50 from Korea would not be targeted.

Currently, WeBOC does not have the selectivity capacity to sift this information.

To extend the complexity of selectivity, an RMS working the way it should would also only select specific importers, with a history of undervaluing televisions, due to the risk associated with mis-description. The importer may declare the 24-inch televisions from China at USD 35 but in reality the televisions are 30-inch which should be USD 45.

The Trade Project has produced a very simplistic example of how an individual entity can be targeted, with different selectivity triggers for different commodity codes according to individual risk assessments (see **Annex 19**).

The introduction of entity-based targeting, and risk profiling, in the WeBOC RMS, will significantly reduce the number of Red and Yellow Lane interventions. The Trade Project is of the opinion that a Green Lane rate of 50% should be the first target set for achievement over the next eighteen months.

8.3.4   WeBOC Profile Monitoring and Reporting

An Intelligence section that contains a Profile Monitoring and Reporting Unit would be responsible for constantly analyzing the performance of each profile set in the RMS. Analysts in such a unit require a different skill set than other team members within the intelligence unit as it is driven by statistics and forecast modelling.

The unit will need to be able to analyze statistical data from the WeBOC system in a number of different ways, such as: sensitivity analysis, trend modelling, standard deviation, correlation, heteroskedasticity, and causality (Granger Causality). The unit will also need to forecast through different models, such as neural networks, to further strengthen the selectivity parameters of the system, with a view to decreasing the interventions, while maintaining the same rate of success.

When profile selectivity is working efficiently, the non-compliant traders will make a conscious decision to start complying, or to alter their *modus-operandi*, to avoid detection. The ability to analyze data related to changes in an entity's declared volumes, commodities, and point of importation, is important to ensure that selectivity criteria is constantly being set correctly.

The Profile Monitoring and Reporting unit will compile detailed analysis reports on the profiles and present these on a quarterly basis to the Risk Management Committee. The reports, with supporting justifications, will have recommendations to continue pursuing particular profiles without change, amend selectivity criteria, or have certain criteria removed from the system.

As previously discussed, the RMC will take into account a number of higher level Government objectives that very often conflict with each other (i.e., revenue collection, trade facilitation rates, ensuring public security) before making decisions based on the recommendations of the profile monitoring and reporting team.

In order for the Profile Monitoring and Reporting unit to be effective, the WeBOC system requires a great amount of development work in the first instance to be able to provide even the most basic statistical reports for analysis. For example, in order to monitor the success of a profile targeting 'undervalued televisions from China', the WeBOC system needs to be able to provide the following, at a minimum:

- The profile will have a unique number to retrieve the results for performance monitoring in a given timeframe
- Total number of declarations that "triggered" the profile
- Total number of Red Lane and Yellow Lane interventions conducted
- Total number of successful Red Lane interventions and the revenue increase for each one or other contraventions identified
- Total number of successful Yellow Lane interventions and the revenue increase for each one or other contraventions identified
- Overall success rate of Yellow and Red interventions per profile
- Average percentage revenue increase of each successful intervention per profile
- Number and value of any penalties applied per profile
- Statistical listing of entities importing televisions and a risk ranking according to the number of contraventions and the potential revenue loss associated for the profile

A cover sheet in the form of a "Profile Performance and Evaluation Sheet" can further simplify the process for the RMC, so they have access to a snapshot of the situation, rather than the need to read all reports produced by the profile monitoring unit, unless particular sensitivities exist.

The Trade Project has produced a sample "Risk Profile Performance and Evaluation Sheet" for Pakistan Customs to consider adapting for use in the future. This is presented as **Annex 20**.

8.3.5 Customs Clearance Activities

The control mechanisms in the clearance process, namely appraisement and examination are constantly under pressure to complete these real time activities due to the high volume of Red (25%) and Yellow declarations (47%). The impact of this volume is two-fold. First, if the work is completed diligently and thoroughly, it creates a backlog of declarations in the clearance process. Second, if the work is rushed and only partially completed to the minimum standard, then the reported results of that work may not necessarily reflect the desired result, such as positive statistics and penalty applications.

A transition from a reliance on real-time interventions prior to clearance of consignments, to a PCA approach with larger scope and more time to complete the work, will decrease the workload of appraisers and examiners. This, in turn, will increase their efficiency and effectiveness as they have more time to focus on a smaller number of declarations per day.

Improved intelligence-led risk selectivity will greatly assist with bringing the combined Yellow and Red declarations to a more manageable level (suggest 50% in the first instance). In the longer term a

realistic target is 30% (subject to Government targets) to be achieved within five years of the implementation of this roadmap.

As WeBOC is rolled out in its entirety, it will be necessary to ensure that the system is programmed to acquit Manifests. This will allow for an important automated cargo control mechanism and accounting process, and ensure time-up cargo is quickly identified and dealt with appropriately, with timely seizures and regular auctions.

8.3.6   Anti-Smuggling Organization (ASO)

Anti-Smuggling activities provide a very important control facility that further supports the application of CRM. In accordance with the new administrative structure proposed in this report, the Trade Project believes that control of the ASOs should be transferred from each Collectorate. ASOs should be placed under a centralized national command as part of the Compliance and Enforcement Wing. This will reap greater benefits and results, and provide increased consistency with human and physical resource needs, such as training and access to technology.

While they will still work closely with and at the Collectorates as they currently do, they will not be under the command of the Collector and therefore can work independently according to their own work-plan priorities and budget allocation.

As the number of consignments entering (or departing) Pakistan without any form of intervention increases, and improved targeting techniques by intelligence results (expectedly) in more interceptions during examinations, there will be a natural tendency for those still not willing to comply with the law to take a different approach to smuggling activity, which is already prevalent in Pakistan.

The ASO needs to be able to respond to these continuously changing threats, and be capable of acting in a more responsive/tactical manner. This will often require the use of risk indicators presented to the ASO physically at the time, as opposed to what the RMS is able to use for selectivity.

The resources required to deal with the threats will depend on the nature and location of the smuggling activities. Intelligence-led anti-smuggling operations are more likely to yield better results than static 24/7 gate checks or responding to tip-offs from informants. To assist with this, anti-smuggling operatives will be expected to be a main contributor to the intelligence process, by completing information reports for evaluation by intelligence officers responsible for information collection and evaluation.

Anti-Smuggling teams work in difficult environments and (often) stressful situations for prolonged periods of time. In order to achieve excellent results, the workforce needs to be well-trained, mobile and physically fit. General recruitment as recommended in this report, of educated people in their early 20's, and supported by quality technical customs training, is required to increase the capacity of the anti-smuggling organization. It is difficult to estimate the exact requirements of the ASO, but an additional 50 officers of the highest integrity, deployed nationally, will greatly contribute to dealing with the smuggling problems that Pakistan faces.

Another possible solution in the area of Human Resources is to target younger, recently retired military personnel. These former soldiers are usually in their early 30's and bring with them the knowledge of: operational command and control principles; fitness; discipline; and use of weaponry. These are attributes that are required to respond to smuggling activities originating in Pakistan's tribal areas. In addition to the above, anti-smuggling staff need to be adequately compensated for their efforts. This can be by way of a salary supplement for shift rosters, and overtime payments for operations or activities that go beyond their normal shift. Travel away from their home station needs to be supplemented with an adequate 'per diem' for lodging, meals, and incidentals.

All anti-smuggling staff should be adequately resourced with appropriate equipment, transport, and, as required, further specialist training.

A strategic decision needs to be made regarding the direction that Pakistan Customs wants to take with the maritime environment. In order to have a genuine anti-smuggling presence on the water, there is a need to have a dedicated fleet with appropriately qualified mariners to navigate the territorial waters, the contiguous zone, and the exclusive economic zone as determined by the United Nations Convention of the Law of the Sea (UNCLOS)[36]. In the absence of a suitably resourced maritime fleet, Pakistan Customs will need to develop MOUs with the Pakistan Coast Guard and the Maritime Security Agency. This will enable anti-smuggling operations to be conducted on behalf of Customs, or to have joint patrols where Customs Officers, on board other agency vessels, are able to exercise their legislative powers to intercept, chase, and board vessels suspected of being involved with smuggling activity.

8.3.7 Technology Unit and Operation Command Center

The technology and operational command requirements of Pakistan Customs need to be addressed separately, with increased supply chain security demanding better application of non-intrusive intervention technologies.

The Trade Project has recommended a new structure led by a Customs Member Compliance and Enforcement. In that structure is also the need to introduce a Directorate of Operations and Technology, which will include a National Customs Communication and Operational Command Center (NCCOCC).

The existing Transit Tracking control room is the ideal platform to expand the scope of monitoring Customs operations, which may involve teams deployed to remote locations where the security of staff will be paramount. Furthermore, the NCCOCC will be able to coordinate complex multi-agency tasking for land and maritime operations.

While the transit tracking room is a good starting point, it must be stated that the physical size of it is currently too small for an expanded role and, therefore, a more suitably sized area offering extremely high security will need to be obtained.

The technology available to be used by Customs administrations to mitigate risks through faster non-intrusive interventions, or to maintain control of a large number of areas without a physical presence, is constantly expanding. While the Trade Project did not have the privilege of observing or documenting exactly what technology Pakistan utilizes, it is essential that all ports, airports, and land-border crossings have some, or all, of the following items for monitoring, enforcement, and evidence collection.

- Particle Analysis Machines (Ion Scans, Atomizers)
- X-Ray Scanners (static and mobile for small packages up to full containers on trucks)
- Body Scanners
- Closed Circuit Television (CCTV)
- Surveillance Equipment including night vision gear (NVG)
- Evidence Collection Kits
- UHF Hand Held radios with encryption
- GPS tracking and video capability for all Customs vehicles (ASO in particular)

8.3.8 Investigations

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[36]Pakistan ratified its accession to UNCLOS on 26 February 1997.
http://www.un.org/Depts/los/reference_files/chronological_lists_of_ratifications.htm

The Trade Project is of the view that the approach to investigating customs offenses needs to be altered, primarily by separating the functions currently undertaken as part of the Collectorates' activities to a more completely autonomous, and much better resourced, Investigations Unit that is under administrative control of the proposed Compliance and Enforcement Wing.

Formal internal Service Level Agreements, or standard operating procedures, should dictate that any offense committed involving potential revenue loss of USD 25,000 be automatically referred to the specialist investigations team. The team can then conduct a thorough investigation of all matters relating to the offender/s.

A competent investigations team will not only establish and document the facts and evidence related to the particular offense, but will, as a matter of course, conduct in-depth background checks of previous declarations to establish a pattern of events that may determine an ongoing history of non-compliance. It is with this type of investigation that evidence of multiple offenses can be collected in order to bring a number of charges to the judiciary.

When evidence is presented to the court that identifies ongoing and systematic revenue evasion, as opposed to a "one-off" event, it is more likely that Customs will succeed in their prosecution efforts. The aim is for the court to rule in favor of Customs and impose severe penalties, which will send a clear message to other non-compliant traders that they will experience significant financial losses and reputational damage, should they continue to be involved with fraudulent activities.

There is also scope, and a need for, the investigations unit to be more involved with issues related to valuation. While the valuation technicians have the role to identify the true value of goods, the result of their inquiries and research usually identifies valuation fraud. Once again when the fraud identified by the Valuation Unit has the potential to exceed USD 25,000, this should be referred for further investigation by the Specialist Investigation unit.

In order to conduct investigations of offenses that involve transactions and invoicing in other countries, the Investigation Unit will need, on occasion, to travel internationally to gather necessary evidence. Bilateral agreements, or use of Mutual Assistance agreements such as the WCO Nairobi Convention, will need to be institutionalized to accomplish this.

Increasing the capacity of the investigations unit will require a combination of increased human resources, technology, equipment, and specialist training, which will require great investment.

8.3.9 Post Clearance Audit

The Trade Project has produced a separate Gap Analysis for PCA for consideration by the FBR/Pakistan Customs. The overriding recommendations in it mirror many aspects of this report in relation to legislation, policy, procedures, planning, reporting, data analysis, Risk Management and staff development.

This Gap analysis contains a total of nineteen key recommendations for consideration and implementation by the FBR/Pakistan Customs Directorate General of PCA. These recommendations address the following areas:
- Update the current Post Clearance Audit Manual
- Introduce Strategic Planning and Reporting documents for the Directorate as a whole and for regionally-based audit units
- Improve the policy and procedures in use by the PCA to reflect the strength of existing law
- Increase human resource capacity with targeted recruitment of specialists and commitment to maintaining staffing levels according to approved number of positions

- Customs technical training requirements such as the Harmonized Commodity Description and Coding System (HS) Tariff, World Trade Organization (WTO) Valuation and Rules of Origin
- Training in systems-based audit and computer-based audit
- Increase cooperation and information-sharing between Customs Directorates, Collectorates, the FBR and other government agencies
- Increase use of Risk Management and implementation of Compliance Management
- Prioritize compliance among the large volume traders to protect the majority of trade revenue

The recommendations included in this report are extensive and full implementation will require time. The following two recommendations should be prioritized for significant and expedient improvement in the functionality of PCA:

1. Staff the PCA with qualified auditors to ensure that complex systems and computer-based audits can be conducted (this is not the current practice)
2. Implement changes to the appeal process to reduce the number of cases deadlocked in the adjudication system, and the amount of payments outstanding

8.3.10 Customs Agents Licensing and Regulation

There is a pressing need to write new legislation and policy for the Customs Agents industry, and to introduce much closer 'Customs to Trade' working relationships through the establishment of a National Committee of Customs Officers & Customs Agents (NCCOCA), for which the Law currently provides.

The standards for the Customs Agents Licensing examination should be more focused on technical Customs issues, rather than a majority weighting on an ability to communicate in English and computer skills. The testing regime should be a cooperative effort between Customs and the Customs Agents industry for increased transparency.

Increasing the technical knowledge of Customs Agents with ongoing development programs, combined with stricter testing arrangements, will greatly assist the compliance environment. Expected results include a decrease in technical errors, increase in accountability for errors, and penalties for fraudulent activity or collusion to defraud government revenue.

8.4 Enforcement and Recognition

8.4.1 Enforcement Possibilities (Persuasion, Formal Warning, Penalties)

It is important for Pakistan Customs to use a flexible approach to obtain higher levels of self-assessed compliance, as part of a longer term strategy to achieve the desired national level of compliance. The goal must be set to collect the correct amount of revenue due in the first instance, rather than attempting to make up revenue shortfall with tougher penalties. As discussed, if Customs is seen to be visible and proactive in its attempts to assist its clients with their compliance levels, rather than applying heavy penalties in the first instance, it can help stabilize revenue collection, while increasing trade facilitation.

Persuasion methods tend to be an advance warning to target groups, or risk areas, that Customs can openly inform the trading community of its intentions. By way of website or other publications, Customs can identify what the problems are, what the Customs response will be and what the trader can do to avoid unwanted penalties. The previously mentioned Compliance program of the Australian Taxation Office is an example of this approach. It is recommended that publicized intentions in this regard reflect institutional will and capacity, in order to promote Government credibility.

Formal Warnings are brought about by the identification of non-compliance. Although each case is different, the offending party can very often avoid penalties on the basis of "First Offense", "Unintentional Errors" or "Full Disclosure and Ongoing Assistance" as part of Customs efforts to improve voluntary compliance levels. In these instances a letter is sent to the relevant entity detailing the nature of the offense, the penalty options provided by legislation, the discretionary options to waive a penalty, the recording of the offense for future reference on intelligence databases, and the expected penalty to be applied, should the same or similar offense occur in the next 12 months.

Once the softer approaches have been exhausted, or the revenue loss is deemed to be intentional or fraudulent, then Customs will apply its penalty regime in line with the legislation. Any trade or entity that has been penalized will come under close scrutiny in the future to confirm they are making the necessary changes to improve their level of compliance. If there remains a negative attitude, then it is also reasonable to expect that PCA and Investigations will become involved to further scrutinize the offender's activities

While the current Customs legislation provides the legal basis for strong punitive action in relation to offenses, a documented penalty regime that allows for escalating penalties on a case-by-case basis provides for consistency and transparency. When an offender is made acutely aware that the next level of penalty is in excess of the previous, it provides the motivation and opportunity to make the required behavioral adjustment and comply with the law.

The following is a simple escalating penalty plan that can be implemented provided the law, policy, and procedures are put into place:

Table 5: Simple Escalating Penalty Plan

Offense No	Discrepancy	Penalty Action
1	Less than 20% discrepancy in quantity or value	Warning Letter Issued, No Penalty
1	More than 20% discrepancy	Penalty Applied of 50% of revenue avoided
2	Less than 20% discrepancy	Penalty Applied of 50% of revenue avoided
2	More than 20% discrepancy	Penalty Applied of 100% of revenue avoided
3 or More	Less than 20% discrepancy	Penalty Applied of 100% of revenue avoided
3 or More	More than 20% discrepancy	Penalty Applied of 200% of revenue avoided; Consider Prosecution

A formal warning and penalty regime will not work as intended, unless Customs has a centralized Intelligence database to record all of the relevant details of offenses for future reference.

8.4.2   Recognition - Facilitation Rights for Confirmed High Levels of Compliance

A well-structured and effectively implemented Compliance Management Program will not only identify non-compliant behavior, but in many cases will identify and confirm compliant behavior; which is the preferred result. Provided that the legislation and policy is available, Customs will be able to reward identified entities in a number of ways should it choose to do so, all of which allow traders to clear their consignments more quickly. In turn, this benefit potentially has the consignments sold into the economy before the payment of duty and tax liabilities, which offers very attractive competitive advantages. While every country is different, the general terminology for such arrangement is a "Trusted Trader Program".

The following is a selection of facilitation rights that a trusted trader program can provide:
- Pre-Arrival Clearance Facility
- Deferred Payment of liabilities (declaration on arrival paid 30 days in arrears)
- Consolidated Declarations (1 Declaration submitted at the end of the month for all consignments entered that month)
- Predictable higher level of Green Lane clearance
- Acceptance or Prudential Audit Results (less Customs Audits)

Before such formal arrangements are entered into between Customs and the trading entities, it is reasonable that a series of Customs Audits have been performed at the entity's premises with minimal errors or problems encountered for a period of three years. Customs is then well-informed and aware of the entity's internal control mechanisms, and the expected volumes and values of its transactions. These statistics can be monitored for dramatic swings, to raise flags for possible changes in compliance levels.

9. Action Plan to Implement the Roadmap

By grouping the recommendations and discussion points of The Way Forward into broad strategic areas requiring attention, there are at least sixteen key areas/sub-projects requiring some kind of targeted input in order to improve the compliance management environment within Pakistan Customs.

The approach to be taken must be holistic and in unison, as many activities are dependent on other activities progressing at a similar pace. Implementing this roadmap will need to be approached as a total reform and modernization project, with many sub-projects. Before this can even begin, key strategic decisions have to be made, as without the foundations set correctly, then the implementation phases will be extremely difficult. Just as there are a variety of external influences and conflicting pressures for reform, so too there are many potential implementation plans that can be followed.

Therefore a definitive implementation plan cannot be produced until such time as the Government identifies the strategic direction to take. While the Trade Project is unable to make assumptions as to the decisions that the GoP may take, the action plan with a five-phase timeline assumes underpinning recommendations for devolving Customs preventive activities at the Collectorate level, and placing them under the administrative jurisdiction of a new Customs Member Compliance and Enforcement, are agreed and actioned.

To assist with the reading of the following phases and understanding the concurrent activities taking place in implementing the sixteen sub-projects, a strategic action plan with activities, timeframes and responsibilities is provided at **Annex 21.**

If all of the recommendations of this report were to be accepted than this action plan could be used initially as the basis for a high-level project plan subject to further development.

9.1 Phase 1 (Immediate, 0 – 6 months) Strategic Decisions – Accept Recommendations, Identify Priorities, Business Cases, Administrative and Funding Approvals

In order to move forward it is first necessary for the FBR, and higher levels within the Finance Ministry, to consider the recommendations of this roadmap and the recommendations of other strategic documents prepared by the Trade Project that have overlapping topics. A list of these documents was provided in Chapter 5 of this report. Cumulatively, they will provide assistance with a total reform; individually, they provide detailed specific actions to be taken.

The decision-making group, having either accepted recommendations unconditionally, agreed to recommendations in principle, refined or redefined recommendations, or rejected recommendations, will then be required to document the priority areas for action with broad timeframes.
Their analysis will detail answers to the following questions

- What is required to be implemented?
- When is it to be implemented?
- What order is it to be implemented?
- What timeframe is required for implementation?
- Who is responsible for the implementation?
- How will the implementation be funded?

The Trade Project would suggest that at this point a high-level project steering committee be established to direct, guide, and empower a "Compliance Management Project Group" (CMPG).

The Steering committee should include the Member Customs, Member Reforms and Automation, Member for Public Expenditure, the Chairman FBR, the Secretary for Revenue and at least two others of similar stature from outside the FBR.

The CMPG should consist of at least eight customs officials of level BPS 17-19 reassigned to the project for an initial period of three years. Having a dedicated team assigned to the project removes all other distractions faced by many higher level officials in their respective Collectorates and Directorates. They will need to be screened to ensure they are change management-oriented, committed to such a project, and have a proven high level of work ethic and integrity.

The CMPG's first task will be to review the priorities and directions of the steering committee, and develop the required business cases for each of the sub-projects. This will provide the basis for the preparation of a total compliance management reform business case, detailing staffing requirements, infrastructure, technology, and budget estimates. This can then be presented for approval by the Minister of Finance or designated project advocate/champion.

The Trade project believes that Phase 1 (above) can be achieved in six months, but this is heavily dependent on the initial decision-making being finalized in a timely manner.

9.2 Phase 2 (Short Term, 6 – 12 months) Confirming and Institutionalizing Change

The second phase of the action plan principally involves confirming and documenting as much of the agreed reforms as possible. This allows for the new shape of Pakistan Customs to be visualized and institutionalized into the GoP civil service.

It is in this period that the CMPG or the various project sub-groups will work on the following broad activities:

- Drafting, negotiating, and agreeing to the administrative structure of Pakistan Customs
- Preparing job descriptions for integration into public service and preparation for recruitment exercises and training needs
- Identifying Training Needs
- Drafting New Legislation and Policy documents
- Business Process Reengineering for implementing new procedures
- Introducing strategic planning for business objectives
- Conducting a national level SWOT analysis and creation of a National Risk Register and Risk Management Plan
- Implementing lower-level Risk Management planning to ensure the business objectives are achieved
- Identifying stakeholders and creating a Customs Cooperative Council as well as a National Customs Officers and Customs Agents Committee
- Preparing for a Centralized Intelligence Unit with increased capacity of personnel and technology to implement entity-based profile targeting and monitoring units
- Preparing an outsource contract to develop an Integrated Intelligence Database and Intelligence Management System
- Re-Programming or Re-Configuring the WeBOC RMS to perform entity-based selectivity
- Preparing for a Centralized Anti-Smuggling Organization with increased capacity of personnel and equipment
- Preparing to introduce a Technology Unit and National Customs Communications and Operational Command Center
- Preparing for a Centralized Investigation Unit with increased capacity of personnel and broader investigative jurisdiction
- Preparing an initial scope for a Trusted Trader Facilitation Program

9.3 Phase 3 (Short - Medium Term, Years 2 and 3) Implementing Functions and Technology for Compliance Risk Management

Phase 3 is arguably the most critical phase of the action plan. It involves the physical relocation of functions and administrative accountability to align with what is, essentially, only on paper to this point. When the time comes, it will be necessary to review the entire project plan and prepare a new detailed project implementation plan. This will ensure the schedule moves ahead as seamlessly as possible.

It will likely be a period of resentment or resistance to change, as Collectorates may feel they have lost their power and/or autonomy, in particular when Intelligence, Investigations, and Anti-Smuggling units are centralized under the administrative command of a central Wing of Customs. For all intents and purposes, however, the same work will still be conducted on behalf of those collectors, but in a much more structured, consistent, and accountable manner. The Collectors will still maintain important contributions and input into resource allocation, via their membership within the strategic Risk Management committee. They will need to be consulted during the process of change to ensure they become active participants and owners, to facilitate success.

A summary of the major activities occurring in this critical two year phase is as follows:

- Providing internal and external recruitment exercises and intensive training for existing staff and new recruits
- Final drafting of new legislation for presentation to the Parliament
- Drafting and implementing new operating procedures
- Implementing operational work area planning and Risk Management planning
- Implementing Regional "Help Desks" and other educational and outreach initiatives to assist the trading community improve their compliance levels
- Establishing Regional Risk Management Committees
- Implementing Intelligence Targeting and Monitoring Units
- Implementing an integrated intelligence database and intelligence management system
- Implementing pre-arrival selectivity of the WeBOC RMS
- Conducting specialized training for Intelligence, Anti-Smuggling, Investigations, and Post Clearance Audit units
- Purchasing and introduction of specialized technology and equipment to assist with targeting, monitoring, and conducting non-intrusive interventions
- Introducing specialized audits for compliance testing and identification of suitable entities for a trusted trader facilitation program

The reality of major reforms and project implementation is that there will be some delay in timelines, and progress will not necessarily be consistent across all of the sub-projects. Therefore, while the following Phase 4, two-year timeframe is set aside for evaluation and refinement, the expected reality would also include implementation of unfinished Phase 3 activities.

9.4 Phase 4 (Medium Term, Years 4 and 5) Evaluating, Refining, and Improving

At the completion of three years of reforms, Phase 4 represents an opportunity to realize a sense of calm and reflection for Pakistan Customs to take stock of the Compliance Management Project's implementation to-date.

It is at this stage that the initial three-year appointment of the "Compliance Management Project Group'" will come to an end. Ideally, it would be beneficial if at least half of the group remain to complete the project, but there will be a natural attrition expected due to fatigue and general career aspirations of some individuals. At this stage, new members of the CMPG with differing views, reflecting first-hand participation in the many changes, will help cast new light on some of the expected challenges and hurdles the implementation project still faces at this time.

In this period each of the sixteen sub-projects will need to be reviewed and evaluated on an individual basis regarding their implementation in accordance with the project implementation plan, as well as their integration and implementation as a whole. Activities are not mutually exclusive; it is likely that progress in a particular activity will slow down or cease, in order to wait for the progress of inter-related activities to catch up, which then allows for progress to once again continue in unison.

For a variety of reasons, there will be unfinished activities from Phase 3 to continue implementing during Phase 4. The review report will need to clearly identify the reasons for delays, and provide solid recommendations to enable the project to realign itself for completion at the end of the 5th year.

It will be in this period that Customs shall institutionalize the compliance management principles, through continuous improvement exercises at operational and strategic levels of Customs.

9.5 Phase 5 (Long Term, 5 Years and Beyond) Complete the Implementation Process

Phase 5 of the Compliance Management Project is essentially the close out of the project. This involves the completion of final project reports and the disbandment of the CMPG to return to other positions within the Customs administration.

By this stage it can be expected that suggested facilitation rates (50% Green) have been achieved, and that the Government and FBR are much more comfortable with the way they are managing compliance in Customs so that facilitation rates can be further increased toward a target of 80% Green.

Strategic planning, reporting, and accountability will be more transparent. Customs will have responded and overcome many human resource and technology deficiencies and have developed a mind-set of being an intelligent learning organization. By embracing change and continuous improvement, Customs will keep up with the demands of global trade, and its clients which seek to be a part of further trade facilitation programs such as the Authorized Economic Operators (AEOs). An AEO represents the highest level of recognition, for compliance with Customs and international supply chain standards, that an entity can be afforded.

10. Conclusion

This gap analysis of the CRM environment in Pakistan Customs was conducted with the high-level support and contributions from a small number of individuals within the FBR and Customs, but minimal support and cooperation from the majority. While this lack of cooperation has made information-gathering difficult, the Trade Project, over an extended period of time, has herein identified the major deficiencies and misconceptions that exist, and opportunities for improvement.

Pakistan Customs and the FBR believe that their previous reforms and implementation of the WeBOC RMS are providing tangible solutions to many of the problems they face. This is inaccurate. At the time of this report, the Trade Project observed a series of poorly planned, poorly budgeted, poorly documented, and poorly implemented projects which lack accountability and transparency despite these being the objectives of the reforms.

Notably, WeBOC implementation is the most urgent deficiency, despite being a good software product. The implementation of PCA without dedicated and established Risk Management is a close second. Efforts to improve integrity are just beginning to gain traction.

In order to implement best practice compliance management, it is necessary for Pakistan Customs and the FBR to stop 'window-dressing', a practice currently evidenced in bypassing implementation of the foundations necessary for a successful reform program. Genuine commitment by the GoP, FBR, and Customs is required in order to implement the difficult, long lead-time and expensive reforms that are necessary – in-hand with the assistance of many donor organizations willing to participate.

Therefore, it is envisaged that while a number of comments and recommendations contained in this gap analysis and roadmap will be challenged and difficult to accept, it is hoped that the leadership qualities of the FBR executive and above will prevail. General concurrence and acceptance of this report will enable Pakistan Customs to embrace the need for holistic reform. A process that starts at the 'root and branch' level will meet administrative needs for re-structuring, strategic planning, legislative reforms, human resource management and business process reengineering before moving to higher-profile items of specialist units and greatly increased investment in technology and infrastructure.

Improving the CRM environment in Pakistan Customs will require a dedicated and systematic approach to reform and modernization, supported by leadership and management willing to embrace sustainable change. There are serious concerns at the outset, as these key attributes are yet to be observed by the Trade Project.

Annex 1: Compliance Risk Management Meetings Matrix

May 2013 (Karachi)	Compliance Risk Management (CRM) Meeting Log
Tuesday 14th	Director, Training and Research(Khi), Ms. Rubina Wasti
Wednesday 15th	Chief Collector, Appraisement(South), Mr. Muhammad Yahya Chief Collector, Enforcement(South), Ms. Riffat Hasan Collector, Preventive, Mr. Abdul Rashid Sheikh Additional Collector, WeBOC, Mr. Syed Aftab Haider Project Manager, WeBOC, Mr. Azeem Afzal
Thursday 16th	Collector, PaCCS, Mr. Amer Ahmed Director General (DG), Transit, Mr. Khawar Farid Maneka
Friday 17th	Director, PRAL, Mr. Humayun Zafar Collector, Preventive, Mr. Abdul Rashid Sheikh
June 2013 (Karachi)	**Compliance Risk Management(CRM) Meetings Log**
Monday 10th	Chief Collector Enforcement(South), Ms. Riffat Hasan Assistant Collector, Anti- Smuggling Unit, Mr. Muhammad Wasif
Tuesday 11th	Secretary, Risk Management Unit, Mr. Junaid Memon
Wednesday 12th	Additional Director, Valuation, Mr. Wajid Ali
Thursday 13th	Collector, Preventive, Mr. Abdul Rashid Sheikh Director, Training and Research, Ms. Rubina Wasti
July 2013 (Karachi)	**Compliance Risk Management(CRM) Meetings Log**
Monday 8th	Chief Collector, Appraisement(South), Mr. Muhammad Yahya Chief Collector, Enforcement(South), Ms. Riffat Hasan
Tuesday 9th	Director, Training and Research, Ms. Rubina Wasti
Wednesday 10th	Collector, Preventive, Ms. Abdul Rashid Sheikh
Thursday 11th	Additional Collector AFU, Karachi Airport, Mr. Yakoob Mako Additional Collector, Appraisement (West), Mr. Iftikhar Ahmed
Friday 12th	Director, Training and Research, Ms. Rubina Wasti
April 2014 (Karachi)	**Compliance Risk Management(CRM) Meetings Log**
Monday 14th	Muhammad Saleem – Collector Appraisement (West) and Iftikhar Ahmed – Additional Collector (West)
July 2013 (Lahore)	**Compliance Risk Management(CRM) Meetings Log**
Monday 29th	Chief Collector, Central (Lahore), Mr. Lutfullah Virk Director General, Training and Research, Mr. Mehboob Saqib Khan Collector, MCC Preventive, Mr. Junaid Akram Additional Collector Appraisement, Dr. Adnan Akram Additional Collector, MCC Preventive, Dr.Mubashair Baig
Tuesday 30th	Additional Collector, Preventive, Mr. Mukarram Jah Ansari
Wednesday 31st	Additional Collector, Customs Wagah, Mr. Saadia Munib Deputy Collector, Customs Wagah, Mr. Shafiq-ur-Rehman
August 2013 (Lahore)	**Compliance Risk Management(CRM) Meetings Log**
Thursday 1st	Additional Director, Valuation, Ms. Tayyeba Kiani Additional Collector, MCC Appraisment, Dr. Adnan Akram
Friday 2nd	Collector MCC Appraisement, Dry Port, Mugal Pura, Ms. Zeba Hai Azhar
November 2013 (Lahore)	**Compliance Risk Management(CRM) Meetings Log**
Monday 4th	Chief Collector (Central)

Monday 4th	Director DGTA, Mr. Khawaja Umer Mehdi
Monday 4th	Additional Collector (Lahore Airport), Mr. Mukkarram Jah
Wednesday 6th	Collector Mughalpura, Ms. Zeba Hai Azhar
FBR Meetings (Islamabad)	**Compliance Risk Management(CRM) Meetings Log**
August 23rd,2013	Chief International Customs, Mr. Zubair Yousfani
September 4th,2013	Chief International Customs, Mr. Zubair Yousfani
September 11th,2013	Chief International Customs, Mr. Zubair Yousfani
September 26th,2013	Chief International Customs, Mr. Zubair Yousfani
October 14th,2013	Chairman FBR, Mr. Tariq Bajwa
November 20th,2013	Chief International Customs, Mr. Zubair Yousfani
December 17th,2013	Secretary (Management – Customs), Mr. Masood Ahmed
January 9th, 2014	Chief International Customs, Mr. Zubair Yousfani
January 30th, 2014	Chief International Customs, Mr. Zubair Yousfani
February 12th, 2014	Robina Athar, Chief IT Reforms
February 13th, 2014	Deputy Collector Airport - Mr. Ghulam Ali Malik Deputy Collector Air Freight Unit - Mr. Abdul Waheed Marwat
April 7th, 2014	Ms. Robina Ather, Chief (Reforms & Automation), FBR Ms. Rezwana Siddiqui, Secretary (Reforms/Projects), FBR
April 28th, 2014	Dr. Zubair Yousfani, Chief (International Customs), FBR Rezwana Siddiqui, Secretary, FBR Zubair Shah, Second Secretary, FBR

Annex 2: List of Documents and Statistics for Review

STRATEGIC PLANNING DOCUMENTS, POLICY, AND PROCEDURES	
Responsible Area/Position	**Document Required for Confirmation of Existence and Subsequent Review**
Chief Collector Appraisement (South)	1. Business Plan and Strategic Operational Plan 2. SWOT Analysis 3. Risk Management Plan 4. Policy for Staff Integrity 5. Policy for Staff Rotation /Reassignment 6. Policy for Performance Evaluation 7. Organogram / Administrative Structure of Area of Responsibility 8. Internal Control Programs for Operational Areas of Responsibility 9. Procedure Manual Designation of Customs Control Areas 10. Procedure Manual – Customs Valuation 11. Procedure Manual – Classification 12. Procedure Manual – Rules of Origin 13. Procedure Manual – Customs Clearance and Customs Control 14. Blank Customs Import Declaration with Explanation of Fields to be input
Chief Collector Enforcement (South)	1. Business Plan and Strategic Operational Plan 2. SWOT Analysis 3. Risk Management Plan 4. Organogram / Administrative Structure of Area of Responsibility 5. Internal Control Programs for Operational Areas of Responsibility 6. Procedure Manual – Anti Smuggling Operations 7. Procedure Manual – Intelligence 8. Procedure Manual - Investigations 9. Procedure Manual – Post Clearance Audit 10. Non Customs Laws Applicable in the Customs Environment that apply criminality to smuggling/evasion/fraud etc
Collector Preventive / Risk Management	1. List of Risk Management Committee Members 2. Minutes of Previous Risk Committee Meetings 3. Terms of Reference for Risk Committee 4. Risk Matrix – Likelihood Vs Consequences 5. Risk Management Plan 6. Register of Profiles 7. Proposed Organogram

STATISTICAL INFORMATION	
Responsible Area/Position	**Document / Report**
Chief Collector South (Appraisements)	**Declaration Processing 12 Months** 1. Total customs value of all imports/exports/transit and excisable production 2. Total Revenue Collection figures for imports/exports/transit (duty, excise and other taxes/fees) 3. Total revenue waived by categories of exemption/concession 4. Specific detailed breakdown of revenue collected for top 20 import commodities (ie FOB, CIF, Customs Value, Duty Collected, GST, Other Taxes 5. Specific detailed breakdown of revenue collected for top 20 export commodities (ie FOB, CIF, Customs Value, Duty Collected, GST, Other Taxes 6. Total Number of Declarations Submitted (Imports/Exports/Transit/Warehouse) 7. Total Number of Declarations Green, Yellow, Red (number and %) 8. Total Number of Declarations Accepted without amendment 9. Total Number of Declarations Amended after Yellow Lane Intervention 10. Additional Revenue Collected after Yellow Lane Intervention 11. Total Number of Declarations Amended after Red Lane Intervention 12. Additional Revenue Collected after Red Lane Intervention 13. Total Number of Container X-Rays 14. Total Number of Containers Examined After X-Ray 15. Number of Contraventions Attributed to X-Ray Scan 16. Total Additional Revenue Collected after Examination of X-Ray Scanned Containers 17. Total Number of Declarations Single Commodity (one line) 18. Total Number of Single Commodity Declarations that went Green/Yellow/Red 19. Total Number of Single Commodity Declarations Accepted without amendment 20. Total Number of Single Commodity Declarations Amended after Yellow Lane Intervention 21. Additional Revenue Collected after Yellow Lane Intervention of Single Commodity Declaration 22. Total Number of Single Commodity Declarations Amended after Red Lane Intervention 23. Additional Revenue Collected after Red Lane Intervention of Single Commodity Declarations
Chief Collector South (Enforcement)	**Anti-Smuggling Activities 12 months** 1. Total Number of Interventions 2. Number of Successful Interventions 3. Number of Seizures 4. Number Offense Reports submitted and type ie undervaluation, misdescription, smuggling, narcotics, Intellectual Property Rights 5. No of Information Reports submitted to Intelligence 6. No of Offenses Referred for Investigation 7. No of Profile Requests Submitted 8. Additional Revenue Collected as result of AS Interventions

STATISTICAL INFORMATION	
Responsible Area/Position	**Document / Report**
Chief Collector South (Enforcement)	**Investigations 12 months** 1. Number of Investigation Cases Commenced 2. Number of Investigations Concluded 3. Number of Successful Prosecutions 4. Number of Administrative Penalties issued 5. Number of Warning Letters sent 6. Results of Successful Prosecutions (revenue, seizure and auction) **Intelligence 12 Months** 1. Number of Information Reports Received 2. No of Information Reports Processed and Evaluated 3. No of Intelligence Documents Produced by type (Threat Assessments, Risk Assessments, Post Seizure Analysis, Strategic Profiles, Operational Profiles, Tactical Profiles 4. No of Profiles Submitted for Input into WeBOC 5. No of Requests for Information from Other Agencies
Collector Preventive /Risk Management	1. Number of Profiles Created last 12 months 2. Number of Declarations triggered according to each profiles 3. Number of Positive Interventions from each profile 4. Overall percentage of Success of each profiles 5. Number of Contravention Notices issued for positive interventions 6. Amount of Additional Revenue Attributed to these profiles

Annex 3: Compliance Risk Management Survey and SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

Q.1. Please Provide a List of the external client agencies and external stakeholders that you and your staff are required to communicate with on a regular basis and the nature of that communication. (i.e., telephone calls, ad-hoc meetings, scheduled Quarterly meetings etc.)

External Client Agencies and External Stakeholders	Votes	Percentage
Customs Clearing Agents & Associations	14	67%
Importers	9	43%
LEAs (Law Enforcement Agency)	8	38%
Directorate general of customs audit (Collectorate Level)	8	38%
Port trust	8	38%
Quarantine Department	8	38%
Railway/NLC	8	38%
Chambers of Commerce	8	38%
Anti-Narcotics Force	7	33%
Banks	7	33%
Exporters	4	19%
Other Ministries and agencies	4	19%
MOC (FBR Level)	2	10%
WCO (FBR Level)	1	5%
WTO (FBR Level)	1	5%
Applicants of availing concessionary SRO	1	5%
Owners of bonded warehouse	1	5%
Raw Material Components/sub components	1	5%
UNODC (FBR Level)	1	5%
FBR (HQ) Collectorate level	1	5%
DTRE Applicants	1	5%
Owners of bonded carriers	1	5%
Embassies	1	5%
Ministry of foreign affairs	1	5%
Drug Authorities	1	5%
Laboratories	1	5%
Shipping Agents	1	5%
Terminal operators	1	5%
Courts	1	5%
Pakistan quality standards and control authority	1	5%
External Auditors	1	5%
Police/FIA	1	5%
Wildlife department	1	5%
Airlines	1	5%

Nature of the Communication

Mode of Communication	Votes	Percentage
Telephonic Calls	9	43%
Letter	9	43%
Meetings	8	38%
Emails	5	24%
Personal Hearing	1	5%

Q.2. Please provide a list of the internal clients/stakeholders to your area of responsibility. What form of communication is used to discuss and resolve issues? i.e. phone calls, ad hoc meetings, scheduled quarterly meetings etc.

Internal Clients/Stakeholders	Votes	Percentage
Inter Collectorate	12	57%
Training Directorate	5	24%
Customs Clearing Agents	3	14%
Internal Auditors/ Directorate general of internal audit	3	14%
Customs Intelligence	3	14%
Formal/Scheduled Meetings	3	14%
Traders, Exporters/Importers	2	10%
Customs officers/Officials/Staff	2	10%
PRAL	2	10%
Appraisers	2	10%
Examiners	2	10%
Directorate General Intelligence and Investigation	2	10%
Chamber of Commerce	1	5%
Directors of Dryport trusts & bonded carriers	1	5%
Terminal Operators	1	5%
Shipping Agent	1	5%
Directorate General Post Clearance Audit	1	5%
WeBOC Project Team	1	5%
Income Tax/ Sales Tax Authorities	1	5%

Mode of Communication	Votes	Percentage
Telephone	15	71%
Emails	10	48%
Face to face meetings	7	33%
Ad-hoc meetings	4	19%
Letters	1	5%
Support Links	1	5%

Q.3. On the basis that Risk Management is an important tool to ensure that Customs Business Objectives are met, please explain the strategic planning documents you use as the basis of achieving specific objectives of the FBR/Customs Annual Business Plan.

FBR/ Customs Annual Business Plan	Votes	Percentage
Departmental Targets	4	19%
Not Answered	2	10%
WeBOC Modules/Risk management parameters incorporated in WeBOC and intelligence information.	2	10%
Custom general orders (CGO)/HS codes, customs act 1969, customs general orders, FTA's if any.	2	10%
Independent internal research/identification of gaps	2	10%
Parameters identified by RMC	2	10%
Customs directives issued frequently by FBR (HQs), Member Customs on various policy issues	1	5%
Intelligence alerts issued periodically by the DG I&I	1	5%
Custom Acts	1	5%
SROs	1	5%
Annual targets assigned by FBR on monthly and fortnightly basis by the operational heads of the department	1	5%
Most of the routine work is done within the law and written procedures. The mid-level management does not have a business plan and we don't know anything about it. Most of the planning and even objectives are set on adhoc basis	1	5%
Collectors shape the business plan which need to be met by the officers and subordinate staff	1	5%
Audit Reports	1	5%
Customs tariff's import policy order, instructions by FBR.	1	5%
Past clearance data, exemption SRO's, valuation rulings, field surveys, list of HS codes, data from risky imports, list of customs contraventions.	1	5%
Parameters of RMS are determined by risk management unit so being a junior officer, knowledge is limited. However heading a major exports section i know, RMS works on risky destinations/ new exports profile, risky PICT's, risky origins, workings risky discrepancy of weight etc. I want to participate in the development of strong RMS.	1	5%
Currently, no integrated planning documents are being used for this purpose. Risk management planning is carried out for different functional areas independently. With the introduction of the WeBOC system, the cargo clearance system has its own inbuilt risk management system.	1	5%
Known risk be listed, evolving risks be preempted. Support mechanism for coordination and timely dissemination of information. Building a repertoire of previous precedents, monitoring mechanisms for preventions.	1	5%

Q.4. If one definition of Risk Management is "The logical and systematic application of management policies, procedures and practices to the tasks of identifying, analyzing, assessing, treating and monitoring risk", what in your opinion are the internal policies and procedures that need to be in place and functioning properly to ensure that customs business objectives are met?

Internal Policies and Procedures	Votes	Percentage
Not answered	6	29%
Counter check and balance/accountability	2	10%
Online Accessibility	1	5%
Infrastructure Enhancement	1	5%
Review, revise and update RMS	1	5%
An independent Risk Management department to identify, analyze, assess, treat and monitor risk in coordination	1	5%
Responsibility of all concerned	1	5%
Regular reshuffling of staff according to desired tasks/objectives	1	5%
Incentives	1	5%
Counseling	1	5%
selection on merit	1	5%
Model to be Followed Input: Political and strategic environment Processes: Systems, Merit Orientation, Accountability Output: Revenue Collection, Tax to GDP Ratio, Trade Facilitation, Growth	1	5%
Identification & Modification of RM parameters	1	5%
Establishing/Identifying prevailing trends	1	5%
Gathering feedback /conducting surveys in the trading community	1	5%
Training and Specialization of customs staff	1	5%
Maintaining records of fraud detection	1	5%
Implementations of customs laws and procedures in letter and spirit, faithful monitoring of systematic clearances at various levels. Risk Management parameters incorporated in WeBOC and intelligence information.	1	5%
Access to operating officers should be strictly controlled. Contact b/w clearing agent and assessor needs to be in black box situation. Access to cell phone, strictly prohibited to assessing officers during office timings. Movement of clearing agents should be limited to in a designated area both at port and custom house. Strict monitoring of cleared GD's through PCA.	1	5%
RMS in WeBoc is a recently developed. Working on an average level	1	5%
Mind set of custom offices is not pro-business.	1	5%
The concept of risk management is relatively new to the FBR, and not widely understood especially at the operational level. Currently the customs operations are not designed around this concept and at most customs stations the basic work relating to risk identification & analysis has not been done. The parliament has authorized the creation of directorate general of risk management last year. This is expected to be made operational in the near future.	1	5%
Competency of staff in classification, up gradation of laboratory equipment	1	5%

for testing samples. Data integrity.		
Known risks be listed, evolving risks be preempted, monitoring mechanism for prevention, building a repertoire of previous precedents.	1	5%

Q.5. Do you or the next level of sub-ordinate staff have a documented Risk Management Plan that has a risk register detailing the priority order of risks in your area and the operational control measures to be undertaken to mitigate those risks?

Risk Management Plan	Percentage	Votes
Yes	33%	**7**
No	57%	**12**
Not answered	10%	**2**

Risk Management Plan

5a. Briefly explain the process undertaken to prepare the risk register and the monitoring program in place that ensures the operational control measures are undertaken.

Process Undertaken to Prepare Risk Register	Votes	Percentage
Miscellaneous (Internal checks, alerts, guidelines)	3	14%
A risk register is maintained where all export consignments are categorized keeping in view track record/ profile of the exporters, nature of goods, destination of the consignments	1	5%
The RMS is run through 3 channels Red, Green and Yellow Red: 100% examination Green: No examination Yellow: Discussed by staff	1	5%
Client Profiling	1	5%
Risk Profiling	1	5%
WeBOC filters	1	5%
Staff refresher Courses	1	5%
The system is inbuilt in the WEBOC system, in the form of previous imports, no of imported consignments, corrective measures, gap	1	5%

	Votes	Percentage
between self-assessment/customs assessment of taxes.		
1) Risky destinations 2) Commercial exporters 3) Risky pcts on which RD can be evaded, new exports, goods in which concealment may occur, risky origin, profile of exporter or agent.	1	5%
The system is inbuilt in the WeBOC system. Mostly it is in the form of a profile of the tracker with his previous history listing: previous imports no of imported consignments previous deviations corrective measures, gap between self-assessment/ customs assessment of taxes.	1	5%

5b. How often is the risk management plan reviewed and amended? Is this a task you undertake or is it conducted by subordinate staff. Which staff specifically?

Risk Management Plan review and amendment Which staff is responsible?	Votes	Percentage
Sometimes the goods once examined are re-examined after packing for checking narcotics/drugs	1	5%
Sometimes the consignments are 100% examined	1	5%
Sometimes sniffing dog is left on consignment for checking and psychological impact for one locker	1	5%
The risk management unit has periodic meeting where trader profiles are discussed and hence its decided where to place the traders performance wise	1	5%
No uniform risk management policy. At the airport multinational pharmacy Corporation are let of by the system with the assessment of the examination while not so at the airports. Risk manager is not in sync with trade facilitation. We need more technology to supplement whatever risk management plan we have.	1	5%
Timeframe for review and amendment: Weekly Quarterly 5 Year	1	5%
Task undertaken by : Supervising officers	3	14%
Task undertaken by : Appraisers/ Principal Appraisers	2	10%
Task undertaken by subordinate staff (Assessing officers, examiners, inspectors)	1	5%
RM plan not reviewed, officers work on their own on this	1	5%
RMS of WeBOC is reviewed by RMU, needs to be beefed up, recommendations sent to.	1	5%
Haven't seen many reviews. Officers on their own on work RMP in a haphazard manner and pass on instructions to the subordinates' staff nut once the officer is removed from the post all his instructions are gone with him.	1	5%

5c. What are the agreed terminology used for measures of Likelihood, measures of Consequence and Risk Levels that Customs uses?

Terminology for Measuring Risk Levels	Votes	Percentage
Not answered	11	52%
likelihood - Chances/possibilities	1	5%
Consequence - Impacts usually revenue/law	1	5%
Risk level - high, medium and low	1	5%
We are using gold and silver category for clients We are using red, yellow and green channels within the automated RMS	1	5%
Trader profile, goods being imported, mis-declarations in the past, sensitive origins of import consignments.	1	5%
Different channels - red, green, yellow	1	5%
Trader profile, goods being imported, mis-declaration in the past, sensitive origins of import consignments	1	5%

5d. Does the Risk Management Plan have a narrative that defines the risk levels and courses of action to be applied? If so please provide these.

Risk Management Plan Narrative	Votes	Percentage
Not answered	7	33%
Yes, these are in the form of informal written/verbal guidelines and actions applicable	3	14%
It is not necessary that the RMP should be in narrative form	1	5%
The RMP defines the risk level according to the profile of traders. Multinational companies are mostly found in green channels. Likewise, relatively new traders or those against when a new contravention is made, fall in green channel.	1	5%
No	1	5%
Based on word of mouth, passes on from seniors to juniors.	1	5%
RMP do have narratives that define risk levels but these are known to RMU, sitting at the port we just know about RMS is working and segregating consignments in three channels as red, yellow, green.	1	5%
Based on word of mouth and passes on from seniors to juniors. Concern-plugging the leaks in the revenue and everyone applies his own methods and minds.	1	5%

5e. Which areas of the organization maintain a risk management plan and to what extent do you have any involvement with its content?

Organization Maintaining RM plan , Custom Staff Involvement	Votes	Percentage
Not answered	7	33%
PRAL & WeBOC	2	10%
The senior management. The RMU comprises of collectors	2	10%
Airport Authorities	1	5%
Customs stations handling import/exports	1	5%

The directorate general of Risk management in FBR (HQ) Islamabad has been recently established but it is not fully operational	1	5%
Administrative branch and relevant branches according to their vulnerability and potential risks	1	5%
Operation head	1	5%
We are asked to only identify risky area; our RMS is developed on PCT heading, risky clients, country of origin, type of commodity etc. The rest is done by (the shadows)	1	5%
The DG of Intelligence provides RMS alerts	1	5%
Assessment	1	5%
Examination	1	5%
Post Release Verification	1	5%
Being in charge of a section one has to identify and implement RMP on one's own. Areas of risks are identified by Collectors/ADCs/ACs. Which are previously to be tackled by AC of a particular section.	1	5%
Zero involvement of customs staff	1	5%
Very less involvement of customs staff	1	5%
Collector. RMU tries to maintain a secret system of computer based risk management. Most important aspect and should be maintained that the top most level.	1	5%
Not a systematic process. On the discretion of the Collectors etc.	1	5%
RMU defines amends, updates, and takes decisions.	1	5%
A risk management plan is currently being created for the airport traffic (passenger terminal) at Allama Iqbal international airport Lahore. There are plans to subsequently create similar documents for other areas of the collectorates aswell.	1	5%
The RMU tries to maintain a secret system of computer based risk management but no one knows anything about that.	1	5%

5f. Using your own knowledge and experience of Risk Management gained over time, do you consider the need for a Risk Management Plan as a priority for your area of responsibility or should this responsibility be delegated to sub-ordinates and controlled by the Risk Management Unit?

RMP Delegation of Responsibility	Votes	Percentage
Yes, RMU delegating the responsibility to subordinates	4	19%
Not answered	2	10%
A combination of inputs from RMU and customs officers	2	10%
RMU should lead the RMP, however the field officers should provide regular inputs and feedback	1	5%
The RMU should develop RMS modules for various customs functions	1	5%
RMP should be developed by each stakeholder	1	5%
No, there must be both. There should be a risk management unit as well as active participation by the field.	1	5%
A balance approach needs to be adopted. Being in charge of a selection RMP should be with the officer in charge. However, the subordinated must follow the plan and RMU to be there incase anything slips by inadvertence or otherwise.	1	5%

Priority.	1	5%
Priority. Should be responsibility area of senior officers grade 19-20. Feedback should be taken from field officers. Apply Risk management techniques.	1	5%
As there are chances of leakages so it should not be delegated to my subordinates. RMU is a good forum, but it is inactive and needs to be proactive. Feedback is not communicated efficiently and response most of the time is lukewarm. RMS and RMU WeBOC can be made efficient by little more effort and zeal.	1	5%
There is a need for Risk management plan; the responsibility should be delegated to sub ordinates.	1	5%
I would like to be directly being involved in the development & implementation of Risk Management plan.	1	5%
Risk management needs to be controlled by the supervisor due to integrity issues at the subordinate levels.	1	5%
Risk management needs to be controlled by the supervisor due to integrity issues at the subordinate levels.	1	5%
Most important aspect and should be maintained the top most level deriving on experience of all people.	1	5%

5g. How would you feel about a Collector under your immediate supervision being coached or possibly disciplined for non-compliance to a Risk Management Plan by a member of the Risk Management Unit?

Risk Management Plan Delegation	Votes	Percentage
Not answered	4	19%
It depends on the seniority level of the member of RM/Unit	1	5%
If the member of the Risk Management Unit is junior level to the Chief Collector then it may not be a pleasant experience	1	5%
Will react positively	1	5%
Administrative advise on risk management can be given to a collector turning well set directive, written and conveyed through senior hierarchy	1	5%
No comments	1	5%
This would happen on very rare occasion	1	5%
The RMU must play a helping role instead of being a harassing unit. RMU must take into confidence the incase of a section before such disciplinary. It is irritating.	1	5%
This person needs to be supervised closely, definitely a threat. Parameters of RMS be followed in letter and spirit and there is no harm in advising the collect	1	5%
Security threat should be supervised closely, check if it was due to ignorance or personal benefit.	1	5%
Noncompliance should not be tolerated.	1	5%
I would caution him to be compliant or face the consequences if it happens again.	1	5%
Being the collector of customs preventive Lahore i would appreciate the interventions by the risk management unit to improve the operational effectiveness of my organization.	1	5%

No harm.	1	5%
Should be given training, be made aware of consequences, corrective measures to be taken, on repetition be dismissed.	1	5%

5h. Do you think that the implementation of a risk management plan into your work area that is structured and applied in an accountable manner would increase the chances of achieving your work areas business objectives?

Implementation of RMP	Votes	Percentage
Yes	16	76%
Reduce workload	1	5%
Bring efficiency in allocation of resources	1	5%
Trade facilitation	1	5%
Not answered	1	5%
A structural plan must be there so that even officer sets transferred; the new officer must know the areas of risk.	1	5%

Q.6. Have you participated in any international forums (Regional/WCO) or attended similar events where presentations on Risk Management/Compliance Management or the SAFE Framework of Standards took place?

Participation in International Forums	Percentage	Votes
No	76%	16
Not answered	10%	2
Yes	14%	3
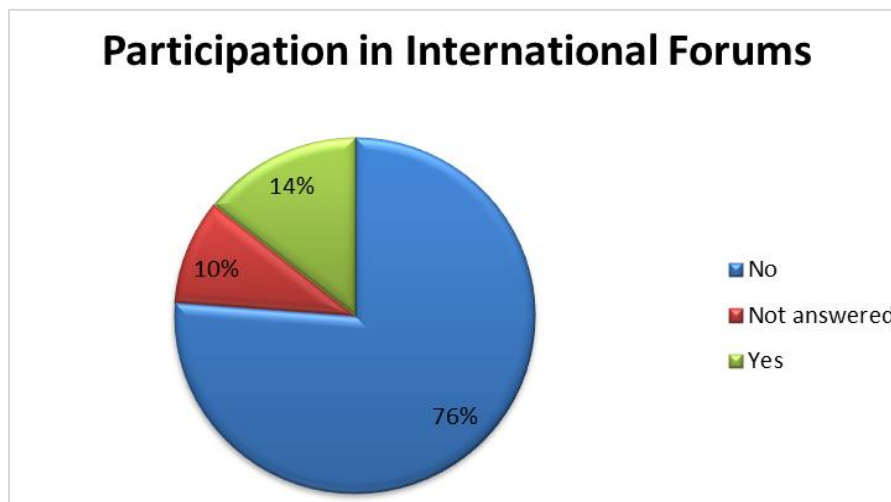
Q.7. Have you completed the UNODC Computer Based Training for Risk Management?
Yes / No

Participation in UNODC Computer Based Training	Percentage	Votes
No	38%	8
Yes	38%	8
Not answered	24%	5

Participation in UNODC Computer Based Training
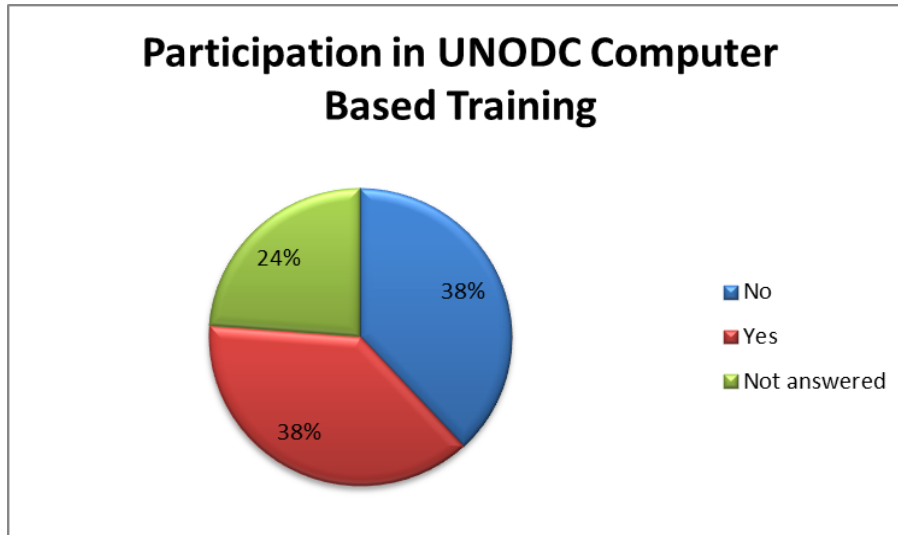
If yes, what are your thoughts on the content and its application in the Customs Environment?

General Feedback on Training	Votes	Percentage
The trainings are helpful. They introduce us to virtual situations where we identify issues and risks etc.	1	5%
One has to learn by self. UNODC program does identify areas of risk however those areas are not looked at as they should be	1	5%
The reading material is not accessible to everyone and is limited to only those who attend the meeting	1	5%
Contents on customs environment were irrelevant to Pakistan	1	5%
Extremely Informative: Its application has led to the a detection of 7 drug cases at the international mail office	1	5%
There must be human interaction.	1	5%
These are relevant to customs environment but due to lack of resources/ manpower we cannot implement these ideally.	1	5%
Can serve as a good starting point for increasing the use of Risk management techniques in the customs environment in Pakistan.	1	5%
Good training but mostly mechanical	1	5%

Q.8. Do you manage a budget that allows for expenditure on operational resources to treat known risks or respond tactically to situations that could be embarrassing to Customs, the FBR and the Government of Pakistan? Is this budget sufficient?

Management of Budget	Votes	Percentage
Not managed directly	13	62%
Not answered	6	29%
Insufficient budget	2	10%
Yes, Budget is sufficient	2	10%
Collectors responsibility	1	5%
the budget allocated to me does not allow such expenditure	1	5%

Trade Project

Q.9. A Compliance Management Framework consists of four "key" elements that all contribute to creating an environment where compliance with the law is preferred by Customs and its Clients and often results in "Voluntary Compliance".

These four elements are 1. Legislative Basis, 2. Client Services, 3. Compliance Assessment (Risk Managed Activities) and 4. Enforcement and Recognition.

What do you consider will be the major benefits to Customs through improving the Compliance Management Framework within Customs?

Benefits of Compliance Framework	Votes	Percentage
Not answered	6	29%
Facilitation to honest traders/ Increased facilitation of legitimate trade/decrease fraudulent activities	4	19%
Time & Resource Saving	3	14%
Increased Revenue	3	14%
Speedy Clearance	2	10%
Seizers	1	5%
Increase efficiency	1	5%
Increased Monitoring	1	5%
Increased Compliance	1	5%
Cut the cost to importers with regards to port changes	1	5%
Decreased discretion of field officers	1	5%
Legislative - law stretched in the favor of tax payer. We are never in touch with real clients but it is the custom broker who misleads both the clients and custom officers. Compliance assessment- Need improving compliance assessment.	1	5%
To expedite clearance, to reduce cost and to pay more attention to attention risk areas.	1	5%
It will decrease face to face contact & thus assist in the integrity management issues.2 it would allow customs to be focused on areas of maximum risk, thus improving the effectiveness of controls and the quality of the desired outcomes. 3. it would enable customs to be more efficient & responsive in providing client services.	1	5%
Improvement of legislative basis and enforcement.	1	5%
Increased revenue, control on movement of contraband goods, efficient services, less hassle to innocent clients, controlled dwell time, check less intercept more	1	5%

Q.10. What do you consider will be the major benefits to the trading community through improving Compliance through the use of Risk Management in Customs?

Benefits to Trading Community	Votes	Percentage
The traders with good profiles will be able to carry out trade without delays in procedures and with minimum contact with customs officers/Less hassle for compliant traders/A comprehensive compliance management framework would create awareness amongst the trading community about their responsibilities & obligations. Improved voluntary	8	38%

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compliance would safeguard the traders from litigation, penalties etc.		
Not answered	6	29%
Speedy Clearance procedures/smooth flow of goods	5	24%
Reduce cost of doing business	4	19%
Dwell time would be reduced. Costs would be lessened too with respect to post changes.	3	14%
Increase productivity	2	10%
Facilitation to genuine clients	2	10%
Time Saving	1	5%
Good Reputation	1	5%
Feel of Goodwill (Avoids Embarrassment)	1	5%
Encouragement to pay taxes	1	5%
Attractiveness for increased cross border trade	1	5%
Less Corruption	1	5%

Q.11. What in your opinion are the major obstacles to Customs to increasing the number of Green Lane declarations and decreasing the number of Red Lane declarations in order to improve trade facilitation?

Major Obstacles to Customs	Votes	Percentage
Not answered	8	38%
Lack of technical & relevant infrastructure support	3	14%
Fear of undetected revenue leakage and misuse of green channels	3	14%
Misdeclarations (Under invoicing but that's very rare)/misdeclarations, concealment, under invoicing	2	10%
Corruption/Habits of cheating in our people, enforcement mentality of officers inherited from the colonial powers, cost of crime is less than its pro	2	10%
Lack of proper risk management plans mental attitude and corruption/Relatively recent adoption of Risk management framework by Pakistan. 2 non availability of a comprehensive compliance management framework, 2 lack of awareness amongst trading community & customers.	2	10%
Geographical Variation	1	5%
Lack of genuine traders	1	5%
Issues relating to customs staff incentives	1	5%
There is no sure guarantee that once a trader is in green lane he will not revert to activities/evasions that can place him in the red lane	1	5%
Smuggling	1	5%
Narcotics Trade	1	5%
Risk of negative profiling	1	5%
Insufficient structured traders' profiles. Inbuilt RMS criteria	1	5%

Q.12. On my previous visit I was informed that there were approximately 12,000 profiles for Imports and 12,000 profiles for exports within the system. What in your opinion should be the best way to monitor the performance of these profiles? Who should have responsibility and authority to remove or alter profiles within the system?

Monitoring the Performance of the Profiles	Votes	Percentage
Not answered	11	52%
The collector/assistant collector	3	14%
The system itself	3	14%
Automated analysis based on built in indicators	2	10%
The first dealing hand	1	5%
The best way to monitor the performance of the profiles would be to keep a check and see what kind of revenue they bring in. The number of contraventions made against them.	1	5%
The senior management should have responsibility and authority to remove or alter profiles within the system.	1	5%
Monitoring at both mid and top level	1	5%
Recommend suggestions at midlevel and finalized at top level.	1	5%
PCA Checks	1	5%
Traders compliance with customs laws	1	5%
The word profile was apparently used earlier to indicate the import and export record of individual traders. In order to verify this, you might consider obtaining an illustrative profile from WeBOC system. As far as the issue of monitoring/ altering/ or removing a profile is concerned it should be the job of the directorate general of risk management in consultation with the local field formations.	1	5%
Risk Profiling through random selection, identification, analysis application: process for selection	1	5%

Q.13. Do you believe that if legally permissible facilitation rights were afforded to entities identified as having a high level of compliance would bring about a change in the mindset of those identified as being less compliant. Would they ultimately try to improve their own compliance levels?

Permissible facilitation rights	Votes	Percentage
Not answered	10	48%
Yes	9	43%
May be, depending on the benefits/disadvantages in being compliant or non-compliant	2	10%
I think a significant proportion of them would be encouraged to improve their compliance in order to be provided more facilitation.	1	5%

Q.14. If Customs was to arrange /allow for certain entities to have facilitation rights such as pre-arrival clearance, periodic payments or deferred payments, what kind of information should they make available to Customs for the purposes of post clearance audit?

Nature of Information Available	Votes	Percentage
Not answered	9	43%
Import documentation	2	10%
Electricity/gas/POL invoices and records	2	10%
Insurance or bank guarantee/All information relating to transaction, transaction value declaration, LC'S, bank contract, transportations costs, the cost of insurance.	2	10%
B/L or IGM	1	5%
Valuation Ruling	1	5%
Samples Drawn if any	1	5%
Previously cleared commodities of similar nature	1	5%
Entities should provide their best performance, the quantum of business/revenue they expect to bring in	1	5%
All relevant information as for requested	1	5%
Domestic purchase/Sales records	1	5%
Value addition of commodities	1	5%
Tax Profiles	1	5%
All import documents, agreements, bank statements and balance sheets.	1	5%
Customs would require information relating to purchase & sale accounting and financial information to verify the nature, quantity and value of the goods.	1	5%
Direct customs to customs correspondence and integration would resolve many issues.	1	5%
Profile of traders/ importers/exporters. Actual transaction document, third party inspection reports, chemical health analysis of goods.	1	5%

Q.15. Is the law currently strong enough to provide adequate protection to the revenue from smuggling, evasion and mis-description? What areas would you like to see improved?

Law Strength	Votes	Percentage
Not answered	10	48%
Yes	5	24%
Enforcement/ honest and timely application of law	2	10%
Additional Staffing	2	10%
No	1	5%
Needs proper examination	1	5%
Computerized infrastructure should be provided everywhere	1	5%
Repetitive use of import documents for items of identical type like tyre, petrol and cosmetics etc. may be discouraged by devising new procedures	1	5%
Good Investigation	1	5%
Legal write up	1	5%
Efficient use of resources	1	5%

Law is fairly strong enough. Loop holes relating to under invoicing misdeclarations need to be pledged. Updation of record requirements. Soft data and electronic information: access to it.	1	5%
The law is quite strong, however there are significant gaps in the existing administrative capacity of the various departments which are tasked with the tackling the enumerated issues.	1	5%
Law strong, enforcement weak.	1	5%

Q.16. Do you believe that a more robust penalty regime and prosecution regime would "assist" non-compliant traders making attempts to improve their compliance levels?

Penalty Regime	Votes	Percentage
Yes	43%	9
Not answered	43%	9
No	10%	2
May be, if accompanied by proper facilitation measures	5%	1
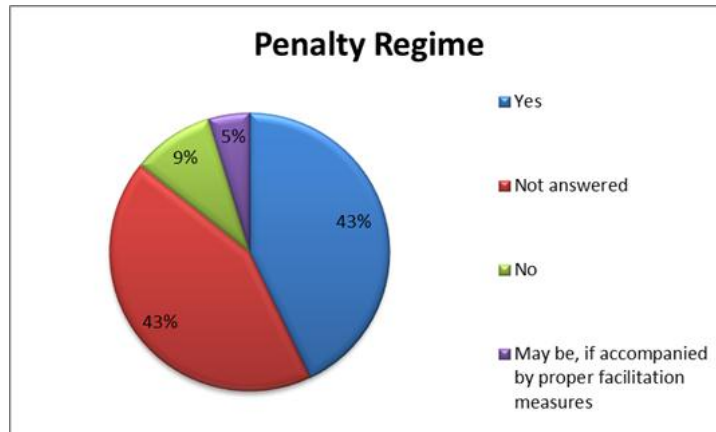
- The existing penalty regime is quite robust. However the delinquent traders are able to get reduction of penalties and fines at various appellate stages. Granting such reductions/waivers/stay orders etc. is fully within the competence of the courts.
- No unless the adjudication and litigation process is also undecidedly transparent
- Partially yes, smuggling should be controlled and distortion in tariff is rationalized

Q.17. What Strategy would you adopt in order to bring about a change in client behavior to improve the quality of invoices to genuinely reflect the Transaction Value?

Strategy Adopted to Reflect the Transaction Value	Votes	Percentage
Not answered	12	57%
Transparency	1	5%
Friendly atmosphere	1	5%
By providing a good socio-political system	1	5%
Request for original invoices	1	5%
improve customs access to trade data	1	5%
Mandatory requirement of presentation of invoices along with documents reflecting cost of transaction.	1	5%

	Votes	Percentage
Reduce import duties, facilitate genuine importer and make life difficult for 'rogue' importer.	1	5%
Pakistan customs has imposed a requirement that at the time of arrival into the country, the goods should be accompanied by an invoice. However, in most cases, such invoices are not accompanying the goods, and customs imposes a small fine on the trader. In order to improve this situation, 1) the quantum of fine could be increased2) a mandatory requirement of examining the financial transaction relating to purchase & remittance could be imposed. 3) The PCA formation could be asked to focus on identifying actual transaction values.	1	5%
No reliance of the client. Customs to custom data access. integration with databanks of banks, shipping companies	1	5%
background/ formal linkage of customs administrations use of third party inspection access end users/producers of goods	1	5%

Q.18. In what areas of Client Services or visibility and transparency do you feel Customs could improve in order to make it easier for clients who want to comply to actually comply?

Area of Improvement in Client Services or Visibility	Votes	Percentage
Not answered	14	67%
Access of information/ disseminate import data	2	10%
Disseminate/ inform traders of the advantages of the green lane and compliance	2	10%
Equal Treatment to be provided to everyone	1	5%
No idea	1	5%
Offer rewards to compliant traders	1	5%
Increase interaction between traders and customs officers	1	5%
Attitude/ mindset should improve.	1	5%
The WeBOC system is a step in the right direction. However, currently sufficient awareness has not been created relating to the rights/obligations of the traders as well as various departmental procedures and functions. Focusing on these areas by creating awareness amongst the trading community through seminars/ workshops etc., providing leaflets/ brochures/ online support would gradually improve voluntary compliance.	1	5%
Make customs data publicly available, give access to stakeholder to the origin of goods/importers/exporters.	1	5%

Q.19. Do you believe that staff integrity or succumbing to external pressure from traders is affecting the performance of Customs Revenue Collection? If so what are some workable solutions?

Factors Affecting Customs Revenue Collection	Votes	Percentage
Not answered	11	52%
Yes	9	43%
Incentives/ Introduce performance based rewards for officers	3	14%
No	1	5%

Market base salaries	1	5%
Ruthless accountability	1	5%
Merit based selection of customs officials	1	5%
Increased accountability in Pakistan customs	1	5%
The staff integrity has shown continuous improvement since the introduction of the double pay system. The recent introduction of the performance related rewards scheme is expected to further improve the situation. However it is clarified out that the issues relating to staff integrity are not significantly affecting the performance of Customs revenue collection.	1	5%
There is a need to remove subjectivity postings. Job tenure has to be strictly regulated. Likes and dislikes need to be overcome.	1	5%
Give customs administration and financial autonomy reward compliance of law. Punish violation of law.	1	5%

Q.20. Have you ever been required to participate or contribute to a SWOT Analysis for a specific area or project within Customs? If so what was your role, what was the context and do you have the report?

SWOT Analysis Contribution	Percentage	Votes
Not answered	57%	12
No	33%	7
Yes	10%	2
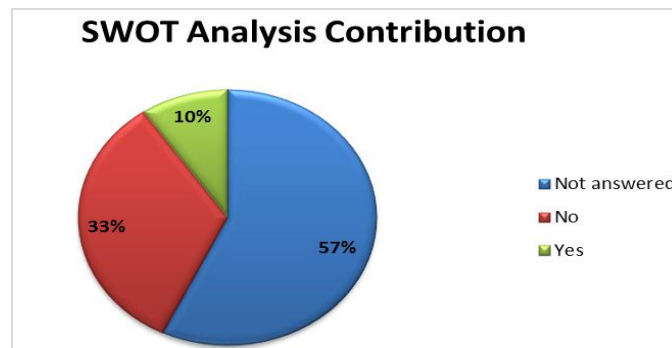
SWOT ANALYSIS (Strengths, Weaknesses, Opportunities, Threats)

Internal Strengths

Q.1. What are the Internal Strengths of Customs to support the introduction of Risk Management

Internal Strengths	Votes
Not Answered	14
Efficient processes in Place	1
Capable / experiences staff	1
Automated systems already in place	1
Strong willingness to improve	1
Appropriate HR is available	1

Requisite skills in IT application, automated systems, valuation database is already present.	1
Political environment is conducive	1
Assistance from donor community is also present.	1
Good manpower, expertise in classification, origin, vigorous enforcement mechanism, robust IT system.	1
WeBOC, an elaborate system of computerization/connectivity throughout the country.	1
The application of selectivity through RMS is already happening in the WeBOC system	1
A certain level of awareness of the conceptual framework already exists with the departments, especially at the management level	1
Operation staff of customs such as those at the airport (passengers) routinely uses profiling to select people/ baggage for examination.	1
There is a critical mass of officers within the department who want to modernize & automate the work environment	1
There is IT infrastructure and staff/ clients are IT literate. Laws are abundant. So are rules and regulations.	1
Computerization, receptacle to the change important international linkages trained workforce highly educated clientele.	1

Internal Weaknesses

Q.2. What are the internal weaknesses within Customs which will impact introducing Risk Management or our ability to deal with external threats? What is happening within the department that could impact on Risk Management?

Internal Weaknesses	Votes
Not answered	13
Lack of human resource	1
Lack of computerized infrastructure	1
Lack of will at the top	1
No formal business plan in place	1
No defined objectives	1
Lack of transparency/selection of officers on the basis of merit of performance	1
Lack of performance based rewards/penalties	1
Lack of appropriate trainings in relevant fields.	1
Lack of vertical and horizontal. Lack of vertical and horizontal integration various IT related areas i.e. IT application, intelligence database, valuation databases.	1
lack of cooperating array internal stakeholders	1
Principal agent problems, Problem of Group under-invoicing.	1
Lack of initiative, corruption and non-friendly attitude	1
A large proportion of the existing frontline staff is not well versed with technology / automation.	1
the ongoing inquiries / investigations into lapses such as the missing containers may impact the introduction of risk management in a major way	1
An insufficient number of profiles have been created and the resultant gaps can cause serious operational problems.	1

Integrity of data and personnel. Most HR is incompetent, inefficient and negligent. Personal likes are more important. There is no career planning.	1
Susceptible to external process, vested interests, weak enforcement, personal temptation, lack of consistency.	1

External Opportunities

Q.3. Are there any current or emerging external influences be it funding or development that could allow or require customs to influence the environment in order to allow risk management to be implemented.

External Opportunities	Votes
Not Answered	14
Improving compliance from traders	1
Increased willingness of international stakeholders to assist Pakistan Customs	1
Emerging transparency/accountability in Pakistan	1
Volume of trade is increasing. Manual processing is not possible, structure RMS can not only reduce dwell times but is can also reduce cost of doing business.	1
Foreign agencies like JICA, USAID	1
Political interference and lack of funds.	1
The govt is focused on facilitation and modernisation.2. International agencies are willing to assist the country and provide training and funding.	1
Customs to customs integration of data required. Valuation officers in embassies.	1
Pressure to generate more revenue, facilitation trade /efficient clearance. To bring customs in sync with other customs administrations. Be a role model for other departments.	1

External Threats

Q.4. The Implementation of Risk Management into the Customs environment can potentially create opportunities for others who may attempt to profit from what they view as less "controls". Please elaborate on the Who, What, Where, When and Why.

External Threats	Votes
Not Answered	15
Who: Non-compliant traders	1
What: Decoding of systems patterns and trends	1
What: Misdeclarations	1
When: When rate of duties applicable on goods is likely to be high	1
Why: To evade duties	1
Why: To clear contraband items	1
To create security challenges within the country or abroad. Question not understood.	1
Create opportunities for small traders, and large traders reduce dwell time, threat unscrupulous traders get benefit by clearing their goods by yellow /green channel.	1
Maybe- this is what risk assessment is all about.	1
Smugglers of narcotics currency IPR infringing goods antiques and other restricted prohibited items would like to exploit any opportunities presented by the new	1

environment with changed controls.	
Commercial importers would like to mis-declare goods and value to evade taxes	1
Personal or other agencies operating in the customs area who have a deep knowledge of customs procedures and patterns may collude with delinquent elements.	1
Due to the ongoing security situation in the neighboring region, delinquent elements may exploit changed controls to create security within the country or abroad.	1
Public/private sector, less control efficient delivery, every public/private organization, now, insularity never pays; advances always come out of initiatives.	1

Annex 4: Comparison of Customs Websites

Programs	USA	AUS	India	Malay	Sweden	China	Pakistan
Risk Management/ Practice statement	✓	✓	✓	x	x	x	x
Penalties	✓	✓	✓	✓	✓	x	✓
News Releases/ Media publications	✓	✓	✓	✓	✓	✓	✓
Compliance Management	✓	✓	✓	✓	X	X	X
Organogram	✓	✓	✓	X	✓	✓	✓
Complaints and feedback mechanism	✓	✓	✓	✓	✓	✓	✓
Annual reports	✓	✓	X	X	X	✓	X
Importer self-assessment	✓	✓	✓	X	X	X	X
Careers and recruitment	✓	✓	✓	X	X	X	X
Automated systems	✓	✓	✓	✓	✓	X	✓
Integrity and professional standards	✓	✓	✓	✓	X	X	X
Anti- dumping policies	✓	✓	✓	✓	X	X	X
Information for travelers	✓	✓	✓	X	✓	✓	X
PCA	✓	✓	✓	✓	X	X	✓
Training and research	✓	✓	✓	✓	X	✓	✓
Detector canine programs	✓	✓	✓	✓	✓	✓	X
	16	16	15	10	7	7	7

Annex 5: Summary of Training Needs Analysis Recommendations

Recommendation 1
It is recommended that the FBR Pakistan Directorate of Training and Research take steps to have a much higher percentage of BPS 16 and below undertake UNODC trainings to increase the basic knowledge levels of risk management principles and applications for interdictions.

Recommendation 2
It is recommended that the BPS 17 and above, particularly Collectors, Additional Collectors, Deputy and Assistant Collectors are trained in the conceptual elements of Compliance Management and the production of Risk Management Plans for use in their respective Collectorates.

Recommendation 3
It is recommended that all staff from Deputy Collector level and below complete at least 20 UNODC training modules that cover the following areas related to risk management:

Risk Management, Risk Indicators, Risk Profiling, Interdiction Techniques, Questioning, Document Review and Intelligence

Recommendation 4
It is recommended that the human resource capacity of the DG T&R be significantly increased to create an internally designed Customs Training Curriculum that is delivered by FBR/Pakistan Customs trainers.

Recommendation 5
It is recommended that the FBR increase the training design and delivery capacity of the DG T&R with a Train the Trainer Program for CRM and PCA

Recommendation 6
It is also recommended that the Government of Pakistan and the FBR redefine its commitment to staff development to address not just a knowledge gap of staff but an institutional gap in its entire administration through recruitment of staff in general and training and development staff.

Recommendation 7
It is recommended that the existing FBR performance appraisal system be a much more dynamically administer process that promotes higher levels of performance.

Recommendation 8
It is also recommended that the FBR's approach to training and development of its management capability be drastically changed to one that is ongoing from the early stages of a staff members career and not left until 5 or 10 years after commencement.

Recommendation 9
It is highly recommended that Pakistan Customs nominate a national co-ordinator for WCO E-Learning and take advantage of the online training facilities.

Recommendation 10
It is recommended that the FBR further investigate and identify opportunities to have selected staff nominated for participation in the WCO capacity building programmes.

Recommendation 11

It is recommended that the FBR give careful consideration to a Triparte Capacity Building Agreement with a regionally close country identified as having a more advanced compliance risk management programme.

Recommendation 12

It is recommended that the FBR consider contracting the CCES to provide higher level technical training in Pakistan to its staff.

Recommendation 13

It is also recommended that the FBR consider selecting suitably qualified candidates to undertake post graduate Master Degree programs for International Customs Law and Administration and International Revenue Administration.

Annex 6: The Risk Management Process[37]

ESTABLISH THE CONTEXT
The strategic context
The organizational context
The risk management context

Identify risk areas
Develop criteria

Decide the structure

IDENTIFY RISKS
What can happen ?
How can it happen?

ANALYSE RISKS
Determine existing controls
Determine likelihood
Determine consequences
Establish level of risk

ASSESS RISKS
Compare against criteria
Set risk priorities

ADDRESS RISKS
Identify treatment options
Evaluate treatment options
Prepare treatment plan
Implement Plan

MONITOR AND REVIEW
COMPLIANCE MEASUREMENT

Step 1 – Establish the Context

Risk Management requires an understanding of Customs and its capabilities as well as its goals and objectives and the strategies that are in place to achieve them. Failure to achieve the objective of Customs or the specific activity being considered is one set of risks which shall be managed.

Managers and officers according to their roles and responsibilities must:

- Define the relationship between Customs and its environment, identifying the strength, weaknesses, opportunities and threats.
- Define the parameters within which the risks must be managed and to provide guidance to make decisions related to risk.
- Identify the internal and external relevant stakeholders such as Government of Pakistan, Ministry of Finance, Ministry of Commerce, Ministry of Interior, Ministry of Defence, Customs

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[37] WCO Risk management Guide June 2003, based on Australia/New Zealand "Risk Management", AS/NS 4360:1995 p.11

Brokers, Freight Forwarders, Cargo Handlers, Banks and commercial traders and public and maintain an awareness of their objectives so that alignment with Customs is achieved.

- Stakeholders have a stake in the quality of treatment provided by Customs and expectations of service levels and equity. The objectives of all these stake holders are generally aligned with Customs.

Customs has an obligation to ensure that the principles and practices of risk management are fully integrated into all operational procedures, business practices and training courses. It aims to achieve this purpose through the development of an operational environment in which all staff assume responsibility for managing risk, and the effective and efficient deployment of resources. When establishing the context the following considerations and questions need to be answered:

- What is the policy, program, process or activity?
- What are the major outcomes expected?
- Who are the stake holders?
- What are the internal Strengths and Weaknesses of Customs to achieve the outcomes and what are the major external Opportunities and Threats (SWOT) the activity or program presents?
- What risk criteria should be established?

Step 2 – Identify the Risks

Identifying broad based risks using a well-structured systematic process is critical as any potential risks not identified at this stage will be excluded from further analysis in the process and potentially leave the administration "red faced" should a particular event occur and Customs has to admit that the particular event had not been considered.

Identification should include all risks whether they are under the control of Customs or not, as well as risks brought about by Customs own inefficiencies or deficiencies. It is a time to look inside the organization just as much as outside of it.

The aim is to generate a comprehensive list of events which might affect each element of the customs business so that these can be examined in detail and subsequent considerations and assumptions can be made.

The approach to be used in identifying risk will depend on the nature of the activities under review and the types of risks. While it is easy to identify the obvious risks first it may take further time and a variety of research methods combined to identify all of the risks in a particular work area. Some methods that can be employed to identify risks include:

- Interviews/Focus Group Discussions with internal and external technical experts or stakeholders
- Individual evaluations using survey questionnaires
- Use of Computer and other modelling systems
- Past Customs experience and other personal life experience.
- Study of Examination and Audit Reports
- Case Study Examination of local or overseas experience
- Strengths, weakness, opportunities and threats (SWOT) Analysis
- Business Process Reviews and Flow charting

When undertaking the process of identifying risks the two fundamental questions to ask are:

1. What can happen and what is the impact? and
2. How and Why can it happen?

In addition to this there are a various other questions for consideration as follows:

- When, where, why, are the risks likely to occur
- Who is involved with the risk and its source?
- What are the current controls in place?
- Who has responsibility to mitigate the risks and report control effectiveness?
- What is the reliability of the sources of information and research?

Step 3 - Analyze the Risks

Risk Analysis involves undertaking a structured and disciplined approach to evaluate and separate risks on the basis of the _likelihood_ (frequency/probability) of a risk event taking place and the _consequences_ (impact/effect) of that event taking place.

By using a predetermined criteria with specific explanations of the these two terminologies plotted against a matrix that again has overall risk levels, also with predetermined definitions applied in a consistent manner it is possible to separate risks traditionally previously considered equal in to different categories.

The pre-determined risk levels are generally written in a qualitative manner that qualifies the potential revenue loss or embarrassment to Customs or the Government should a risk event occur untreated. Also at this time Customs makes a statement through the definition of the expected management response required to mitigate the risk or to accept the risk with zero or minimal response.

An example of **Likelihood vs Consequence Risk Matrix** and Risk Level table is mentioned at the end of this document.

On some occasions a quantitative analysis can be undertaken with a numerical value assigned as a % of probability of a risk event and value rating assigned to the consequences in order to arrive at a numerical based risk level. This requires consistent and correct data from automated clearance system software and very often high level data "modelling" interpretive skills to achieve the desired results.

Although it is extremely important to document the risk management process at all times it is vital that at the time of risk analysis that detailed documentary evidence is prepared for review at the time to ensure a consistent application as well as a reference for future reviews when the same risks are being analyzed at a time when risk mitigation activities have been implemented. It is after implementation of control measures that it is possible the likelihood of a risk event occurring may change.

Step 4 - Assess and Prioritize the Risks

The assessment of risks commences with a determination as to whether particular risks are acceptable or unacceptable to Customs objectives and also very often in the broader context this involves interagency, external and international obligations. As the previous step of a regimented risk analysis may create a variance between the "real" risk level and the "perceived" risk level which may require adjustments to be made.

The determination of a risk as being acceptable does not necessarily mean that it is insignificant. An acceptable risk is generally one that is not going to be treated or unable to be treated in the current round of risk treatment options. Very often the risk is considered too low to allocate resources to or the costs benefit ratio for a low rated risk is so exorbitant that attempting to do so is unsustainable.

At the other end of the scale, higher level risks could attract resources and finances well in excess of the normal expenditure due to the high level agenda of governments to ensure these risks are mitigated.

By prioritizing risks identified as unacceptable for treatment in the first instance Customs is able to focus its limited resources on the higher level risks and arrange to treat lower risks at a later stage as part of a longer term risk mitigation action plan.

A common difficulty that very often arises is how to prioritise unacceptable risks that have the same risk level knowing full well that the administration does not have the resources to treat them all at the same time. It is here at this point that documented decisions for accountability and treatment plans take on an important dimension.

Step 5 – Address the Risks

Commonly referred to as risk mitigation or treatment measures, there is a range of options available to Customs Administrations to address their documented unacceptable risks with a view to achieve a variety of results by preparing a risk treatment plan that contains risk mitigation measures that achieve the following:

12.5.1 Reduce the Likelihood of the Risk Event

The likelihood may be reduced through standard Customs Controls, Internal Management Control Programs, Organizational Change or other arrangements that reduce, minimise or deter the certain events, be it actions or errors from occurring.

Such measures include some of the following:
- Real time documentary and physical inspection controls
- Post Clearance Audit and Compliance Management Programs
- Formal reviews of requirements, specifications, design, and operations,
- Quality assurance monitoring of agreed service levels
- Investment in research and development of ICT
- Targeted Training and education programs for staff and clients
- Streamlining administrative structures to prevent duplication of effort and establish a clearer chain of command
- Simplified procedures and documentary requirements

12.5.2 Reduce the Consequences of the Risk Event

While reducing the likelihood appears to have a variety of control measures, reducing the consequences of a risk event relies more on administrative measures that provide guidance once a risk event has occurred that deal with the problem will in turn ultimately introduce new measures to further reduce the likelihood of a re-occurrence.

Activities to reduce the consequences include:
- Contingency planning that include reconnaissance and response preparation
- Regular Monitoring programs to minimize exposure to risk
- Public Relations and use of media outlets
- Outsource contracts with specific obligations for addressing risk events
- Customs Guarantee or Security Regimes
- Internal Audit and Post Clearance Audit

12.5.3 Transfer the Risk

The transfer of risk basically involves removing (partially or totally) the particular risk from the responsibility of Customs to another government agency or entity. This can be viewed as politically motivated or absolutely necessary dependant on the nature of the risk and the agencies involved and are often driven by funding limitations and the need to cover more areas of jurisdiction with fewer assets.

For example a "Coastguard" may be empowered to intercept all water borne incursions/offenses related to Customs, Fisheries and Immigration with the one fleet rather than having three fleets regulating the waters. Customs may have the legal jurisdiction but not necessarily be actively combating the risks.

Another example where the transfer of risk could be explored due to the endemic undervaluation/under invoicing in Pakistan is to enter into a contract with a private company in the form of Pre-Shipment Inspection service that is able to determine the transaction value at the point of export. Although the "Bali" agreement removes this as a real option.

The ultimate "transfer of risk" which is nothing short of transfer of blame is the activities undertaken by the NLC at the Wagah border where 100% scanning of trucks entering Pakistan from India is conducted prior to unloading. This is risk management at its worst which Customs is an active participant in purely on the basis that it is Customs Law which defines jurisdiction and activities. It should be Customs that determine the scanning requirements and not the NLC.

To adequately transfer risks Customs needs to have high level commitment and awareness of the arrangement through interagency Memorandums of Understanding or specific outsource contracts that are awarded and monitored with the highest levels of integrity.

12.5.4 Accept and Retain the Risk

As certain risks are mitigated through a variety of ways mentioned above it is important to be aware that even though a risk level can drop from high to medium to low, there still remains a "residual" risk after the treatment actions.

Therefore Customs has to be prepared to accept this residual risk and be in a position to deal with the consequences should the risk event occur after all other treatment options have been exhausted and once again a contingency plan or other procedures listed in 12.5.2 need to be in place.

12.5.5 Avoid the Risk

The avoidance of risk has both a positive and negative aspect depending on the circumstances.

If a project or activity is considered to have too high a risk associated with it Customs can choose to cease the project or activity which therefore averts the risk and allows Customs to explore alternative actions that can achieve the desired outcome in a different manner.

In a tactical enforcement environment Customs may choose to accept the consequences of an event due to the risk placed on the safety and security of their staff attempting to make an arrest in a violent environment. In instances such as this other actions need to be explored as a way to achieve the same or similar outcome as the original project/activity intended.

On the other hand the direct avoidance or ignorance of risk with a "Pray it doesn't happen" attitude is potentially devastating to the Customs should they have to account to the Government and/or public for allowing a risk event to happen with no treatment options in place or even worse still with no post event contingencies.

It is for this reason that Customs must identify all risks and have a treatment option for them.

Step 6 - Monitor and Review, Compliance Measurement

Risk Management is a dynamic and continuous process that evolves with the constantly changing environment that customs operates in. It is the same needs for Customs to introduce and use Risk

Management that require Customs to be constantly monitoring its risks and the effectiveness of its risk control measures.

It is important to also have a review process that once again goes through the previous five steps of the Risk Management Process on a regular basis. As a minimum this should be an annual event but would also be an automatic review in the event of a higher level risk event occurring that failed to be treated.

Compliance measurement adds further value to the review process by adding additional dimensions to the process and are dependent on the risks and activities being monitored/reviewed.

Some measuring applications could include such things as performance indicators and quantitative data analysis and other effectiveness measures that can be recommended by an internal or external audit or even random examinations of low risk consignments to test the risk rating.

Effective internal and external communication is important for those responsible for implementing risk management and for other stakeholders who expect to benefit from it. It is important that stakeholders understand the reasons for decisions that have been taken and to be reassure that their interests were also considered during the process of making those decisions that may impact the way they conduct business.

Qualitative Measures of Likelihood

Descriptor	Description
Almost Certain	The event is expected to occur in most circumstances
Highly Likely	The event will probably occur in most circumstances
Likely	The event should occur at some time
Unlikely	The event could occur at some time
Almost Never	The event may occur only in exceptional circumstances

Qualitative Measures of Consequence

Descriptor	Description
Catastrophic	Extreme embarrassment or financial/revenue loss to Customs
Major	Major embarrassment or financial/revenue loss to Customs
Moderate	High embarrassment or financial/revenue loss to Customs
Minor	Medium embarrassment or financial/revenue loss to Customs
Insignificant	Little embarrassment or financial/revenue loss to Customs

Levels of Risk

Descriptor	Explanation
Very High	Highly likely to cause serious disruption or impact on objectives (to revenue collection/community protection). Should be addressed as a matter of priority and urgency. Requires urgent, continuing management/operational attention
High	Most likely to cause serious disruption or impact on objectives (to revenue collection/ community protection). Should be addressed as a matter of some priority. Requires continuing management/operational attention
Medium	Likely to cause considerable disruption or impact on objectives (to revenue collection/ community protection). Requires some management/ operational attention
Low	Likely to cause some disruption or impact on objectives (to revenue collection/ community protection). May require some management/operational attention
Very Low	Likely to cause minimal disruption or impact on objectives (to revenue collection/ community protection). Requires little management/ operational attention

RISK MATRIX

Consequences	Level of Risk				
Catastrophic	VERY HIGH	VERY HIGH	HIGH	HIGH	MEDIUM
Major	VERY HIGH	HIGH	HIGH	MEDIUM	MEDIUM
Moderate	HIGH	MEDIUM	MEDIUM	MEDIUM	LOW
Minor	MEDIUM	MEDIUM	LOW	LOW	VERY LOW
Insignificant	MEDIUM	LOW	LOW	VERY LOW	VERY LOW
	Almost Certain	**Highly Likely**	**Likely**	**Unlikely**	**Almost Never**
	Likelihood				

Annex 7: Evolution of Risk Management and Compliance Management

Evolution of Risk Management and Compliance Management
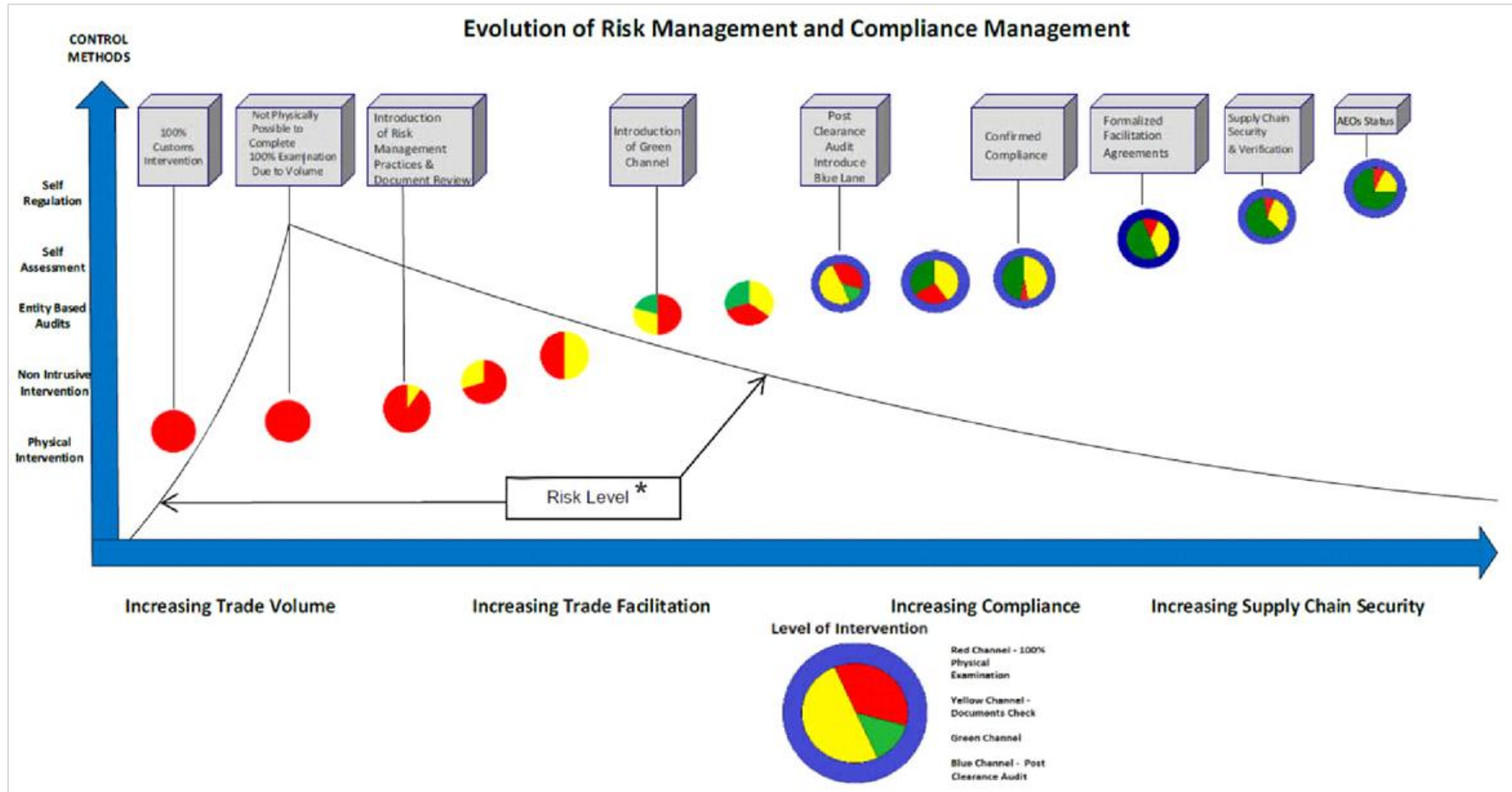
*100% intervention is effective for risk management only when trade volumes are low. As trade volumes increase, a high level of intervention-based risk management becomes ineffective. Use of sophisticated risk compliance tools including targeted profiling and Post Clearance Audit increase the efficacy of risk management.

Annex 8: Pakistan Customs Organogram

Member Customs — Nisar Muhammad Khan

- **Chief collector North**
  - Collector Peshawar
  - Collector Rawalpindi
  - Collector Northern Area
- **Chief Collector Central — Lutfullah Virk**
  - Collector Lahore
  - Collector Multan
  - Collector Faisalabad
  - Collector Gujranwala
  - Collector Sialkot
- **Chief Collector Appraisement South — Nasir Masroor**
  - Collector App East
  - Collector App West
  - Collector Port Qasim
- **Chief Collector Enforcement South — Muhammad Yahya**
  - Collector Preventive
  - Collector Quetta
  - Collector Exports
  - Collector Gwadar & Hub
- **Chief International Customs — Dr. Zubair Yousafani**
  - Secretary (Int'l Customs)
  - Secretary (WTO)
- **Chief Facilitation and Compliance**
  - Secretary (Law & Procedures)
  - Secretary (Anti smuggling)
  - Secretary (Valuation, Coord & Audit)
  - Secretary (Judicial, ADRC)
  - Secretary Grants & Spl. Exemption)
- **Chief Tariff & Trade**
  - Secretary Tariff -I (Chap 1-83)
  - Secretary Tariff -II (Chap 84-85)
  - Sectretary Tariff- III
  - Secretary Customs Budget
  - S.Secretary (Customs Budget)
  - Secretary Professional Trade
- **Chief (Exports)**
  - Secretary (Export Policy)
  - Secretary (DRD)
- **DG I&I — Muhammad Riaz**
- **DG Valuation — M Amir Marwat**
  - Director Valuation Surraya Butt
    - Additional Director (Khi, Lhr)
      - Assistant/ Deputy Collector
- **DG PCA — M Amir Marwat**
  - Director PCA (Lhr, Khi)
  - Additional Director PCA (kHI, Lhr, Isb)
    - Deputy Director PCA
      - Assistant Director
- **DG Training — Ali Salman Abbasi**
  - Director Training (Khi, Lhr, Isb)
  - Additional Director Training (Khi, Lhr, Isb)
    - Deputy Director Training (Khi, Lhr, Isb)
- **DG Transit Trade — Khawar Farid Maneka**
  - Director Transit (Khi, Pesh, Quetta)
  - Additional Director Transit (Khi, Pesh, Quetta)
    - Assiatant/ Deputy Director (Khi, Pesh, Quetta)
- **DG Inspection & Internal Audit**
- **Chief Reforms and Automation**
  - Secretary Reforms /Projects
- **Director WeBOC — Syed Tanvir Ahmed**

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AUSTRALIAN GOVERNMENT
Australian Customs Service

AUSTRALIAN CUSTOMS SERVICE PRACTICE STATEMENT

FILE NO: C07/13926

PRACTICE STATEMENT NO: PS2008/23

PUBLISHED DATE: 8 JULY 2008
AVAILABILITY: Internal and External

SUBJECT:	Risk Management
PURPOSE:	To provide the procedures and guidelines governing the management of risk in Customs.

APPROVING OFFICER:	DCEO Corporate Operations
CATEGORY:	Corporate
CONTACT:	Director, Corporate Governance

SUMMARY OF MAIN POINTS

Customs Practice Statements are endorsed Customs policy and must be followed by all Customs employees. This Practice Statement outlines:

- The framework governing the management of risk in Customs; and
- The three main steps in the risk management process.

The electronic version published on the intranet is the current Practice Statement.

Introduction Statement

All activities undertaken in Customs carry an element of risk. Customs manages its exposure to risks through the practice of risk management. Risk is defined as "the chance of something happening that will have an impact on objectives". Risk management, therefore, is defined as "the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects".

To meet our responsibilities to the Australian community we need to focus on what is important, allocate our resources accordingly, be prepared to deal with the unexpected and learn from our successes and, indeed, our failures. Risk management is about looking at activities in a logical and systematic way, to maximise opportunities and to minimise adverse effects.

BCS CLASSIFICATION: "SM_Policy"

FILE NUMBER: C07/13926

protecting our borders

Annex 10: Australian Customs Service Practice Statement-Compliance Management

Australian Government
Australian Customs and Border Protection Service

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE PRACTICE STATEMENT

File No: 2009/001010-01

Practice Statement No:	PS2009/28
Published Date:	21 August 2009
Review Period:	Annually
Availability:	Internal and external

Title: Compliance Powers and Penalty Schemes

Purpose: To provide an overview of the various powers and penalty schemes used by Australian Customs and Border Protection Service officers undertaking compliance activities.

Owner: National Director Trade and Compliance

Category: Law Administration

Contact: Director, Import/Export Compliance

Summary of main points

Customs and Border Protection Practice Statements are endorsed policy and must be followed by all Customs and Border Protection employees. This Practice Statement outlines:

- The powers and penalty schemes available to Customs and Border Protection officers when they are undertaking Compliance activities.

  The powers are:
  - Monitoring Powers
  - Export Examination Powers
  - Production of Commercial Documents and Records
  - Revenue Recovery

  The penalty schemes are:
  - The Infringement Notice Scheme
  - Indirect Tax Administrative Penalties

The electronic version published on the intranet is the current Practice Statement.

Annex 11: Draft Code of Conduct

Draft Code of Conduct – Collector, Pakistan Customs

CODE OF CONDUCT FOR OFFICERS AND OFFICIALS OF PAKISTAN CUSTOMS

UNDERSTANDING the affirmation of World Customs Organization in the Revised Arusha Declaration (2003) that a priority of all Governments should be to ensure that Customs is free of corruption, and that it called upon Customs administrations to implement comprehensive and sustainable integrity action plans based on the key principles outlined therein;

RECOGNIZING that a key element of an effective integrity plan is the development, acceptance and implementation of a comprehensive code of conduct which sets out in very practical and unambiguous terms the behavior expected of all Customs personnel, and lays down the penalties for its non-compliance;

REALIZING that Customs officers and officials as a part of the Government are bound by the Government Servants (Conduct) Rules 1964, and the Government Servants (Efficiency and Discipline) Rules 1973 which already cover in general, the conduct expected of a government employee, and the various major and minor penalties for violation of different provisions of the code;

KNOWING in clear terms that in case of overlapping, or any provision of this code being in conflict with some provision of the ESTA code, the later will prevail; and

REAFFIRMING its resolve to eliminate corruption and promote fair play in the dealings of Customs for pursuing the Vision and Mission of the Federal Board of Revenue,

The following code of conduct, in addition to that contained in the Government Servants (Conduct) Rules 1964, and the Government Servants (Efficiency and Discipline) Rules 1973 is laid down for the functionaries of Pakistan Customs.

All officers/officials must accept personal responsibility for compliance with this code of conduct. In particular, officers/officials must:
- Perform duties with care, diligence, professionalism and integrity;
- Strive for the highest ethical standards, not just the minimum required to meet legal or procedural requirements;
- Observe appropriate acts, regulations, determinations and lawful directions that relate to the performance of official duties;
- Treat colleagues and members of the public with courtesy and be sensitive to their rights duties and aspirations;
- Avoid waste, or extravagant use of public resources;
- Not take, or seek to take, improper advantage of any official information acquired in the course of official duties; and
- Behave in a manner that maintains or enhances the reputation and professional standing of Customs.

1. **Compliance with the law**

Customs officers/officials should take special care in abiding by the laws which they as Customs officers/officials administer. Any violation of such laws when committed by the Customs officers/officials shall be regarded as most grave. Customs officers/officials who commit offenses involving prohibited drugs, fraud, seeking or accepting bribes or illegal importation or exportation of goods shall face strict disciplinary action under the Government Servants (Efficiency and Discipline)

Rules 1973, besides any penalties that may be applied as a result of criminal proceedings. All officers/officials are required to inform their Collector, Director or Controller, as the case may be as soon as they become the subject of criminal or possible criminal proceedings. On receipt of such information the Collector, Director or Controller should decide whether the officer/official can be retained on normal duty, moved to an alternate duty or suspended from service. Officers/officials must not use their official positions or relationships established in the course of their duty to inappropriately influence or interfere with action being contemplated by the inquiry officers or external law enforcement authorities.

2. **Complaints against Customs officers/officials**

It is important that the public has confidence in the integrity of Customs. In order to ensure that this confidence is maintained, complaints against Customs officers/officials must be investigated promptly.

3. **Internally initiated allegations**

If officers/officials believe they are being required to act in a way which is illegal, improper, unethical, or is in any way in breach of the code of conduct, they should immediately report the matter to the designated officer in each Customs office. It should be ensured that fact finding inquiries into such reports are conducted expeditiously and necessary disciplinary action is initiated promptly, if so required.

4. **Relations with the public**

The public expect that their dealings with Customs will be fair, professional, and confidential. In order to ensure that a high standard of service is maintained and to improve the quality of service provided, it is essential to adopt a courteous, helpful and professional attitude towards the public. Officers/officials should use all reasonable means to help the public in fulfilling their obligations and obtaining their rights under the law.

5. **Promotional activities on behalf of other organizations or businesses**

It is essential that Customs is seen to be impartial in its dealings with the public. In order to avoid criticisms that one party is being favoured over another or that a reward of some kind has been received, invitations to become involved in the promotional activities of any organization should be declined. If officers/officials are in doubt about the nature of such requests, they must refer the matter to their senior officers.

6. **Disclosure of name - Wearing of name plates**

Under normal circumstances the public has the right to know who they are dealing with. Therefore, all officers/officials are expected to identify themselves in correspondence and on the telephone. All uniformed officers/officials who come into contact with the public during the course of their work should wear a nameplate, the only exception to this rule being when the wearing of a nameplate may endanger the personal safety of the officer/official. Non uniformed officers/officials may identify themselves on arrival at a meeting etc. by identification card.

7. **Personal safety of an officer/official**

Officers/officials should always consider their own safety and the safety of their colleagues when undertaking their duties. If a situation arises where it would be wiser to withdraw and seek additional support from some other law enforcement agency, they should do so. In all cases, such action should be immediately reported to the senior officers of the Collectorate or Directorate, as the case may be.

8. **Dealings with the business community**

The business community should refrain from pressurizing officers/officials to depart from the normal Rules and Procedures. Any attempts by members of the business community to offer inducements or

other benefits in exchange for favours or special treatment must be reported immediately in writing to the senior officers, and the job should be completed in a professional manner, based on merit.

9. <u>Acceptance of gifts, rewards, hospitality</u>

In many cases official duties bring officers/officials into contact with organizations and members of the public who may expect officials to be party to the normal private sector practice of offering gifts and hospitality to business contacts. While it is important to maintain contacts with outside groups, it is vital that Customs officers/officials should be seen to be free of any form of bribery or corruption. The offering of gifts or other benefits may be seen as an attempt to influence a decision which an officer/official is required to take, and therefore must be avoided. For this reason officers/officials must not accept gifts or hospitality of any kind except in cases where:

- The gift is of an inexpensive nature such as a tie, drinking cup, calendar or diary given in the spirit of harmonious business relations;
- The gift is offered in a public forum where refusal would cause embarrassment;
- The hospitality is associated with the demands of work, for example, working meals or legitimate representational functions.

In cases where a more expensive item is accepted for protocol reasons, it must be surrendered to the Government and must not be regarded as personal property of the officer/official.

10. <u>Avoiding conflict of interest</u>

Conflict of interest may arise from official dealings with, or decisions made in respect of individuals who share private interests. (For example, membership of societies, clubs, other organizations or family) Where a potential conflict of interest arises, officers/officials must inform the Collector, Director, Controller or the Federal Board of Revenue, as the case may be, in order to ensure that their official duties do not place them in a position where allegations of unfairness may be made.

11. <u>Engagement in Social work</u>

Officers/officials wishing to voluntarily engage themselves in some social work for the general welfare of public may do so, provided that such activity does not create a conflict of interest or adversely affect the performance of official duties. All outside work must be performed separately, at a place outside the normal workplace and at a time beyond the official working hours.

12. <u>Confidentiality and use of official Information</u>

All officers/officials are expected, not to disclose without proper authority any information that has been obtained in the course of official duties. This rule also extends to all documents, records, and information stored electronically. Likewise, officers/officials are required to protect the privacy of individuals in official dealings. Ways in which official information can be misused include:

- Leaking information;
- Use of information for personal or private gain;
- Taking advantage of a person on the basis of information gained through confidential records; and
- Removing, altering or destroying official records.

Engaging in any of the above activities is unacceptable and may lead to prosecution besides disciplinary action under the Government Servants (Efficiency and Discipline) Rules 1973.

13. <u>Security of passes, keys etc.</u>

Security passes, keys, passwords and the like are to be maintained safely by the officer/official to whom they have been issued and must be surrendered to the department on transfer or retirement.

14. Work environment

All officers/officials have the right to a healthy and safe workplace free of discrimination and harassment in which individual and organizational objectives can be met. A good working environment is one that is fair and equitable, safe and supportive, free of alcohol and drugs, free of harassment and unjustified discrimination, values individual differences, provides honest performance feedback and development opportunities and seeks staff co-operation in the decision making process.

15. Misuse of alcohol

Consuming alcohol is a criminal offense in case of all Muslim citizens of Pakistan. Even in case of the non-Muslim employees, intake of intoxicating liquor renders them unfit to perform their duties. Hence it is strictly forbidden at the workplace. Any violation shall render the employee liable to criminal prosecution besides disciplinary action under the Government Servants (Efficiency and Discipline) Rules 1973.

16. Dress code

The dress and appearance of all officers/officials should reflect a professional image. Public perceptions and work practices can be influenced by the appearance of officers/officials. At all times clothing should be appropriate to the duties and generally established standards. The officer/ official's appearance should be neat, clean and tidy. It is particularly important for uniformed officers/officials to present a professional image.

REPUBLIC OF ANGOLA
Ministry of Finance
NATIONAL DIRECTORATE OF CUSTOMS

CUSTOMS BUSINESS PLAN
FOR 2009

VERSION 1

APPROVED ON ……..

National Directorate of Customs
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ACRONYMS AND ABBREVIATIONS

CA	Crown Agents
ECCAS	Economic Community of Central African States
CPLP	Community of Portuguese Speaking Countries
DIP	Department of Staff Irregularities
DOCP	Finance Department
DFA	Investigation Department
DNA	National Directorate of Customs
HRD	Human Resources Department
DRAC	Cabinda Customs
DRAL	Luanda Customs
DRALo	Lobito Customs
DRAN	Namibe Customs
DTA	Customs Technical Department
DTC	Tariffs and Trade Department
DTI	Information Technology Department
GDN	National Director's Office
GETA	Legal Department
GIC	Internal Audit
PSI	Pré Shipment Inspection
WCO	World Customs Organization
WTO	World Trade Organization
CEMP	Customs Expansion and Modernization Program
SADC	Southern African Development Community
IMS	Information Management System
TIMS	Trade Information Management System

INTRODUCTION

Dear Sirs,

Customs Expansion and Modernization Program started 7 years ago on instruction of the Angolan Government and assistance of the British company Crown Agents, whose second contract ends in March 2009.

The objective of this modernization is to enable efficient services and increase the collection of revenue by increasing the base for taxation.

For this purpose, some projects have been prepared among which is highlighted, the achievement of the Customs Code in 2008, which puts Angola on the front row of SADC customs administrations, because it simplifies, updates and harmonizes the legislation based on international conventions.

The approval and publication of the importation Customs Tariff in accordance with the 2007 version of the HS is also highlighted. Getting it approved was not an easy task. It required several arrangements and put the DNA in a conflicting situation with the Ministry of Industry which intended to approve protective taxes. Despite the support of the Minister of Finance, the DNA is in a delicate situation in obtaining institutional support to carry on with its programs.

During this period, the management capability of Crown Agents´ consultants providing assistance to Customs was reinforced. There are problems in the IT section where the operational areas feel that rectification of insufficiencies is taking too long and the performance of some consultants is poor. Also, consultants complain about lack of experience and deliverance of national technicians.

At the beginning of the current year, there were rumours that some high ranking officials were reorganizing themselves in pressure groups to start fraud and fiscal evasion activities, immediately Crown Agents´ contract is terminated.

To complement the modernization process, where our partner presented some difficulties, other parties were introduced in the CEMP. We hereby highlight Datatech in terms of designing and training of staff, implementing procedures and IT systems, etc. in connection with administration, finance and accounting. Also, the partnership with Cotecna intends to provide assistance to the risk management area.

Last year, the government procured Scanners to improve inspection of imported goods. This equipment will be based at the main ports, airports and at land borders this year. The correct use of it will be a challenge for the following year.

Other projects that require consideration next year:
- Implementation of the Single Window;
- Reduction of time of clearance;
- Approval and implementation of the Regulation of the Customs Code, Organizational Structure, and Employees Statute;
- Computer recording of service standards;
- Reinforcement of customs presence at all entry points at the border with significant movement of goods, people and means of transport;
- Reference prices data base;
- Technical and Management Training

We believe that Customs will still require the assistance of Crown Agents for another two years and proposal in this respect will soon be submitted to the government.

It is intended to see the best partnership for Human Resources.

The need to reinforce monitoring of Oil and Gas exportation was also identified.

As you can see there is much work to do. I am relying on your cooperation, commitment and fast learning of management techniques that your counterparts are providing.

However, all this effort may be in vain if we do not mobilize most of the workers to achieve the objectives and behave in accordance with the Code of Conduct. Education, good manners and respect should be taken into consideration in the performance appraisal.

Once again, the achievement of objectives hereby proposed depend on the capability to resolve, commit, discipline and strictness of customs management always bearing in mind the Declaration Vision of this institution which states: Let us take the front of the social and economical establishment of Angola, acting professionally and efficiently in view of setting an example to good customs practices in the Southern Region of Africa.

As a reminder, the Business Plan is a dynamic instrument subject to adjustments in accordance with the needs of customs work environment.

NATIONAL DIRECTORATE OF CUSTOMS, Luanda,

NATIONAL DIRECTOR

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SÍLVIO FRANCO BURITY

1. Normal Customs Activities

Efficiently administer collection of revenue and Customs control systems, facilitating as much as possible, understanding and compliance with obligations on behalf and commercial community.

1.1 Revenue

Aim: Collect amount due art the right time from indirect taxes

Ref	Objective	Activities	Performance indicators	Deadline	Responsibility
1.1.1	Collection of USD 3.5000 million at national level	Timely collection of taxes and other impositions due to the state	Foreseen and achieved regional aims a) DRAL: 2. 934.022.390	31.12.09	Regional director Luanda Customs (DRAL)
			b) DRALo: 222.444.687	31.12.09	Regional director Lobito customs (DRALo)
			c) DRAN: 161.764.283	31.12.09	Regional director Namibe Customs (DRAN)
			d) DRAC: 217.675.533	31.12.09	Regional director Cabinda Customs (DRAC)
1.1.2	Approval of exemptions in accordance with legislation	Guarantee the approval of exemptions that are in accordance with the legislation and within the established deadlines by the service standards.	a) Report on exemptions submitted to the National directors office	Quarterly	Regional director Luanda Customs Regional director Lobito Customs Regional director Namibe Customs Regional director Cabinda Customs
		Carry out audits of the requests for exemptions to check the level of compliance	b) Individual reports of each customs region completed and submitted to the National Directors Office (GDN)	Quarterly	Head of Finance department
1.1.3	Improvement of management and prevention of customs debt	Carry out post implementation audit of the Central Unit of Debt Management	a) Report on the functioning of Unit, results achieved and recommendations submitted to the National Director	31.12.09	Head of Finance department
			b) Progress reports submitted to the Finance department	Monthly	Regional directors

Ref	Objective	Activities	Performance indicators	Deadline	Responsibility
			c) Report on debt management submitted to the National Director's Office	Quarterly	Head of Finance Department

1.2 Trade facilitation

Aim: Reduce costs of international trade and improve the level of compliance of customs obligations

Ref	Objective	Activities	Performance indicators	Deadline	Responsibility
1.2.1	Simplify the import and export chain	Proceed with the simplification of procedures of fiscal incentives, fiscal benefits and suspensive regimes	a) Reports of incentives submitted to the National directors Office	Quarterly	Head of DTA
		Proceed with the work of adoption of a single table of fees of clearing agents where the collection reflects the complexity of each entry	b) Single Table approved and published in the State gazette	30.12.2009	Head of legal department
1.2.2	Introduction of a single advisory and processing centre (Guiché Único/Single Window)	Prepare specifications to integrate systems as a single window	Specifications approved by the National Director	30.06.2009	Head of DTA
		Post implementation review	Reports on the implementation submitted to the National Directors Office	Quarterly	Head of DTA Head of DTI
1.2.3	Increase the efficiency of control of clearance through scanners	Follow up support and maintenance services in accordance with the contract	a) Equipment in operations. Reports submitted to the National Directors Office	Quarterly	Head of DFA
		Develop the scanner management team, logistics, tactics, image analyzes, security and equipment teams	b) Trained staff and report submitted to the National Directors Office	Quarterly	Head of DFA Head of HRD
		Carry out a post implementation review of the Scanner Project	c) Report n the impact f the introduction of scanners and the level of contracts submitted to the national Director	31.12.2009	Head of DFA
1.2.4	Extend the system of data entry in the electronic format	Conduct post implementation review of electronic DUs in the regions	a) Report on the implementation with the recommendations, submitted to the National Directors Office	Quarterly	Regional directors
		Prepare new Customs Procedure Codes for TIMS in accordance with the UNO and	b) Report on implemented new codes submitted to the National	Quarterly	Head of DTA

		training of users.	Directors Office		
		Set up an Entry Processing Unit at the Sonils base functioning 24/24	c) EPS operational 24/24	30.05.2009	Head of DRAL Head of DTI
		Implementation in accordance with Warehouse module, Modulo de Other revenue, Harmonization of electronic manifests	d) Reports submitted to the National Directors Office	Quarterly	Head of DRAL Head of DTI Head of GIC
		Audits in accordance with warehouse modules, other revenue modules, Harmonization of electronic manifest	e) Reports submitted to the national director	Establish with the area	Head of GIC
		Submission of electronic DU irrespective of the number of additions	f) Submission carried out	31.06.09	Regional director of Luanda Customs
1.2.5	Improvement of service provisions in accordance with service standards	Proceed with the compliance of service standards	a) Reports on the level of compliance submitted to the National Directors Office	Up to the 5th day of the month	Regional directors Heads of departments
		Harmonize procedures and forms to register service standards	b) Harmonized procedures and forms	01.02.08	Head of DTA Head of GDN
		Develop computerized reports for service standards	c) Report available	31.03.2009	Head of DTI Head of GDN

1.3 Control of persons, goods and means of transport

Aim: Guarantee the entry or exit from Angola, of persons, goods and means of transport carried out in accordance with the customs procedures and legislation

Ref	Objective	Activities	Performance indicators	Deadline	Responsibility
1.3.1	Increase of customs warehouse controls in accordance with the international standards	Carry out post implementation reviews of customs warehouses	Report on project results and recommendations, submitted to the National director	30.06.2009	Regional directors Head of DTA
1.3.2	Improve efficiency of the PSI regime	Monitor the performance of PSI companies in accordance with the agreed procedures	a) Report of performance of companies, PSI, submitted to the National Directors Office	Quarterly	Head of DTC Head of GETA
		Prepare proposals of penalties of PSI companies for non compliance with the	b) Proposal approved by the national Director	Quarterly	Head of DTC

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		legislation			
		Renew licenses of PSI companies if necessary	c) Licenses approved and renewed by the national director	31.12.2009	Head of DTC
		Present the Decree 41/06 of July issued by the Council of Ministers in the Customs Newsletter	d) Revelation realized	According to the periodicity of the newsletter	Head of DTC Head of GDN
1.3.3	Reduce levels of congestion of the port premises	Implement the procedure relating to exportation of empty containers to carry out the necessary booking	a) report on the implementation submitted to the National Directors Office	Quarterly	Regional directors
1.3.4	Internal customs coordination with other entities to support in the detection and prevention of crimes	Implement a National Coordination Unit and regional Offices to develop investigation, facilitate the flow of intelligence and prepare for presentation in court.	a) Report on the Operational Unit and Offices with trained staff submitted to the National Directors Office	Quarterly	Head of DFA
		Agree draft projects of customs cooperation and MoUs with the respective administrations	b) Reports of Agreements and Memoranda implemented and submitted to the National Directors Office	Quarterly	Head of DTA Head of GETA Head of DFA
		Sign Customs Cooperation agreements and MoUs	c) Reports of implemented agreements and memoranda submitted to the National Directors Office	Quarterly	Head of DTA
		Implement Agreements and memoranda	d) Reports on implemented Agreements and Memoranda submitted to the National Directors Office	Quarterly	Head of DFA
1.3.5	Acquisition of vigilance tools to protect Intellectual Property Rights (IPR)	Create and consolidate with the private sector for the training of customs technicians in identifying counterfeited goods	a) Reports on training submitted in to the National Directors Office	Quarterly	Head of DFA Head of DRH
		Create risk profiles to identify importations that represent risks for IPR	b) Reports on risk profiles submitted to the National Directors Office	Quarterly	Head of DFA
1.3.6	Identification and prevention of drug trafficking and other prohibited goods	Monitor and improve existing risk profiles	a) Reports on the performance of risk profiles submitted to the National Directors Office	Quarterly	Head of DFA

		Carry out analyzes and recommendations on threats presented by drug producing countries	b) Reports of the performance and recommendations for the risk profiles submitted DFA	Quarterly	Regional director
1.3.7	Improve control of exportation of fuel	Prepare strategy to control exportation of fuel	a) Strategy approved by the National Director	28.02.09	Head of DTA
		Communicate oil companies methods of calculation of customs taxes	b) Proposal of Circular or Guide approved by the National Director	31.07.2009	Head of DTA
		Modify procedures to ensure coherence with methodology of the oil sector and coordination with the Fiscal Police	c) Report submitted the report to the National Directorate Office	Quarterly	Head of DTA
		Identify and approve the risks of all the areas of exportation	d) Report submitted to the National Directors Office	Quarterly	Head of DTA
		Define the joint Advisory Committee before the CCC with platform operators	CCC ToRs distributed to members	30.08.2009	Head of DTA
		Identify the premises to analyze oil samples taken during shipment	Report submitted to the National Directors office	Quarterly	Head of DTA
		Take measures to reduce the debt	Report submitted National Directors Office	Quarterly	Head of DTA
		Develop Common Cargo System	Report submitted to National Directors Office	Quarterly	Head of DTA
		Develop Risk Management with procedures for the Fiscal Police, risk control, audits and evaluation	Report submitted to the National Directors Office	Quarterly	Head of DTA
1.3.8	Improve post importation controls	Normalised implementation and systemic controls	Report submitted to the National Directors Office	Quarterly	Head of DTA Regional directors
		Prepare a Risk Management policy	Policy approved by the national Director	31.03.2009	Head of DTC
		Prepare and implement a plan for compliance by Traders	Plan approved by the national Director	30.04.2009	Head of DTC
		Prepare process of special authorization to Authorized Economic Operators	Procedures approved by the National Director	30.04.2009	Head of DTA
		Implement entry processes and periodic resolution for participants in the OEA program	Procedures approved by the National Director	31.06.2009	Head of DTA
		Prepare processes for advance authorization according to the immediate	Procedures approved by the National Director	31.08.2009	Head of DTA

		authorization			
		Prepare a OEA pilot program in accordance with the standards of the WCO	Program approved National Director	30.10.2009	Head of DTC
		Develop new processes for authorisation for Single Stop Border Post with neighbouring countries	Procedures approved by the National Director	30.09.2009	Head of DTA
		Conduct test audits to traders of the PCC	Report of the results submitted to the National Directors Office	Quarterly	Head of DTC
		Audit in accordance with controls	Report submitted to the national Director	30.09.2009	Head of GIC

1.4 Protecting the society

Aim: Prevent import and export of prohibited and restricted goods by applying targeted controls based on risks

Ref	Objective	Activities	Performance indicators	Deadline	Responsibility
1.4.1	Purchase of vigilance tools	Carry out study of the market to identify technological solutions	a) Report submitted to the National Director	30.06.2009	Head of DFA Head of Finance Head of DTI
		Prepare purchase plans and proceed in accordance with the purchase policy	b) Purchase authorized by the National Director and included in n the budget	30.09.2009	Head of DFA Head of Finance
		Purchase and distribute new vigilance tools	c) Report submitted to the National Directors Office	Quarterly	Head of DFA Head of Finance
		Carry out a post implementation review of new vigilance tools	d) Report submitted to the National Director Office	6 months after distribution	Head of DFA
		Continuously monitor the development of new Technologies, equipment and systems	e) Reports of the results of the monitoring submitted to the national Directors Office	Quarterly	Head of DFA
1.4.2	Purchase verification and inspection tools	Conduct a market study to identify technological solutions	a) Reports and proposals for acquisition, submitted to the National Director	30.06.2009	Head of DFA Head of Finance
		Prepare purchase plans and proceed in accordance with the purchase policy	b) Purchase includes customs budget for the following year and	Quarterly	Head of DFA Head of finance

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		authorized buy the National Director		
Purchase and distribute new inspection and verification tools	c) Report on tools distributed and utilised, submitted to the National Directors Office	Quarterly	Head of DFA Head of finance
Carry out a post implementation review of new inspection and verification tools	d) Report on the introduction of new inspection and verification tools submitted to the National Directors Office	6 months after distribution	Head of DFA
Continuously monitor the development of new Technologies, equipment and systems	e) Reports of the results of the monitoring submitted to the National Directors Office	Quarterly	Head of DFA

2. Support functions

Provide efficient and effective services in support of customs operational activities

2.1 Guarantee

Aim: Guarantee a fair, honest, efficient, effective and economic customs functions in support of the objectives of the Government and the commercial community.

Ref	Objective	Activities	Performance Indicators	Finish Date	Responsibilities
2.1.1	Proceed with the expansion of audits to customs stations at national level and ensure standardization of audit systems	Carry out audits according to the plan	a) Reports on audits submitted to the National Directors Office	Quarterly	Head of GIC
		Review institutional management systems in customs	b) Report on the reviews submitted to the national Directors Office	Quarterly	Head of GIC
		Prepare annual plan of internal audits and inspection in Customs	c) Plan prepared and approved by the National director	30.01.2009	Head of GIC
		Conduct inspection visits after audits	d) Reports on the level of compliance, submitted to the National Director	Six months after conducting the audit	Head of GIC
		To create a plan of implementation for the agreed recommendations	e) Report on compliance of recommendations submitted to GIG	4 months after the issuing of recommendations	Regional Directors Heads of Department of the audit areas
2.1.2	Improvement of Control	To evaluate the current control	a) Evaluation report completed and	31.03.2009	Head of GIC

	Environment	environment, to identify new formulas and existing techniques in the market.	submitted to the ND.		
		To evaluate the services provided by the stakeholders in the customs clearance process.	b) Report submitted to the ND	31.03.2009	Head of GIC Audited Area
		Create plan for the elimination of the weaknesses detected in the control environment and to respond to the fraud.	c) Plan prepared and approved by the ND	31.03.2009	Head of DTA Audited Area
		To implement agreed plan	d) Plan implemented and report submitted to GDN	Quarterly	Head of DTA Audited Area
		To develop a Risk and Audit Commission	e) Operating Commission	31.03.2009	Head of GIC
2.1.3	Relevant and timely statistical information for the ND and extern entities	To coordinate a working group together with DTI, DTA and DTC to improve the collection and eliminate inconsistencies in the statistical data.	a) Statistics applied for analysis of trends and provisions of the quarterly and annual reports.	30.06.2009	Head of GDN Head of DTI Head of DTA Head of DTC
		Compilation of monthly statistics from the Management Information System	b) Statistic Reports of External Commerce submitted on time	Monthly	Head of GDN
		Supply of statistic information according to requests of the outside holders	c) Statistic information provided on time	As requested	Head of GDN
2.1.4	Monitoring of level of compliance of the 2009Annual Plan	Reception progress reports	a) Reports referred to the GDN until the 5th day of the following month	Monthly	Regional Directors Heads of Department
		Submissions of opinions on the activities that are not being carried out.	b) Report submitted to the DN and agreed measures reported to the heads of the areas	Two monthly	Head of GDN
		To organize seminars on inter-departmental cooperation to reduce constraints	c) 3 seminars organized for the managers in 2009	March July November	Head of GDN
		Compilation of the reports for the preparation of quarterly report	d) Report submitted to the ND up to the 25th day of the following month	Quarterly	Head of GDN
		Preparation of the annual report 2008	e) Annual Report submitted to the ND	15.01.2009	Head of GDN
		Distribution of Draft Annual Report in the CCA	f) Input Compiled	5 Days after CCA	Head of GDN
2.1.5	To guarantee the administrative support of the	To request the areas for contributions of the documents to be considered in the	a) Agenda approved by the ND	Nine times per month	Head of GDN

	Advices and Meetings of Regional Directors	work agenda			
		To prepare and distribute files containing documents relating to the agenda	b) Files complete and distributed to the members of council and meetings	Week before the meeting	Head of GDN
		To prepare the minutes	c) Minutes distributed to the members	72 Hours after the meeting	Head of Secretariat Head of GDN
		Ask for members inputs in the writing of the minutes	d) Inputs included and minute approved by the ND	Two weeks after the meeting	Head of GDN
2.1.6	Dissemination of t information regarding procedures, practices and customs policies and safeguarding customs reputation.	To publish the Customs leaflets	a) Customs publication issued twice a month	Until the 20th of the 3rd month	Head of GDN
		To organize talks and seminars to publish the Regulation of the Customs Code, Post Release Audit Policy and others according to the need.	b) Results inserted in the monthly report.	Quarterly	Head of GDN
		Participate in the major commercial exhibition of the Country	c) Customs presence in the FILDA	Depends on the date set by	Head of GDN
		To contribute with matters and images for the leaflet, Website and Talks according to the needs of each area	d) Inputs and photos submitted to the GDN	Day 5 every two months	Regional Directors Head of Department
2.1.7	Improvement of the Website, according to the WCO standards	To update the information in the Website	a) updated Website	Every 15 days	Head of GDN
		To publish statistic data on External Trade	b) Data published in the Website	Monthly	Head of GDN
2.1.8	Preparation of the of Activity Plan 2010	Gathering of contributions of Regional Directors and Heads of Department	a) Draft distributed and contributions received for the compilation of the Plan	31.07.2009	Head of GDN
		Compilation of the draft of the Plan 2010	b) Contributions inserted and plan approved by the ND	10.08.2009	Head of GDN
		Presentation of the final version to the Board	c) Annual Plan of Activities of 2010 approved and distributed	20.08.2009	Head of GDN
2.1.9	Review of the Strategic Plan 2007 – 2012	(SWOT o PEST). To organize seminars with the managers for the implementation of models (SWOT the PEST).	Strategic plan updated.	30.07.2008	Head of GDN
2.1.10	Expansion of the Post Clearance Audit Function in	To prepare and implement the Action Plan	Plan implemented and approved by the ND	31.03.2009	Head of DTC

all the customs regions to ensure effective control of imported / exported goods, as well as in transit in the national territory.	

2.2 Financial Management

Aim: To enable the achievement of results and objectives of the activities, by the provision of adequate levels of resources and financial information

Ref	Objective	Activities	Performance Indicators	Finish Date	Responsibility
2.2.1	Rationalization and Automation of Minor Taxes	To review the implementation in Navigation, Inspection and Cartorio	Post implementation reports submitted to the GDN	Quarterly	Head of DOCP Head of DTI
2.2.2	Preparation of the systems for acquisition and bit of assets	To implement in accordance with the plan	Reports on progress submitted to the GDN	Quarterly	Head of DOCP
2.2.3	Simplification of the accounting models to ensure better financial management	Post implementation review	Report on post implementation review submitted to the DN.	Quarterly	Head of DOCP
2.2.4	Review of the payment systems and control of salaries	Post implementation review	Reports on the systems operations and procedures introduced, submitted to the GDN	Quarterly	Head of DRH
2.2.5	Preparation of the Revenue Forecast for 2010	Prepares draft of revenue forecast for 2010	a) Draft prepared and submitted to the DN	30.06.2009	Head of DOCP
		To present the *final version of the revenue forecast to the Board.	b) Revenue forecast for 2010 approved and distributed	15.07.2009	Head of DOCP
2.2.6	Implementation of financial and administrative autonomy	To prepare the implementation Plan of the recommendations of the strategy on the Financial and Administrative Autonomy	a) Plan prepared and approved by the DN.	31.12.2009	Head of DOCP
		To implement the recommendations on the Autonomy	b) Recommendations implemented	31.12.2009	Head of DOCP
		Post implementation review	c) Report on post implementation review, submitted to GDN	Quarterly	Head of DOCP

2.3 Human Resources

Aim: To develop a professional and motivated workforce distributed in the context of the support of national objectives

Ref	Objective	Activities	Performance Indicators	Finish Date	Responsibility
2.3.1	To ensure that staff have the qualifications, competences, capacities, values and necessary behaviours in environments of work according to the Angolan legislation.	To prepare the Human Resources policy	a) Policy approved by the Board	30.06.2009	Head of DRH
		To prepare Customs Officer Manuals	b) Manual approved by the Board distributed to the board.	30.09.2009	Head of DRH
		Analyze compliance of national legislation and of best international practices in the conditions of health and safety	c) Report with the recommendations distributed to the staff.	30.04.2009	Head of DRH
		To assess recruitment processes, performance appraisals, rotation, dismissal, attendance management and promotion to ensure that they are legal, fair, transparent and efficient.	d) Report with analysis and recommendations submitted to the ND	Quarterly	Head of DRH
		Implementation of performance appraisal system for managers regarding results of Annual Plan.	e) System implemented in 10 Departments and 4 Regional Directorates	30.06.2009	Head of DRH
		To review the new system of payment	f) Report with analysis and recommendations submitted to the ND	30.06.2009	Head of DRH
		To ensure compliance of the Angolan legislation and best international practices in the conditions of work in an action plan	g) Action plan implemented	30.09.2009	Head of DRH
		To prepare and to implement the Talents Development Program	h) Program implemented and report submitted to the GDN	Quarterly	Head of DRH
2.3.2	To ensure that the process of recruitment is in line with the future Customs needs	To create the new profile of Customs human resources in accordance with the needs identified for the period 2007-2012	a) Human resources profile updated annually and subjected to the ND	31.06.2009	Head of DRH

2.3.3	Introduction of the new Organic Statute of Customs	Post implementations review	a) Report on the level of efficiency of implementation with recommendations, submitted to the ND	30.12.2009	Head of GETA
2.3.4	Introduction of the new Statute of the Customs Officer	Post implementations review	a) Report on the level of efficiency of implementation with recommendations, submitted to the ND	30.01.2009	Head of DRH
2.3.5	Monitoring of the level of absences in all Customs Units	To maintain the correct records on absences, to prepare reports, meet with managers and arrange measures of action for reduction of absences.	a) Comparative Report of the % of absences in each published area.	Quarterly	Head of DRH
		Audit the absence management system.	b) Report submitted to the ND.	30.09.2009	Head of GIC
2.3.6	Reduction of the level of absences in the areas where it is required.	To analyze the causes, to prepare the strategy and to implement measures to reduce the level of absences	a) Report presented to the ND	30.03.2009	Head of DRH
		To evaluate results of the implementation of measures.	b) Report of results submitted to the GDN	30.09.2009	Head of DRH

2.4 Infrastructure

Aim: To ensure that customs installations provide an environment of modern work and appropriate security

Ref	Objective	Activities	Performance Indicator	Finish Date	Responsibility
2.4.1	Establishment of the customs presence in the regions through the rehabilitation and construction of frontier posts and customs stations	To implement rehabilitation and construction plans of the customs offices	a) Report on improvements and constructions effected submitted to the GDN	Quarterly	Head of DOCP
		To conduct a post implementation review at the end of each project	d) Post implementation report of each project submitted to the DN	31.12.2009	Head of DOCP
2.4.2	Improvement and renovation of the fleet of transport	To implement the plan	a) Report on the fleet of transport renewed submitted to the GDN	Quarterly	Head of DOCP
		Annual review of the fleet in comparison with the needs of the organization	b) New annual plans of acquisition prepared and submitted to the ND.	30.09.2009	Head of DOCP

3. Reinforcement of capacity

Continue with the development of modern, efficient and sustainable customs services

3.1 Developing systems and procedures

Goal: Develop and implement modern systems and procedures according to the internationally accepted standards and conventions.

Ref	Objective	Activities	Performance indicators	Completion date	Responsibility
3.1.1	Preparation to adopt Framework of standards of WCO and strengthen cooperation between Customs and WCO	Participate in the WCO program of customs attachés	Candidate approved by the ND	31.03.2009	Head of DTA
		Formal ratification of Framework of standards in Angola	a) Framework of standards ratified	31.03.2009	Head of DTA
			b) Report submitted to the National Director.	31.06.2009	Head of DTA
3.1.2	Preparation to subscribe Regional and International Conventions on commercial relations and good customs practices	Identify international convention to which Angola intends to adhere from 2007 to 2012	a) Progress report on conventions to be subscribed, submitted to the National Director's Office.	Quarterly	Head of DTA
		Make comparison between forecasts of customs legislation in force and conventions to adhere to	b) Report on comparisons made, submitted to the National Director's Office.	Quarterly	Head of DTA Head of legal section(GETA)
		Comply with membership procedures	c) Report on memberships to be completed, submitted to the National Director's Office.	Quarterly	Head of DTA
		Create necessary legislation as per the program of legislative changes according to the membership deadlines.	d) Report on legislation created and submitted to the National Director's Office	Quarterly	Head of DTA
					Head of legal section (GETA)
		Implement the legislation	e) Report on the legislation implemented, submitted to the National Director.	Quarterly	Head of legal section (GETA)
3.1.3	Adjustment work with customs administrations of other countries in order to harmonize regional and	Participate in active manner in meetings with international and regional organizations (WCO, SADC, CPLP,	a) Report on the participation submitted to the National Director's Office.	Quarterly	Head of DTA

	international procedures	WTO, CEEAC and others)			
		Assure co-ordination between working groups that represent Angola in international and regional forums to implement agreed procedures	b) Report on coordination and submitted to the National Director's Office	Quarterly	Head of DTA
		Prepare and agree on customs cooperation agreement drafts and memoranda of understanding.	c) Drafts submitted to the ND.	31.12.2009	Head of DTA Head of legal section (GETA)
		Sign customs cooperation agreements and memoranda of understanding	d) signed agreements and memoranda	31.12.2009	Head of DTA
		Implementation of agreements and memoranda	e) Report on the implementation of agreements and memoranda submitted to the National Director's Office	Quarterly	Head of DTA Head of legal section (GETA)
3.1.4	**Obs:** Objectives of each convention will be incorporated once the maps of accession are approved.				
	Implementation of Procedures on Diplomatic Privileges contained in the Customs Code Regulation	Train and accompany implementation of procedures relating to diplomatic privileges in all the regions	a) Report on results submitted to the National Director's Office	Quarterly	Head of legal section (GETA)
		Form a working group among DTA, GETA and MIREX in order to ratify all conventions not ratified to date	b) Working group formed	31.03.09	Head of DTA Head of legal section (GETA)
3.1.5	Implementation of SADC trade protocol	Post implementation assessment of SADC trade protocol.	Report on results achieved, submitted to the National Director's Office	Quarterly	Head of DTC Head of DTA
3.1.6	Incorporation of new developments to technological and communication systems	improve and expand the infrastructure of networks and communication in accordance with new technologies; assure compatibility in the migration of the software, recuperation of catastrophes and reinforce security policy.	a) Report on improvement, submitted to the National Directors Office	Quarterly	Head of DTI
		Develop TIMS for connection CRMS (Cotecna), Single Window, PFPU	b) Report submitted to the National Director's Office	Quarterly	Head of DTI

		(Frontier Posts of single Stop) and PDA (Personal data assistant).			
		reinforce and improve systems of tolerance to failures, in accordance with best practices and new technologies available in the market	c) Report on improvement of systems submitted to the National Director's Office	Quarterly	Head of DTI
		Improve preventive maintenance actions	d) Report on improvement of systems submitted to the National Director's Office	Quarterly	Head of DTI
		Guide DTI functions in a receptive manner according to the necessities of the Departments and of the Regional Directorates	e) Report submitted to the National Director's Office on the measurement of satisfaction level for the service	April August December	Head of DTI
		Develop service of telephone and virtual assistance	f) Report submitted to the National Director's Office	Quarterly	Head of DTI
		Make audits to the developed computerized system	g) Report on audit results submitted to ND	31.12.2009	Head of GIC
		Manage phone networks, radio, CCTV cameras, cargo registration devices, solar panels, generators, etc.	h) Report on new responsibilities submitted to the National Director's Office	Quarterly	Head of DTI
		Improve the level of technical support provided to the regions	i) improvements in functioning stability of the systems	31.12.2009	Head of DTI
3.1.7	Customs procedures in conformity with the customs regulation.	Adjust procedures in line with the established in the approved and published customs code regulation	Procedures created and revised	31.12.09	Head of DTA
3.1.8	Implementation of the new *Estatuto das Alfândegas*	Disseminate the new *Estatuto Orgânico das Alfândegas* in conformity with the Plan in all customs regions	New *Estatuto Orgânico* published and disseminated	31.12.2009	Head of legal section (GETA) Head of National Director's Office
3.1.9	Introduction of customs code regulation	Disseminate the approved customs code regulation	a) customs code regulation disseminated	31.12.2008	Head of National Director's Office
		Accompany the construction of the fiscal and contentious room.	b) Room inaugurated	31.12.2008	Head of legal section (GETA)
3.1.10	Implementation of the new *Estatuto do Funcionário Aduaneiro*	Approve and publish on *Diário da República* the new *Estatuto do Funcionário Aduaneiro*	New *Estatuto do Funcionário* published and disseminated	30.08.2009	Head of legal section (GETA) Head of National Director's

Ref	Objective	Activities	Performance indicators	Completion date	Responsibility
					Office
3.1.11	Standardization of procedures for functions in regional directorates	Develop procedure manuals for all functions.	Procedure manuals distributed and implemented	31.12.2009	Head of DTA Regional Directors
3.1.12	Improvement of electronic manifest management system	Extend and improve data input system in the electronic format	Electronic manifest introduced and submitted to the National Director's Office	31.01.09	Head of DTI

3.2 Staff development

Goal: Develop staff skill and degree professionalism, leading to the general improvement of the performance

Ref	Objective	Activities	Performance indicators	Completion date	Responsibility
3.2.1	Implementation of a training strategy that corresponds to a modern customs administration	Implement 2009 training plan including IT, English, report drafting, anti-smuggling tactics, management of contracts, projects and multiple suppliers and relevant topics.	a) Report submitted to the National Director's Office	Quarterly	Head of DHR
		Implement a development program of customs auditors	b) Implementation report, submitted to the National Director's Office	Quarterly	Head of DHR Head of GIC
		Draft with the National Director's Office an interchange and training with other customs administrations	c) Program approved by the ND	28.02.2009	Head of DHR Head of the National Director's Office
		In partnership with CPLP members, adapt and develop e-learning modules in Portuguese language	d) New CPLP modules implemented	30.01.2009	Head of DHR Head of DTI
		Implement e-learning in relevant areas.	e) Staff trained and report submitted to the National Director's Office	Quarterly	Head of DHR Head of DTI
		Assure that customs have training of new generation technologies (for example: *scanners*)	d) Report on new training modules developed and training given, submitted to the National Director's Office	Quarterly	Head of DHR
3.2.2	Creation of training centres in the regions	Post implementation review of training centres	Report of the efficiency of implementation with future	30.03.2009	Head of DHR

				recommendation, submitted to the National Director's Office		
3.2.3	Participation in development programs of WCO, CPLP and SADC	Identify programs in which Customs intends to participate	a) programs identified and approved by the National Director	31.12.2009	Head of DHR
		Select and nominate trainees	b) Trainees selected and approved by the ND	31.12.2009	Head of DHR
		Participate in the WCO" Fellowship program"	c) Customs officers selected and approved by the ND	31.12.2009	Head of DHR
3.2.4	Keep on developing a modern management style and philosophy	Post- implementation review	Report on the efficiency of implementation, submitted to the ND	30.03.2009	Head of DHR
3.2.5	Ongoing training of lawyers of GETA and contentious departments in regional directorates.	Training agreement with local or foreigner organizations	Report on traineeship and trainings completed submitted to the National Director's Office	Quarterly	Head of DHR Head of legal section (GETA)
3.2.6	Highly DTI qualified staff	Create a data base of staff skills of DTI to guide the recruitment	Operational data base	31.01.2009	Head of DHR Head of DTI
3.2.7.	Provide in a proactive manner adequate mechanisms to the current and future needs of customs.	Identify training needs and possible partnerships for permanent development of customs officers.	Report on the activity, submitted to the National Director's Office	Quarterly	Head of DHR
3.2.8	Post release audits done based on risk management and conformity policy	Auditors training for the new unit	Report submitted to the National Director's Office	Quarterly	Head of DHR Head of DTC
3.2.9	Reinforcement of control in fuel exports	Training strategy and staff development of oil and gas section, DTA, DTC, DTI, GETA and GIC.	a)Strategy approved by ND	28.02.2009	Head of DHR
		Implement a program of training agreement with companies, petroleum institute and other stakeholders and assess results.	b)Report on staff trained, submitted to the National Director's Office	Quarterly	Head of DTA Head of DHR Head of DTI Head of GIC
3.2.10	Creation of an integrity strategy	Implement action plan based on the approved strategy establishing dates, targets and responsibilities.	a) Action Plan completed and approved by the ND	31.01.09	Head of DIP
		Implement risk management including	b) Report submitted to the	Quarterly	Head of DIP

		corruption and fraud.	National Director's Office		
		Make presentations in customs regions for dissemination of the approved strategy.	c) Report on results, submitted to the National Director's Office	Quarterly	Head of DIP
		Liaise with the training school in development of a training plan	d) Training modules completed, approved by the ND	31.01.09	Head of DIP Head of DHR
			e) Reports on results, submitted to the National Director's Office	Quarterly	Head of DIP Head of DHR
		Indicate in each region an officer responsible for staff integrity and hold a workshop.	f) Reports on *workshops, submitted to the* National Director's Office	30.09.09	Head of DIP
3.2.11	Expansion of DIP functions to become proactive in staff irregularities tasks	Develop on intranet a specific page with DIP responsibilities and functions	DIP pages implemented on intranet	30.06.09	Head of DIP Head of DTI
3.2.12	Improvement of cooperation between DIP and other organizations to stimulate new techniques of investigation works so as to detect and prevent staff irregularities	Identify within SADC and WCO new techniques on best practices to be applied to DIP management system	a) Material identified and approved by ND	31.12.09	Head of DIP
		Assess benefits of new techniques identified for Customs.	b) Report on the assessment of new techniques approved by the ND	31.12.09	Head of DIP
3.2.13	Monitoring of the level of compliance in relation to the code of conduct	Analyze causes of disobedience in relation to instructions of code of conduct.	Reports submitted to the National Director's Office	Quarterly	Head of DIP
3.2.14	Payment of visits to border posts	Implement an action plan to discourage active and passive corruption along the borders	a)Plan approved and implemented, reports submitted to the National Director's Office	Twice per a year	Head of DIP
		Carry out meeting with police entities based at border posts.	b)Reports on results submitted to the National Director's Office	27.07.09	Head of DIP
3.2.15	Reduction of processes submitted to DTC, in order to simplify storage costs at the terminals and classify goods through publication of opinions on WCO and DTC classifications	Work on the training and/or refreshment of staff identified to assure representation units of tariff classification of goods	a) Training and /or refreshments completed	30.11.2009	Head of DTC Regional Directorates
		Form representation units of classification in the various customs regions to do tariff classification of	b) Representation units formed and goods classified as per the plan.	30.12.09	Head of DTC Head of DHR Regional Directorates

		goods			
		Design a draft to a standard of a circular to be used for these publications	c) Draft to a standard of circulars designed, submitted and approved by the ND	30.04.2009	Head of DTC Head of GETA Head of DTA
3.2.16	Reduction of fiscal evasion, in terms of incentives granted by ANIP.	Training of customs officers on production, manufacture and transformation processes of goods for a correct tariff classification.	Report on staff trained, submitted to the National Director's Office	Quarterly	Head of DHR Head of DTC

Annex 13: Liberia BCE Business Plan 2010-2011
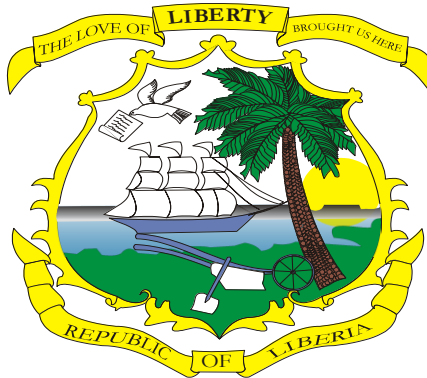
REPUBLIC OF LIBERIA

MINISTRY OF FINANCE

BUREAU OF CUSTOMS AND EXCISE

FISCAL YEAR 2010 / 2011
BUSINESS PLAN
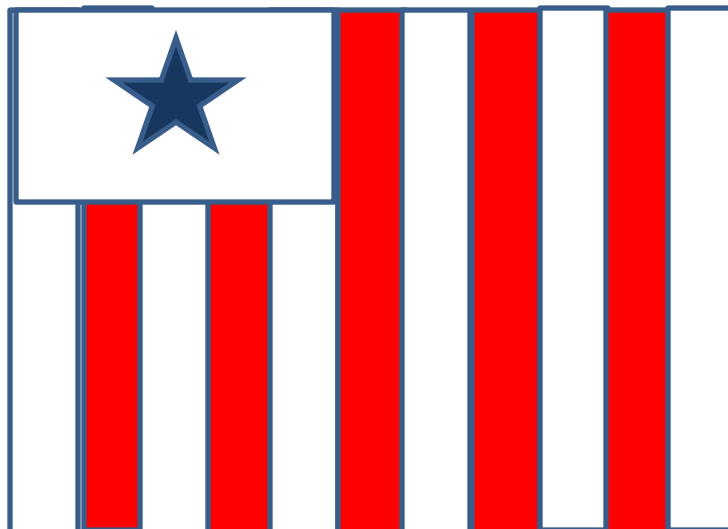
CUSTOMS FLAG

Commissioners Statement

The Bureau of Customs and Excise has embarked upon an ambitious reform and modernization program that it envisaged to achieve initially through the implementation of its Strategic Management Plan for the period 2010 – 2013. The vision of the Bureau is to be recognized as a **professional, efficient, and modern customs service** which contributes to the economic growth and the advancement of social welfare of Liberia. Its mission is to enhance revenue collections, facilitated legitimate trade, protect the economy and the environment by adhering to modern customs standards and procedures and be a repository of trade statistical data.

The Strategic Management Plan 2010 – 2013 is built on five basic objectives of Customs namely, Modern Strategic Management, Human Resource Management, Compliant Trade and Border Management, Trade Security, Risk Management and Enforcement and Establishment of an effective Customs to Customs and Customs to Business Communication.   The aim of these objectives are to establish competent customs officials operational along clear performance targets and working along published development goals, direct increase in revenue collection by twenty percent (20%),   reduction in customs intervention and clearing time by fifteen percent (15%), which will lead to the reduction in cost and time of doing business in Liberia.

While these are all the vision and aspirations of our customs administration, we have to have clear define plans to achieve them over the three years. This document is the Annual Plan of the BCE in line with the SMP 2010 – 2013 which will launch the application of the implementation of the plan. The Annual Business Plan 2010/2011 is relatively ambitious but with the collective effort of all customs personnel, our consultants and various donors and most especially the Senior Management of the Ministry of Finance, we are optimistic that we can and will achieve the objectives that have been described in this document.

We are counting on the support and hard work of all you customs personnel in the implementation of this Business Plan of the BCE for the period 2010/2011. We would like to give special thanks to all but specifically to Mr. Stuart Millen, Customs Operational Consultant and Mr. Saa Saamoi, Assistant Commissioner for Urban Ports for spearheading the preparation of the business plan in this final format.

Again I say to all of you, this is the beginning and we have all got the potential. Let us put it to work by exhibiting good work habit, customer friendly interaction with taxpayers and most especially a high level of integrity in all that we do. **Remember we are serving our country and we must do so with diligence and high level of honesty**

		BCE Business Plan - Section 1 Customs Core Business				
		High Level Objective				
		To administer the collection of Customs revenue and control mechanisms while facilitating the movement of people and trade who are in compliance with the law				
		Activity 1.1 – Revenue Collection				
		Aim – To correctly collect customs revenues at the right time.				
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
1.1.1	To achieve total national customs revenue collection of USD 106.67 million	The timely collection of customs revenue due to the republic	Urban Ports to collect USD 102.98 million Rural Ports to collect USD 3.69 million	30/06/2011 30/06/2011	Ass Commissioner Urban Ports Ass Commissioner Rural Ports	Vehicles, stationery supplies, Internet & mobile communication, computers, furnished offices, Electricity comparable salaries
1.1.2	To ensure that all duty free concessions are granted in accordance with the law	To increase revenue by curtailing the misuse of duty exemptions	Identification of fraudulent applications Identification and amendment to understated applications	Ongoing Ongoing	Director Duty Free Director Duty Free	Clearly defined policy criteria for all categories of duty free, well developed duty free database that can be queried, office supplies, well furnished offices, Computers comparable salaries
1.1.3	To collect overdue customs revenues of USD 2.72 million	Identification of all debts to customs. Pursue debt through all legal avenues	Debtors identified and dealt with according to the law. Reduction in monthly debt to Customs USD 2.72 million collected	Ongoing Monthly 30/06/2011	Director Collection and Enforcement	Legislations that empowers Customs to enforce collection of overdue taxes with court intervention, Vehicles, Computers communication, office supplies

| 1.1.4 | Provide quality and effective services to Tax payers | Increase and Improve equipment and staff capabilities | New equipment introduced

Staff trained in technology and customer service | 30/08/10

31/12/2010 | Commissioner of Customs/Customs Administration | Budgetary appropriation |

BCE Business Plan - Section 1 Customs Core Business						
High Level Objective To administer the collection of Customs revenue and control mechanisms while facilitating the movement of people and trade who are in compliance with the law						
Activity 1.2 – Trade Facilitation						
Aim – To reduce clearance times and costs of international trade for those complying with customs requirements						
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
1.2.1	To decrease the average clearance time for imported and exported goods.	Conduct Business Process Reengineering (BPR) of all customs ports operations and ASYCUDA system.	BPRs undertaken and reports submitted. Recommendations accepted and implemented. Review of Implementations Average Clearance time decreased	30/09/2010 31/10/2010 31/01/2011 30/06/2011	Asst. Commissioners, Senior Collectors Commissioner, Asst. Commissioners Urban/Rural Ports Asst Commissioners Urban/Rural Ports	Require technical assistance from consultants
		Improve the Compliance Management Framework	Compliance Management Strategy prepared and approved Compliance Management Framework implemented. Decrease in percentage of Red Lane Entries Increase in % of positive red lane examinations	31/10/2010 30/06/2011	Asst Commissioner Compliance and Enforcement. Director Risk Management Unit	Approval to employ Asst Commissioner Require technical assistance from consultants
1.2.3	Rollout ASYCUDA	Successfully implement	ASYCUDA implemented at 3 additional	30/06/2011	ASYCUDA Project	Budget for

					Manager	operations and to procure logistics for rollout
1.2.4	To improve service standards	Review and amend current service standards	Review completed Amendments agreed Service Standards published	31/10/10	Commissioner, Asst Commissioners	Long policy bureaucracies may hinder meeting intended timeline

BCE Business Plan - Section 1 Customs Core Business						
High Level Objective To administer the collection of Customs revenue and control mechanisms while facilitating the movement of people and trade who are in compliance with the law						
Activity 1.3 – Control of People, Goods and Transport						
Aim – To ensure the entry or exit from Liberia of people, goods and transport is undertaken in accordance with the law and regulated procedures						
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
1.3.1	To Improve Cargo Control procedures in line with International Conventions	Improve control procedures of approved warehouses and other customs controlled areas	Conduct review of warehouse procedures Implement recommended changes to procedures	30/09/2010 31/10/2010	Ass Comm. Urban and Rural Ports, Senior Collectors Director of Bonding & Transhipment	Policy bureaucracies
		Improve and standardise control procedures of Land Border Crossings	Development and implementation of vehicle road tax Review of procedures conducted Recommended changes implemented for all crossings Development and implementation of vehicle road tax	30/09/2010 31/10/2010 01/01/2011	Asst. Commissioner Rural Ports, Rural Ports Collectors	Vehicles, communication, computers, internet,
		Undertake Post Clearance Audits(PCA) of Importers,	PCA Planned	31/07/2010	Asst. Commissioner Compliance and	Require technical assistance from

		Exporters and Brokers	PCA conducted and reports completed	Ongoing	Enforcement Director PCA	consultant Vehicles, office supplies, communication
1.3.2	To effectively control high risk air passengers while with decreased hindrance to compliant passengers	Increase the passenger targeting capacities of airport staff	Staff trained in risk assessment of passengers and baggage. Seizure Levels maintained while interventions decreased	31/10/10	Asst. Comms. Urban/Compliance & Enforcement	Budget for training, availability of baggage scanners
1.3.3	Assure the PSI arrangements are effective and efficient	Monitor the performance of the PSI company against contracted agreement	Maintain performance sheet against agreed standards Regular meetings with PSI company Report of performance submitted to Commissioner	Ongoing Quarterly Quarterly	Director PSI Contract	Office supplies, internet and mobile comm..
1.3.4	Increase the level of intelligence sharing to prevent and detect offenses	Participate in intelligence sharing forum	Forum established and meetings attended. Report of offenses resulting from shared intelligence	30/09/10	Director/Customs Intelligence	Establishment of Intelligence Unit
1.3.5	To increase anti smuggling capability	Flexible Anti Smuggling Teams (FAST) introduced	Strategy for FAST completed FAST implemented	30/09/10	Director FAST	Approval to employ FAST Director

		BCE Business Plan - Section 1 Customs Core Business				
		High Level Objective				
		To administer the collection of Customs revenue and control mechanisms while facilitating the movement of people and trade who are in compliance with the law				
		Activity 1.4 – Society Protection				
		Aim – To prevent the importation or exportation of prohibited or restricted goods.				
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
1.4.1	Reduce the trafficking of drugs and other prohibited goods into or out of Liberia	Creation of Risk Profiles for drugs and other prohibited goods	Risk Profiles created Number of interceptions resulting from risk profiles	30/09/11 On going	Compliance & Enforcement Anti Smuggling Unit	Operational Logistics
		Train staff Risk Assessment for drugs and PIs/PE's	Number of staff trained	30/09/10	Customs Administration	
		Effective deployment of personnel to deal with threats		01/10/10	Asst. Comm./Compliance	Recruitment of additional staff
		Improve relationships with local and international agencies	Participate in local drug interdiction forum Participate in international drug interdiction forums	On going On going	Compliance & Enforcement Compliance & Enforcement	Establishment of the TCU
1.4.2	Increase the control of goods subject to Intellectual Property Rights (IPR)	Increase Awareness of IPR restricted goods	Awareness sessions given	30/12/10	Compliance & Enforcement, Customs Administration	Funding for activity
1.4.3	Acquisition of technology to increase detection capabilities	Conduct market analysis to identify suitable detection equipment	Market analysis undertaken with recommendations and costings Equipment Purchased			Donor Funded

BCE Business Plan - Section 2 Customs Support Functions						
High Level Objective To provide a high level of administrative support to customs core business activities						
Activity 2.1 – Quality Assurance						
Aim – To guarantee that customs functions are undertaken fairly, efficiently and with integrity in line with Government and Client expectations						
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
2.1.1	To provide assurance that internal controls and the control environment are at an acceptable level	Internal Audits plan to include system, transactions, compliance and developing system audits	Internal Audit Plan submitted and approved	30/09/10	Customs Audit, MoF Internal Audit Team	Funding for activity, logistics for audit
		Internal Audits Conducted	Audit reports completed with recommendations	quarterly	Customs Audit, MoF Internal Audit Team	
		Strengthen Internal Controls	Internal control recommendations implemented within one month of Commissioners approval.	Quarter 1	Asst. Commissioners, Directors, Snr. Collectors	
2.1.2	To provide accurate statistics to the Commissioner	Collate appropriate data from sources and provide regular statistical reports to the Commissioner. Provide statistics upon request Cross reference and validate data	Reports provided Reports Provided Validation Completed	Daily/Weekly/Monthly As required Quarterly	Assistant Commissioner – Operational Policy, Director Statistics	Computers, office supplies, internet and mobile communication, additional staff recruited
2.1.3	To increase the integrity of Customs and improve staff compliance with systems and procedures	Establishment of an Internal Affairs Unit	Unit Established and Operating Introduction of Staff Code of Conduct Investigations of instances contrary to the code of conduct with timely reports and recommendations	 O n going	Commissioner Director Internal Affairs Director Internal Affairs	Logistics for investigatory activities, Additional staff recruited Comparable salaries
2.1.4	To develop the public image of Customs	Establish a formal Customs Consultative Committee Produce a Public Relations Plan	Committee established and meeting quarterly Plan produced and approved	31/10/2010	Commissioner of Customs	

Ref	Fiscal Year Measurable Objective	Strategic Activities	Measurable Deliverable	Deadline	Responsibility	Constraints
		Disseminate Information to the public and trading community	Brochures and Announcements made	30/09/2010 Ongoing	Customs Policy Unit, Customs Modernization	Employment of Asst. Comm. for Policy
2.1.5	Prepare the Business plan for Fiscal Year 2011 / 2012	Consult with internal and external stakeholders Produce Final Plan	Draft Plan produced and submitted for approval Approved Plan produced and distributed	31/03/2011 31/05/2010	Deputy Commissioner Commissioner	

BCE Business Plan - Section 2 Customs Support Functions						
High Level Objective To provide a high level of administrative support to customs core business activities						
Activity 2.2 – Financial Management						
Aim – To guarantee that customs objectives can be achieved by provision of adequate resources and financial information						
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
2.2.1	To improve the financial management systems within Customs	Develop existing systems to include budget requests and expenditure forecasts	Current Systems Reviewed Required changes made and implemented	Quarter 1	Commissioner, Asst. Commissioners	Require technical assistance from consultants
		Review payment systems and control of allowances and operational funds	Outstanding Accounts to vendors paid on time Transportation, resettlement allowances and operational funds paid on time	Quarter 1 On going	Commissioner, Asst Commissioners, Director RGS Commissioner, Asst Commissioners, Director RGS	MoF administrative bureaucracy in remitting funds
		Preparation of budget request for Fiscal Year 2011/2012	National Review of all assets, infrastructure and administrative requirements completed Budget request prepared	31/01/2011 28/02/2011	Commissioner, Asst. Commissioners, Directors	Require guidance from corporate service and DoR Policy Unit

BCE Business Plan - Section 2 Customs Support Functions					
High Level Objective					
To provide a high level of administrative support to customs core business activities					
Activity 2.3 – Human Resources					
Aim – To develop a workforce that is motivated and professional in line with government and public expectations					
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
2.3.1	Develop a motivated workforce that has the skill and ability to deliver business objectives	Analysis of the marketplace to establish conditions of service, development opportunities and benefit schemes	Staff with demonstrated commitment productivity rewarded quarterly	Quarterly	Commissioner, Asst. Commissioners, Directors	Funding for fringe rewards and honour ceremonies
		Review career and remuneration structure	Comparable salary structure approved	30/08/10	Commissioner, DMR	MoF Administration approval
		Review recruitment policy and procedures	Staff recruited based on established standards and criteria	30/08/10	Commissioner, Assist. Commissioners, Modernization, Common Services	Require technical assistance from consultants
2.3.2	To improve staff professionalism	Introduce a staff appraisal system with training needs analysis	Staff appraised by supervisors quarterly New training needs established by supervisors	Quarterly Quarterly	Commissioner, Asst Commissioner, Directors, Senior Collectors	Require technical assistance from consultants for start up
2.3.3	To strengthen management controls and reduce staff absenteeism	Identify causes and number of days lost.	Absenteeism Quantified Management controls in place Decrease in absenteeism	30/08/10 30/09/10 30/09/10	Commissioner, Asst Commissioner, Directors, Senior Collectors	
2.3.4	Ensure recruitment policy is in line with Customs future needs	Develop a 3 year strategic plan for Customs recruitment	Strategic Plan prepared	31/10/10	Commissioner, Asst. Commissioners	Require technical guidance from consultants

BCE Business Plan - Section 2 Customs Support Functions					
High Level Objective					
To provide a high level of administrative support to customs core business activities					
Activity 2.4 – Infrastructure					
Aim – To ensure that customs workplaces provide a modern and secure environment for staff					
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
2.3.1	To improve the general work conditions of staff.	Increased access to electricity	Operational and routine costs developed and submitted to MoF Budget and Finance Office Electricity to all major customs provided and stabilized	30/09/10 30/09/10	Commissioner of Customs, Assistant Commissioners, RGS	Budget and procurement bureaucracy
		Refurbishment of offices and furniture upgrades	All Customs offices fully refurbished, furnished and equipped	30/12/10	Commissioner of Customs, RGS	Budget and procurement bureaucracy
		Separation of staff and public in restricted areas	Restricted areas identified and labelled	30/08/10	Asst. Commissioners, Modernization	Funding for restriction signs and barriers
2.3.2	Increase the size of the customs vehicle fleet	Review of customs fleet requirements	Needed pickup trucks, jeeps identified and procured	30/09/10	Commissioner of Customs	Budget and procurement bureaucracy
2.3.3	To improve customs examination facilities	Construction of secure examination warehouse Purchase of examination and unloading equipment	Freeport Examination facility expanded Examination sheds constructed at each border post Unloading and loading equipment procured for each customs port	30/12/10	Commissioner, RGS	Budget and procurement bureaucracy
2.3.4	Identification of future infrastructure requirements for land border crossings.	Draw infrastructure plan for border ports and cross border trade facilitation	Customs Offices constructed at border posts currently with modern offices	30/06/11	Commissioner, RGS	Budget and procurement bureaucracy

BCE Business Plan - Section 3 Capacity Building					
High Level Objective To develop a modern efficient and sustainable customs administration					
Activity 3.1 – Developing Systems and Procedures					
Aim – To develop and implement systems and procedures in line with international conventions and standards					
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
3.1.1	Develop a classification and valuation unit	Prepare job descriptions and training requirements for unit in accordance with structure Select people for training and placement Access external bodies such as WCO for specialized development opportunities	Number of classification and valuation cases solved New staff hired for each unit Number of development opportunities explored	On going 30/08/10 On going	Asst Commissioner Policy Asst Commissioner Policy	Employment of Asst Comm. for Policy
3.1.2	Develop a compliance and enforcement division	Prepare job descriptions and training requirements for unit in accordance with structure Select people for training and placement Access external bodies such as WCO for specialized development opportunities	Compliance training needs and structure developed Compliance & enforcement staff hired	30/09/10 30/08/10 On going	Asst. Commissioner for Compliance & Enforcement	Employment of Asst. Comm. for Compliance & Enforcement hired.
3.1.3	To prepare for conversion from BDV to GATT	Conduct Risk Management of revenue loss potential Seek specialist training on GATT valuation rules	Risk Management trainings conducted Specialized trainings on GAAT valuation rules conducted.	Quarter 1 Quarter 2	Asst Commissioners Compliance/Policy	Funding for training
3.1.4	Enhance the effectiveness of ASYCUDA World	Conduct BPR to identify leakage potential and system blockages	New business friendly processes mapped out at Freeport	Quarter 1	ASYCUDA Project Manager, Asst Commissioner Urban	

| 3.1.5 | Ensure Management control programmes implemented and in use | | | Ongoing | Ports, Functional Team Commissioner, Asst. Comms, Directors | |
| 3.1.6 | Further develop work place procedures | | | Quarter 1 | Commissioner, Asst Commissioners | |

BCE Business Plan - Section 3 Capacity Building						
High Level Objective						
To develop a modern efficient and sustainable customs administration						
Activity 3.2 – Staff Development						
Aim – To increase staff skills and knowledge levels to improve performance						
Ref	**Fiscal Year Measurable Objective**	**Strategic Activities**	**Measurable Deliverable**	**Deadline**	**Responsibility**	**Constraints**
3.2.1	Implementation of a training strategy that meets the requirements of a modern customs service	Undertake a full TNA within the customs service Identify internal and external training options	TNA conducted Training Plan Produced and approved Training Plan Implemented	31/10/10 30/08/10 Quarter 3	Modernization/Training	Requires technical assistance from consultant
3.2.2	To develop a modern style of management within customs	Management Training Delivered to Senior executive and mid level managers	Training Delivered Ongoing Mentoring	Quarter 2	Modernization/Training	Funding for training
3.2.3	To create a modern national training facility	Training Centre identified and re-furbished Training Staff selected to receive specialist training	Training centre furnished and equipped Customs staff at all levels trained	Quarter 2 Quarter 3	Modernization/Training	Funding for facility and training
3.2.4	To increase staff exposure to and knowledge of World Best Practice	Participate in international forums Strategic placement of staff in foreign modern customs administrations Placement of staff in WCO	50 Customs staff participate in international forums 6 Customs staff seconded to WCO and other internal	30/06/11	Commissioner of Customs	Funding for travel expense

			headquarters for development	bodies			
			Undertake study tours to administrations identified as further advanced than Liberia BCE				
3.2.5	Enhance the skills of staff responsible for the development and maintenance of IT infrastructure.		Specialist TNA Completed		30/09/11	Modernization/Training	
			Identify training opportunities abroad	6 Customs staff sent for Customs specialized training			

Angolan Customs Service

2009

WORK AREA PLAN

MOBILE SUPPORT GROUP (MSG)

ONDJIVA - NAMIBE REGION

This Work Area Plan has been produced by
Stuart Millen
MSG Consultant   **and approved by**
Sr_____
MSG National Co-Ordinator
Date

Introduction

The Ondjiva based Mobile Support Group (MSG) is a dedicated anti-smuggling team that provides a secondary level of control to Customs Activities in the Namibe Region.

The Customs Code legislates that our activities can be undertaken in the all of the Customs Territory of Angola which is the area that Angola claims sovereign rights to.

This is made up of the Primary Zone (Customs Controlled Areas such as Delegations and Border Posts) and the Secondary Zone (Anywhere beyond the border)

Our area of operations is extremely large and includes the southern coastal area of Angola as well as the entire southern border with Namibia. We provide support to three Customs Delegations namely Namibe, Lubango and Santa Clara.

As we are based in Ondjiva 40 kilometres north of the Santa Clara border crossing it is natural that the majority of our activities will be focused on the Santa Clara area as this is the country's busiest and highest revenue yielding land border crossing.

Our variety of work is varied as our area of operations includes
- 2 International Seaports (Namibe and Tombua)
- 1 International Airport (Lubango)
- 9 Land Border Crossings (Calueque, Ruacana, Marker 12.5, Marker 10, Marker 9, Santa Clara, Katuitui, Macusso and Boabwata)
- 2 River Border Crossings (Calueque and Calai) and
- All Roads leading from the border into the interior.

When fully staffed the MSG consists of four Customs Officers and five Fiscal Police Officers who perform the same duties together as one unit rather than two organisations working independently side by side. This working relationship is unique. Success of this working relationship in the MSG's could form the basis of a future amalgamation.

Customs Strategies

The **Angolan Customs Border Strategy 2004-2006** recommended the implementation of Mobile Support Groups to deal with short term threats to the border.

Our role directly contributes to objectives identified in the **Angola Customs Strategic Plan 2007-2012** those being: [38]
- Tax Issues – Ensuring the collection of due revenue while facilitating legitimate trade and
- Protection of Society – Interception of prohibited imports and exports

Our daily activities fulfil the **2009 Customs Business Plan** objectives of: [39]

1. Revenue

Aim - Collect amount due at the right time from indirect taxes

2. Control of Persons, Goods and Means of Transport

Aim: Guarantee the entry or exit from Angola, of persons, goods and means of transport carried out in accordance with the customs procedures and legislation

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[38] Objectives as stated in the English translation of the Angola Customs Strategic Plan 2007-2012
[39] Objectives as stated in the English translation of the 2009 Angola Customs Business Plan

3.   Protecting the Society

Aim: Prevent import and export of prohibited and restricted goods by applying targeted controls based on risks and

4.   Human Resources

Aim: To develop a professional and motivated workforce distributed in the context of the support of national objectives.

Core Business

On any given day an MSG officer working at or near Santa Clara may be required to

- Intercept vehicles, goods and people.
- Analyze commercial documentation prior to, and after presentation to the delegation for entry and clearance.
- Make risk based decisions to examine vehicles goods and people
- Conduct examinations of commercial cargo, vehicles and people
- Undertake strategic operations in the primary and secondary zones.
- Undertake tactical response operations in the primary and secondary zones.
- Gather information and provide feedback to Intelligence officers
- Report identified discrepancies and suspicions of fraud related to Pre-Shipment Inspection reports.

On a regular basis an MSG officer will participate in

- Covert and overt land patrols throughout our area of operations to provide both strategic and tactical support to the delegations and posts.

In the future once equipment has been purchased and appropriate protocols concluded it is anticipated that the MSG will conduct joint border patrols with our Namibian counterparts such as:

- River patrols on the waterways that form the border between Angola and Namibia.

Customs Business Plan

Revenue *Aim - Collect amount due at the right time from indirect taxes*

Mobile Support Group Objective 1

To raise USD 10 Million intercepting smuggled, undeclared, undervalued and mis-described goods

Strategy 1.1

Use Risk Assessment and Various Information Sources to identify consignments that pose a high risk to the revenue

Ref	Actions	Measures	Timeframe	Responsibility
1.1.1	Screen consignments of cargo at border posts for revenue risks as they enter Angola.	No of consignments screened No of consignments selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
1.1.2	Visit truck parking areas to screen consignments for revenue risks	No of visits to truck parks No of consignments selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
1.1.3	Screen commercial entries and accompanying documentation after lodgement	No of entries screened No of entries selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
1.1.4	Conduct pre-arrival screening of ships and aircraft manifests	No of manifests screened No of consignments selected for examination	As Required	All Team Members

Strategy 1.2

Use electronic systems to target future high risk revenue consignments

Ref	Actions	Measures	Timeframe	Responsibility
1.2.1	Prepare and submit to Intelligence risk profiles requests for offenders exceeding USD 25,000 revenue evasion	No of risk profile requests submitted to Intelligence No of profiles triggered	Ongoing Monthly Reporting	All Team Members Team Leader
1.2.2	Prepare and submit to Intelligence risk profile requests for suppliers identified producing receipts with incorrect values or quantities	No of risk profile requests submitted to Intelligence No of profiles triggered	Ongoing Monthly Reporting	All Team Members Team Leader

Strategy 1.3

Complete physical examinations and all reporting to a high standard

Ref	Actions	Measures	Timeframe	Responsibility
1.3.1	Conduct physical examinations in accordance with written procedures	No of examinations No of positive examinations	Ongoing Monthly Reporting	All Team Members Team Leader
1.3.2	Complete Seizure Documentation with calculations of estimated additional revenue	No of Seizures Estimated Additional Revenue	Ongoing Monthly Reporting	All Team Members Team Leader
1.3.3	Complete Information Reports for all revenue offenses	No of Information Reports	Ongoing Monthly	All Team Members

			Reporting	Team Leader
1.3.4	Obtain official additional revenue statistics from delegation	Statistics Obtained	Monthly	Arao and Manuel
1.3.5	Prepare Monthly Report with additional revenue statistics	Report Completed Additional Revenue for the month Additional Revenue for year to date	Monthly USD USD	Team Leader

Customs Business Plan
Control of persons, goods and means of transport *Aim: Guarantee the entry or exit from Angola, of persons, goods and means of transport carried out in accordance with the customs procedures and legislation*
Mobile Support Group Objective 2
To ensure that all movements of people, goods and transport have been done according to customs procedures and legislation.
Strategy 2.1
Conduct concentrated operations at fixed points intercepting people, goods and vehicles departing or avoiding custom controlled areas.

Ref	Actions	Measures	Timeframe	Responsibility
2.1.1	Intercept people attempting to avoid customs control on foot through the "neutral zone"	No of operations No of people intercepted No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.2	Intercept people moving goods in Santa Clara truck parking area	No of operations No of people intercepted No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.3	Intercept people moving goods through Santa Clara border post	No of operations No of people intercepted No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.4	Intercept people at Santa Clara green channel exit	No of operations No of people intercepted No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.5	Intercept vehicles and trucks passing through Santa Clara border post	No of operations No of interceptions No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.6	Intercept trucks departing Santa Clara truck park	No of operations No of interceptions No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.1.7	Conduct bi-monthly visits to Katuitui border post	No of operations No of interceptions No of examinations No of seizures	30 Jun 09 31 Dec 09	Team Leader
2.1.8	Conduct 3 monthly visits to other border posts	No of operations No of interceptions No of examinations No of seizures	30 Jun 09 31 Dec 09	Team Leader
2.1.9	Conduct 6 monthly visits to Lubango and Namibe	No of operations No of interceptions	31 Dec 09	Team Leader

		No of examinations No of seizures		

Strategy 2.2				
Conduct roadblock operations intercepting people, goods and vehicles outside of customs controlled areas.				
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
2.2.1	Intercept trucks attempting to pass through Namacunde	No of operations No of interceptions No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader
2.2.2	Conduct overnight roadblock operations at various locations	No of operations No of interceptions No of examinations No of seizures	Ongoing Monthly Reporting	All Team Members Team Leader

Strategy 2.3				
Respond to reported breeches of custom control				
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
2.3.1	Pursue trucks that have departed without receiving customs release note	No of pursuits No of confirmed breeches No of seizures	As Required Monthly Reporting	All Team Members Team Leader

Customs Business Plan				
Protecting the society ***Aim: Prevent import and export of prohibited and restricted goods by applying targeted controls based on risks***				
Mobile Support Group Objective 3				
To intercept prohibited goods through risk based targeting				
Strategy 3.1				
Use Risk Assessment and Various Information Sources to identify consignments that pose a high risk for PI's and PE's				
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
3.1.1	Screen consignments of cargo at border posts for PI/PE risks as they enter and leave Angola.	No of consignments screened No of consignments selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
3.1.2	Visit truck parking areas to screen consignments for PI's risks	No of visits to truck parks No of consignments selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
3.1.3	Screen commercial entries and accompanying documentation after lodgement	No of entries screened No of entries selected for examination	Ongoing Monthly Reporting	All Team Members Team Leader
3.1.4	Conduct pre-arrival screening of ships and aircraft manifests for PI's	No of manifests screened No of consignments selected for examination	As Required	All Team Members
3.1.5	Read all intelligence produced documents related to recent seizures and international trends	No of documents signed as read	Ongoing	All Team Members

		Strategy 3.2		
		Strategy 3.2		
		Use electronic systems to target future high risk PI/PE consignments		
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
3.2.1	Prepare and submit to Intelligence risk profiles requests for entities known to be involved with the importation or exportation of PI's or PE's	No of risk profile requests submitted to Intelligence No of profiles triggered	Ongoing Monthly Reporting	All Team Members Team Leader
3.2.2	Produce detailed information reports for Intelligence regarding PI's/PE's	No of information reports submitted to Intelligence	Ongoing Monthly Reporting	All Team Members Team Leader

Customs Business Plan
Customs Business Plan
Human Resources ***Aim: To develop a professional and motivated workforce distributed in the context of the support of national objectives***
Mobile Support Group Objective 4
To improve the levels of professionalism and integrity of officers
Strategy 4.1
To increase the knowledge of Team Members through Training

Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
4.1.1	Complete Annual Training Needs Analysis (TNA)	TNA completed and submitted to Human Resources	30 Jun 09	Team Leader
4.1.2	Ensure all officers aware of upcoming training events	Training Plan on display	Ongoing	Team Leader
4.1.3	Ensure all officers attend relevent training courses by inclusion in monthly work plan	Training included in monthly plan No training days per officer	Ongoing	Team Leader

		Strategy 4.2		
		Strategy 4.2		
		To embrace integrity as a symbol for our team		
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
4.2.1	Officers attend integrity seminars proved by Staff Irregularities Unit (SIU)	No of officers attending seminars	15 Feb 09	All Team Members
4.2.2	Officers read the customs integrity policy and sign the service declaration	Policy read and Declaration signed	01 Mar 09	All Team Members
4.2.3	All bribery attempts to be officially reported	No of attempts reported No of reports to management	As Required Monthly Reporting	All Team Members Team Leader
4.2.4	Respond to reports of officers lack of integrity	No of reports received No of referrals to Staff Irregularities	As required	Team Leader
4.2.4	To raise the issue of integrity on a regular basis at team briefings	No of briefings including integrity	Ongoing	Team Leader

Strategy 4.3				
Strengthen Adherence to Administrative Controls and Responsibilities				
Ref	**Actions**	**Measures**	**Timeframe**	**Responsibility**
4.3.1	Maintain and Update work area management profile for all staff related attendance and performance issues	All daily, weekly and monthly checks completed as per documented management profile plan	Ongoing	Team Leader All Team Members
4.3.2	Complete quarterly staff appraisals	Appraisals signed by officer and submitted to Head of Delegation	31 Mar 09 30 Jun 09 30 Sep 09 31 Dec 09	Team Leader
4.3.3	Complete Annual Training Needs Analysis (TNA)	TNA completed and submitted to Human Resources	30 Jun 09	Team Leader

Annex 15: Risk Register Template

RISK REGISTER

Function / Activity		Compiled by:		Date:	
Date of risk review		Reviewed by:		Date:	

| | | | | | | | Analysis | | | | | |
Ref.	The risk	What can happen (the event)	How can it happen	What can happen the (consequence)	Identify existing controls	Effectiveness and implementation of existing controls	Likelihood	Consequences	Level	Risk priority	Treat risk Y/N	Further action

RISK TREATMENT SCHEDULE

Function / Activity		Compiled by:		Date:	
Date of risk review		Reviewed by:		Date:	

Ref	Risk (in priority order from Risk Register)	Possible Treatment Options	Preferred Options	Level of Activity	Responsibility for implementation	Detail of the Intervention	How will this risk and the treatment be monitored

Annex 16: Admiralty Rating System for Intelligence

Information Source Reliability Index	
Value	**Definition**
A Completely Reliable **(CR)**	This refers to a source about whom there is no doubt of its authenticity, trustworthiness, or competency. Information supplied by a person, in the past, has proved to be reliable in all instances.
B Usually reliable **(R)**	This refers to a source about whom there may be some doubt as to its authenticity, trustworthiness, or competency. However, information obtained from the source in the past has, in the majority of instances, proved to be reliable.
C Believed reliable **(BR)**	This refers to a source about whom there is usually some doubt as to its authenticity and trustworthiness. Information obtained from this source, in the past, has proved reliable in a moderate number of cases.
D Not usually reliable **(NR)**	This refers to a source about whom there is doubt as to its authenticity and trustworthiness. Information supplied in the past, is not reliable although occasionally valid reports have been submitted.
E Unreliable **(UR)**	This refers to a source about whom there is great doubt as to its authenticity, trustworthiness, and competency. Past experience has proved it to be unreliable; it does not, however, prevent such a source providing credible information even though it may be completely false in nature. The knowledge of the degree of falsification may be of value.
F Unknown-Reliability cannot be judged **(UK)**	This refers to a source whose reliability has not been determined either by experience or investigation. There is no way of knowing its authenticity, trustworthiness or competency.

Annex 17: Integrated Intelligence Targeting and Monitoring

Integrated Intelligence
Targeting And Monitoring
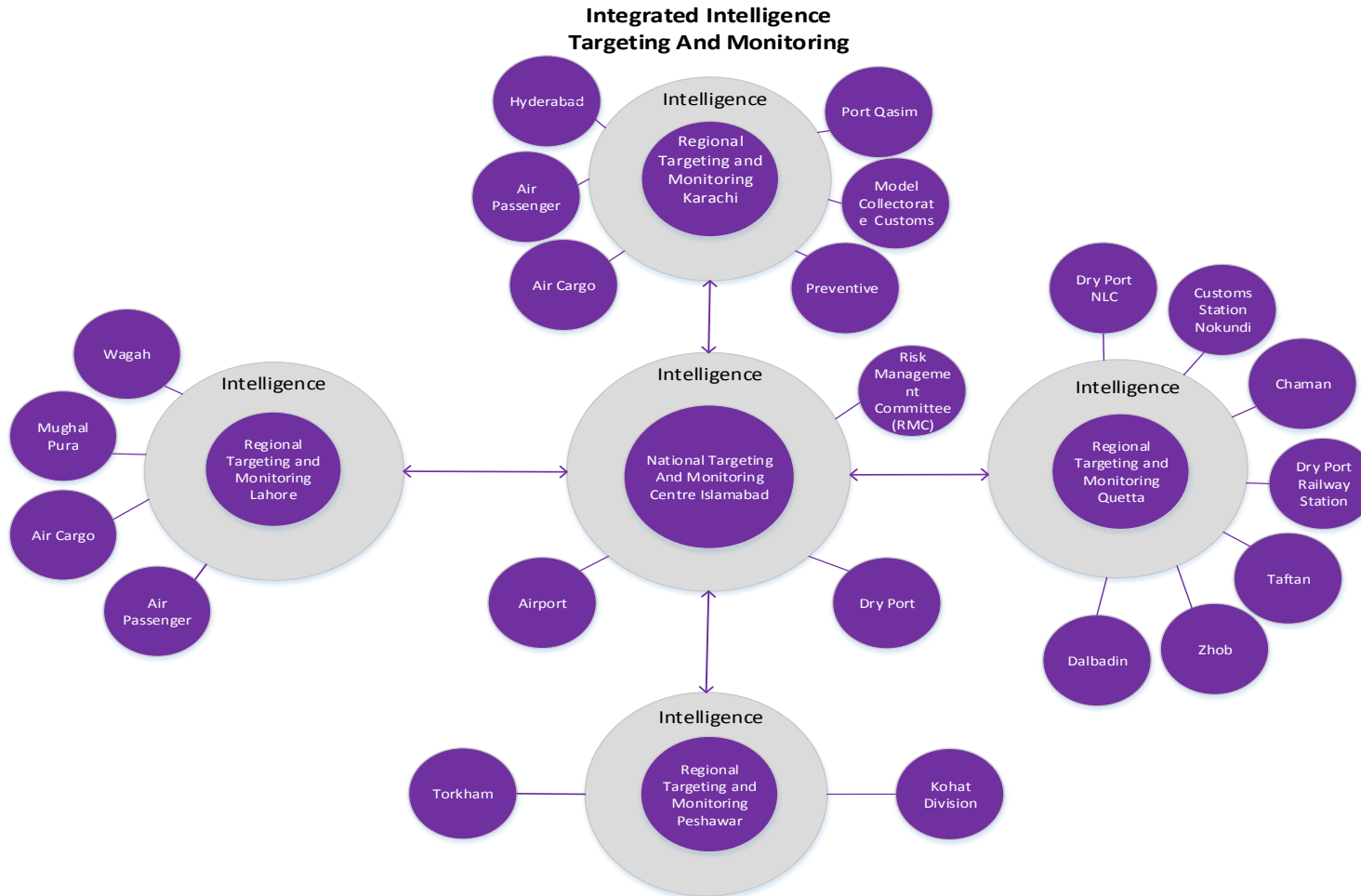
Annex 18: Entity-Based Selectivity
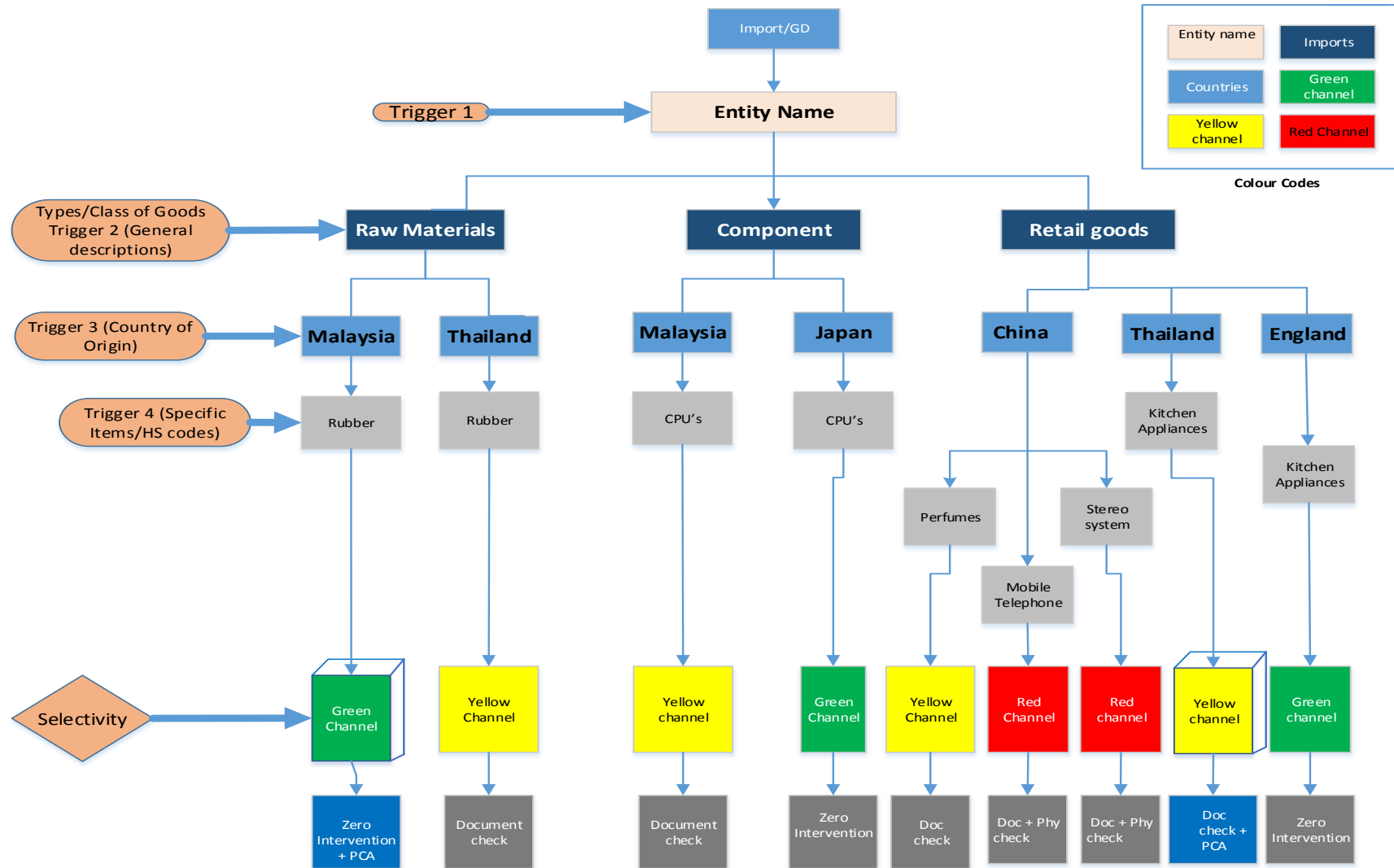
Annex 19: Risk Profile Performance and Evaluation Sheet

Profile Reference	Registered No/ Profile Title if Applicable
Profile Details/Background	HS Classification Code/ Registered Entity importer or exporter etc. Summary of the risks posed i.e. Revenue/Drugs/ IPR/ Sub Standard Goods/ Health
Profile Owner/Originator	I.e. Customs, Commerce, Agriculture, DEA
Profile Lane Colour	Yellow / Red / Blue
Date Approved by Director Intelligence	
Date Implemented in WeBOC	Should Be on system within 5 working days of approval
Timeframe For Review	3 Months / 6 Months
Profile Instructions	
Exact wording of the instructions in WeBOC that can be read by appraisers, examiners or other authorized officers including what they are to report against.	
Statistical Data for Review Period	
No of Declarations Triggered by Profile	
No of Inspection Reports Completed as per the Profile Instructions	
No of Inspection Reports not Completed in Accordance to Profile Instructions	
No of Positive Results / % Success Rate	
No of Negative Results / % Non-Success	
Additional Revenue Generated by Appraisement (If Applicable)	
Additional Revenue Generated by Examination (If Applicable)	
Total Additional Revenue from Profile (If Applicable)	

Intelligence Profile Monitoring and Reporting Team. Comments and Recommendation to the Risk Management Committee	
General Discussion and Comments	Document the discussion points regarding the success of the profile and whether success came from documentary check or physical examination. Is there any significant issues related to success i.e. success for a commodity profile being attributed to a certain supplier or importer e.g. Is there additional individual targets that deserve attention of their own profile? Any other sensitivities related to upgrades/downgrades or removal of profile etc Opinion whether Inspection Reports completed satisfactory or not
Recommendation	Recommend upgrades/downgrades/ status quo or removal of profile
Signature	Director Intelligence to Sign

Annex 20: Action Plan for the Roadmap to Improve Compliance Risk Management

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
1. Organizational Structure of Customs Wing **Reference 8.1.1**	1	Review Trade Project recommendations; compare current structure to Trade Project proposed structure. Agree and submit findings	Phase 1	Chairman FBR Member Customs Member HRM or proposed Project Steering Committee
	2	Submit draft structure and implementation plan for approval to Chairman FBR	Phase 1	Member Customs DG HRM or proposed CMPG
	3	Identify staffing level required under new structure and conduct budget estimate for salaries	Phase 1	DG HRM
	4	Prepare Business Case for Administrative Restructure and staffing requirements and submit for Government Approval	Phase 1	DG HRM Member Customs
	5	Finalise new structure according to result of Government approval process	Phase 2	DG HRM
	6	Identify new positions within the organization and commence process of legal integration into public service	Phase 2	DG HRM
	7	Prepare job descriptions containing minimum education requirements for recruitment and internal training requirements for all positions within the Customs organizational structure	Phase 2,3	DG HRM
	8	Commence the recruitment process to populate all functions in the new structure	Phase 3	DG HRM
	9	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DG HRM
	10	Continue implementing structure and staffing as required	Phase 4,5	DG HRM
2. Legislative Reform **Reference 8.1.2**	1	Review recommendations of Trade Project RKC Gap Analysis and Roadmap. Strategic decision made on the way forward	Phase 1	Chairman FBR Member Customs DG Customs Law and Procedures or proposed Project Steering Committee
	2	Establish a "Legislation and Policy Project" steering committee and working group	Phase 1	Member Customs DG Customs Law and Procedures or proposed CMPG

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
	3	Recruitment of external experts (International) to assist in drafting new legislation	Phase 1	Legislation and Policy Steering Committee
	4	Commence writing new legislation (Customs Act and Laws)	Phase 2	Legislation and Policy Working Group
	5	Undertake specialist internal review of new legislation and seek legal opinion from Attorney Generals Department	Phase 3	Legislation and Policy Working Group
	6	Amendments made and re-submitted for review by Attorney Generals Department	Phase 3	DG Customs Law and Procedures Legislation and Policy Working Group
	7	Final Draft version produced and submitted for Parliamentary approval	Phase 3	DG Customs Law and Procedures Legislation and Policy Steering Committee
	8	Law and Regulations approved	Phase 4	Government of Pakistan
	9	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DG Customs Law and Regulations
	10	Laws and Regulation come into force	Phase 4, 5	DG Customs Law and Procedures
3. Policy Reform **Reference 8.1.3**	1	Review recommendations of Trade Project report and agree strategic direction	Phase 1	Chairman FBR Member Customs DG Reforms or proposed Project Steering Committee
	2	Establish a "Legislation and Policy Project" steering committee and working group	Phase 1	Member Customs DG Reforms or proposed CMPG
	3	Commence Drafting Policy to reflect expected new legislation for Risk Management, Compliance Management, Staff Integrity, and Human Resource Management	Phase 2	Risk Management Committee Legislation and Policy Working Group
	4	Publish Policy Documents for Risk Management, Compliance Management, Staff Integrity, and Human Resource Management on interim basis pending new legislation	Phase 2	Legislation and Policy Working Group
	5	Undertake Business Process Reengineering to streamline and amend	Phase 2	Legislation and Policy Working

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
		existing procedures.		Group
	6	Commence drafting new operating procedures according to new legislation and policy	Phase 3	Legislation and Policy Working Group
	7	Finalise operational procedural statements for national adoption and implementation. (All customs technical Units and operational activities. Ie Clearance, control, investigations, anti-smuggling, intelligence etc)	Phase 3	Legislation and Policy Working Group
	8	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	
	9	Implement new procedures and update as required	Phase 3,4,5	Chiefs and DG's
4. Human Resource Management (Recruitment and Training) **Reference 8.1.3.2**	1	Review Trade Project Recommendations of CRM Training Needs Analysis and prioritize	Phase 1	Chairman FBR Member Customs or proposed CMPG
	2	Conduct National Training Needs Analysis according to new administrative structure and job description requirements and in accordance with new policy.	Phase 2	DGTR
	3	Identify the gaps in human resource requirements	Phase 2	DGTR
	4	Identify the training gaps for existing staff	Phase 2	DGTR
	5	Document all training courses required for existing staff and new recruits and design an internal training program	Phase 2	DGTR
	6	Conduct capacity gap analysis of the DGTR and identify staffing requirements to design and deliver training according to the organizational needs of the next 5 years	Phase 2	DGTR
	7	Produce Business Case for human resources and equipment	Phase 2	DGTR
	8	Commence internal recruitment exercise for the DGTR	Phase 3	DGTR Member HRM
	9	Undertake Train the Trainer courses for all DGTR staff	Phase 3	DGTR External Training Source
	10	Commence design of all required training courses for national delivery	Phase 3	DGTR External Training Source
	11	Commence External Recruitment Program for Compliance and Enforcement Wing	Phase 3	Member HRM
	12	Commence Internal Training Program for Existing staff	Phase 3	DGTR

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
	13	Commence Training New Recruits and job placements	Phase 3	DGTR
	14	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DGTR
	15	Internal Training and New Recruits Training Continues	Phase 3,4,5	DGTR
5. Strategic Planning and Reporting **Reference 8.1.4**	1	Review Trade Project Recommendations and adopt a strategic planning framework for implementation	Phase 1	Chairman FBR Member Customs or proposed Project Steering Committee
	2	Establish a Strategic Planning Committee and establish business objectives to be reported against	Phase 1	Member Customs DG Reforms or proposed CMPG
	3	Prepare a 5 Year Strategic Plan for Customs and an Annual Business Plan	Phase 1	Strategic Planning Committee
	4	Prepare Basic procedures for writing operational work plans and disseminate to DG's and Chiefs	Phase 2	Strategic Planning Committee
	5	Design Generic Reporting System for DG's and Chiefs	Phase 2	Strategic Planning Committee
	6	Prepare Operational Work Plans for all Collectorates and Directorates	Phase 2	DG's and Chiefs Strategic Planning Committee
	7	Commence Work Plan Reporting at DG and Chief level	Phase 2	DG's and Chiefs Strategic Planning Committee
	8	Prepare Risk Management Plans at DG and Chief Level	Phase 2	DG's and Chiefs Risk Management Committee
	9	Introduce Operational Work Planning and Reporting for each Collectorate and Directorate	Phase 3	Collectors and Directors DG's and Chiefs
	10	Introduce Risk Management Plans at Collectorate Level	Phase 3	Collectors and Directors Risk Management Committee
	11	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	Strategic Planning Committee or proposed CMPG
	12	Ongoing Annual Reporting and preparation of next year's Business Plan	Phase 3,4,5	Strategic Planning Committee Risk Management Committee
6. Improved Client Services **Reference 8.2**	1	Review Trade Project recommendations agree those to be implemented and advise DG on implementation plan	Phase 1	Chairman FBR Member Customs DG FATE or proposed Project Steering

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
				Committee
	2	Issue notice to both Customs Officers and Trade on Customs Official working hours	Phase 1	Member Customs
	3	Identify appropriate functions to represent Customs on the Customs Cooperative Council (CCC) and commence CCC implementation project	Phase 1	DG FATE
	4	Identify staffing level, staff competencies, office requirements to establish regional "Helpdesks" and conduct budget estimate.	Phase 1	DG FATE DG Reforms (Proposed Customs Member Services)
	5	Prepare Business Case for establishment and implementation of regional "Helpdesks" and submit for approval	Phase 1	DG FATE DG Reforms (Proposed Customs Member Services)
	6	Conduct internal recruitment exercise to attach Customs officers to the FATE wing and commence upgrading and improving the FBR website with more customs information	Phase 1	DG FATE DG Reforms (Proposed Customs Member Services)
	7	Identify the key stakeholders and participants of a national CCC and establish the CCC committee.	Phase 2	Member Customs (Proposed Customs Member Appraisement)
	8	Conduct internal recruitment exercise to staff regional Helpdesks	Phase 2	Member HRM
	9	Implement Regional Helpdesks in Karachi, Lahore and Islamabad	Phase 3	DG FATE
	10	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DG FATE
	11	CCC quarterly meetings continue, FBR Website continuously updated and Helpdesks operating full time	Phase 3,4,5	DG FATE DG Reforms
7. Risk Management Committee (RMC) **Reference 8.3.1**	1	Review Trade Project recommendations for strategic risk management committee and introduction of operational level profiling and targeting	Phase 1	Chairman FBR Member Customs DG I&I or proposed Project Steering Committee
	2	Prepare Terms of Reference for RMC including role, functions, responsibilities and delegated committee members according to function	Phase 1	Member Customs DG Reforms and Automation

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
				DG I&I or proposed CMPG
	3	Inaugurate the RMC and conduct first meeting.	Phase 1	Member Customs
	4	Prepare Submission detailing expectations of the WeBOC RMS and Reporting capabilities. Compare to Trade Project Recommendations and the PRAL technical submission. Submit recommendations for WeBOC development	Phase 1	RMC
	5	Prepare the Customs Risk Management Policy Statement	Phase 2	RMC Legislation and Policy Working Group
	6	Identify and adopt the Risk Management Process for Pakistan Customs	Phase 2	RMC
	7	Complete a Formal SWOT Analysis for Pakistan Customs	Phase 2	RMC
	8	Undertake a Strategic Level Risk Management Exercise	Phase 2	RMC
	9	Produce a National Risk Register	Phase 2	RMC
	10	Produce a National Risk Management Plan	Phase 2	RMC
	11	Disseminate the National Risk Management Plan to DG/CC level	Phase 2	RMC
	12	Identify and Confirm Government agreed facilitation rates and disseminate to DG/CC level	Phase 2	RMC/ GoP
	13	Oversee production of Operational Risk Management Plans at DG/CC level. and Quality Assurance of operational Risk	Phase 2	RMC, Chiefs and DG's
	14	Introduce WeBOC selectivity reports to Quarterly Meeting agenda	Phase 3	RMC, Intelligence Targeting and Monitoring
	15	Establishment of Regional Risk Management Committees	Phase 3	RMC
	16	Prepare Compliance Management Strategy and Publish on Website and via Pamphlet	Phase 4	RMC DG FATE
	17	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	
	18	Ongoing Quarterly Meetings to analyze selectivity results, enforce government facilitation rates,	Phase 3,4,5	RMC/Regional RMC Intelligence Targeting and

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
				Monitoring
	19	Ongoing Annual Meetings to revise the National Risk Register and Risk Management Plan	Phase 3,4,5	RMC Members Customs
	20	Ongoing Annual Update of Compliance Management Strategy	Phase 4,5	RMC DG FATE
8. Intelligence **Reference 8.3.2**	1	Review Trade Project Recommendations to devolve Intelligence function from Collectorates into a Customs Compliance and Enforcement Wing	Phase 1	Chairman FBR Member Customs DG HRM DG I&I or proposed Project Steering Committee
	2	Identify and confirm human resource requirements to staff the new administrative model	Phase 1	DG HRM DG Reforms DG I&I
	3	Identify the infrastructure and IT requirements to implement an automated integrated intelligence database and management system. Prepare specifications for intelligence database and management system	Phase 1	DG Reforms DG I&I or (Proposed Member Compliance and Enforcement)
	4	Prepare a Business plan for appropriate levels of resourcing to implement Intelligence units according to the Trade Project recommendations for Collection. Profiling, Monitoring and Analysis	Phase 1	Member HRM DG Reforms CMPG
	5	Finalise Intelligence structure and functions according to higher level approvals	Phase 2	DG HRM DG Reforms CMPG
	6	Conduct internal recruitment program to fill proposed targeting and monitoring units	Phase 2	DG HRM DG I&I
	7	Communicate vacancies to DG HRM for external recruitment exercise	Phase 2	DG I&I or (Proposed Member Compliance and Enforcement)
	8	Prepare outsource contract for development of IT software package for Intelligence Management System	Phase 2	DG Reforms DG I&I or (Proposed Member Compliance and Enforcement)
	9	Commence specialized Training programs for all existing intelligence officers	Phase 3	DG I&I

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
		and new recruits		DG TR
	10	Intelligence Targeting and Monitoring staff to attend a first briefing session with the RMC	Phase 3	DGI&I RMC
	11	Implement Intelligence Database and Management System	Phase 3	DG I&I or Proposed Member Compliance and Enforcement/CMPG
	12	Implement Targeting and Monitoring Units	Phase 3	DG I&I
	13	Conduct Training for all staff in use of the Intelligence report submission and research functions	Phase 3	DG I&I DG TR
	14	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DG I&I or CMPG
	15	Continue ongoing development and implementation of entity based profiling	Phase 3,4,5	DG I&I
9. WeBOC Development for Selectivity and Reporting **Reference 8.3.3 and 8.3.4**	1	Review Trade Project recommendations on RMS selectivity and reporting capabilities of WeBOC and request technical submission from PRAL of capability	Phase 1	Chairman FBR Member Customs or proposed Project Steering Committee
	2	Review technical submission of WeBOC RMS Selectivity and Reporting capability and submit to RMC	Phase 1	PRAL Director WeBOC
	3	Review Trade Project Recommendations and the PRAL technical submission against RMC expectations. Submit recommendations for WeBOC development to improve the RMS Selectivity and reporting ability of WeBOC	Phase 1	RMC
	4	Commence Programming to re-configure WeBOC RMS to perform entity based selectivity.	Phase 2	PRAL Director WeBOC
	5	Commence programming to strengthen the examination reporting and results applications in WeBOC and the reporting capabilities of WeBOC as per the RMC review	Phase 2	PRAL Director WeBOC
	6	Commence programing Selectivity for RMS in PCA Module	Phase 2	PRAL Director WeBOC
	7	Commence Programming for Pre-Arrival Selectivity in WeBOC RMS	Phase 3	PRAL Director WeBOC
	8	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	PRAL Director WeBOC
	9	Continue ongoing review and development of reporting and selectivity	Phase 3,4,5	PRAL

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
		modules		Director WeBOC
10. Anti-Smuggling Organisation (ASO) **Reference 8.3.6**	1	Review Trade Project Recommendations to devolve ASO function from Preventive Collectorates into a national Compliance and Enforcement Wing	Phase 1	Chairman FBR Member Customs or proposed Project Steering Committee
	2	Identify and confirm human resource requirements to staff the new administrative model	Phase 1	DG HRM or proposed CMPG
	3	Review equipment, technology and specialist training needs for ASO.	Phase 1	DG Reforms DG TR or proposed CMPG
	4	Prepare a business case for the future equipment and technology and submit for budgetary approval.	Phase 1	DG Reforms or proposed CMPG
	5	Finalise ASO structure and functions according to higher level approvals	Phase 2	DG HRM DG Reforms or proposed CMPG
	6	Undertake internal transfers and recruitment program to fill proposed ASO units	Phase 2	DG HRM
	7	Communicate vacancies to DG HRM for external recruitment exercise	Phase 2	DG Enforcement or proposed CMPG
	8	Design Specialist Anti-Smuggling Training Course for ASO units	Phase 2	DGTR
	9	Prepare outsource contracts for vehicles and equipment needs	Phase 2	DG Reforms or proposed CMPG
	10	Commence specialized technical training programs for all ASO officers and new recruits	Phase 3	DG Enforcement DG TR
	11	Implement new operational equipment and conduct training in its use as required	Phase 3	DG Enforcement
	12	Undertake training in use of the Intelligence database report submission and research functions and implement Intelligence reporting	Phase 3	DG TR
	13	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	DG Enforcement or CMPG
	14	Ongoing management and development of ASO units	Phase 4,5	DG Enforcement
11. Technology Unit and Operational	1	Review Trade Project Recommendation to create a Technology Unit and National Customs Communications and Operational Command Centre	Phase 1	Chairman FBR Member Customs

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
Command Centre		(NCCOCC)		
Reference 8.3.7	2	Identify and confirm human resource requirements to staff the new units according to agreed structure	Phase1	DG HRM CMPG
	3	Prepare job descriptions containing minimum education requirements for recruitment and specialist training requirements for all positions within the Customs organizational structure	Phase 2	DG HRM CMPG
	4	Undertake a study of all possible technology and non-intrusive contraband detection equipment on the market and identify the needs of Pakistan Customs	Phase 2	DG Reforms or proposed CMPG
	5	Identify suitable location for the NCCOCC taking into account communication requirements, physical security and internal security controls.	Phase 2	DG Reforms and proposed DG Enforcement
	6	Prepare a business case for human resources, building/office location, technology and non-intrusive detection equipment and submit for approval	Phase 2	CMPG
	7	Commence the recruitment process to populate all functions in the new structure according to approved positions (internal and external)	Phase 3	DG HRM
	8	Conduct production site visits to 3 major manufacturers of technology and non-intrusive detection equipment for practical demonstrations and initial procurement offers	Phase 3	Proposed Member Compliance and Enforcement CMPG DG Procurement DG Reforms
	9	Prepare report of site visits and recommendations for preferred supplier according to costs, technical specifications, in-country staff training and after-sales service and maintenance programs and submit for approval	Phase 3	DG Procurement DG Reforms
	10	Prepare purchase orders and ongoing maintenance contracts for approved procurements.	Phase 3	DG Reforms DG I&I or (Proposed Member Compliance and Enforcement)
	11	Commence specialist training of all staff according to the functions they will be performing in either the technology unit or NCCOCC	Phase 3	DGTR Providers of Technology and Equipment
	12	Commence coordinating customs operations from the NCCOCC	Phase 3	Proposed DG Enforcement
	13	Review progress of implementation and present submission to Compliance Management Project Group	Phase 4	Proposed Director Operations and Technology
12. Investigations Unit	1	Review Trade Project Recommendations to devolve Investigations function from Collectorates into a national Compliance and Enforcement Wing	Phase 1	Chairman FBR Member Customs

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
Reference 8.3.8	2	Identify and confirm human resource and office requirements to staff the new administrative model.	Phase 1	DG HRM Proposed CMPG
	3	Submit business case for staffing and office needs and submit for approval	Phase 1	DGHRM
	4	Finalise Investigation structure and functions according to higher level approvals and prepare job descriptions as required	Phase 2	DGHRM Proposed CMPG
	5	Conduct internal recruitment program to fill proposed positions.	Phase 2	DGHRM
	6	Communicate vacancies to DG HRM for external recruitment exercise	Phase 2	Proposed CMPG
	7	Design specialist Investigation Training Courses for delivery to all staff	Phase 2	DGTR
	8	Commence specialized Training programs for all Investigations staff.	Phase 3	DGTR External Providers
	9	Commence taking control of the Investigation function from the Collectorates	Phase 3	Proposed DG Enforcement
	10	Review implementation of the Investigations Unit and submit findings to the CMPG	Phase 4	Proposed CMPG DG Enforcement
	11	Ongoing Investigation activities and staff development. Refinement of procedures and increase the scope and complexity of investigations	Phase 4,5	DG Enforcement
13. Post Clearance Audit **Reference 8.3.9**	1	Review Recommendations of Trade Project PCA Gap Analysis and CRM Gap Analysis	Phase 1	Chairman FBR Member Customs
	2	Prepare business case to externally recruit specialist auditors according to requirements of agreed structure.	Phase 1	DG PCA or proposed CMPH
	3	Conduct external recruitment according to higher level approvals	Phase 2	DG HRM
	4	Assist with the development of selectivity and data storage requirements for WeBOC RMS to conduct entity based audits up to 5 years after the transaction	Phase 2	Proposed DG Compliance Management and Director Audit and Facilitation
	5	Develop and deliver specialized PCA training for entity and systems based audits	Phase 2,3	DGTR External PCA Specialist
	6	Conduct regular entity based audits to identify compliance and non-compliance	Phase 3	Proposed Director Audit and Facilitation
	7	Identification of suitable entities for Trusted Trader Programs	Phase 3	Proposed Director Audit and Facilitation
	8	Review progress of PCA unit and present findings to Compliance Management Project Group	Phase 4	Proposed Director Audit and Facilitation

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
	9	Continue planning and conducting risk based audits	Phase 4,5	Proposed Director Audit and Facilitation
14. Customs Agents Licensing and Regulation **Reference 8.3.10**	1	Review Recommendations of Trade Project PCA Gap Analysis and CRM Gap Analysis	Phase 1	Chairman FBR Member Customs or proposed Project Steering Committee
	2	Prepare interim law and policy while legislation and Policy project underway	Phase 2	Proposed DG Compliance Management
	3	Identify and agree the new standards and testing regime for the issuance of new Customs Agents licenses and re-certification programs	Phase 2	Proposed Member Compliance and Enforcement, DG Compliance Management)
	4	Establish National Customs Officers and Customs Agents Committee (NCOCAC)	Phase 2	Proposed Director Audit and Facilitation
	5	Develop and Implement Professional Development Programs for Customs Agents	Phase 3	DGTR NCOCAC
	6	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	Proposed Director Audit and Facilitation
	7	Continue with higher standard Customs Agents licensing and regulatory controls	Phase 4,5	DG Compliance Management
15. Warnings and Penalties Reference 8.4.1	1	Review Trade Project Recommendations for more accountable and consistent warning and penalty regime	Phase 1	Chairman FBR Member Customs
	2	Review existing practices and submit proposals for changes to current practice	Phase 1	proposed Project Steering Committee
	3	Commence writing interim legislation, policy and procedures in consultation with legislation and policy reform activity.	Phase 2	Proposed Director Audit and Facilitation
	4	Implement trader awareness program regarding warnings and penalties	Phase 3	Additional Director PCA and Debt Management(proposed)
	5	Implement Warning and Penalty regime	Phase 2	All Collectorates
	6	Review results for previous 12 months and conduct post penalty compliance testing analysis of entities that have been warned or sanctioned. Prepare submission with recommended changes to further improve the compliance levels of entities	Phase 4	Proposed Director Audit and Facilitation
	7	Ongoing application of penalties and compliance testing	Phase 4,5	Additional Director PCA and Debt Management(proposed)

ITEM	NO	ACTION TO BE COMPLETED	TIMEFRAME	RESPONSIBILITY
16. Trusted Trader Facilitation Program (TTFP) **Reference 8.4.2**	1	Review Recommendations of Trade Project PCA Gap Analysis, AEO Concept Note and CRM Gap Analysis	Phase 1	Chairman FBR Member Customs
	2	Prepare Scope of a TTFP and submit for approval	Phase 2	
	3	Identify the top 20 traders in Pakistan by way of volume and revenue received	Phase 3	Proposed Director Audit and Facilitation
	4	Conduct outreach to top traders for interest to participate in the TTFP	Phase 3	Proposed Director Audit and Facilitation
	5	Conduct entity and systems based audits and readiness assessments to identify compliance levels and recommend those suitable for TTFP	Phase 3	Proposed Director Audit and Facilitation
	6	Prepare TTFP agreement contracts with the identified entities	Phase 3	Proposed Director Audit and Facilitation
	7	Implement TTFP	Phase 3,4	Additional Director AEO's and Broker Regulation (proposed)
	8	Continue working with highly compliant traders to further improve compliance with ongoing readiness assessments for more entities to join the program	Phase 4	Additional Director AEO's and Broker Regulation (proposed)
	9	Review progress of activity and present submission to Compliance Management Project Group	Phase 4	Proposed Director Audit and Facilitation
	10	Continue improving compliance levels and increasing supply chain security and progress towards implementing an Authorized Economic Operator Program	Phase 4,5	Additional Director AEO's and Broker Regulation (proposed) Identified Entities