CHAPTER 3

Institutional and Professional Foundations of Modern Customs Administration

János Nagy and Hubert Duchesneau

This chapter provides guidance to customs policy makers and senior managers on the institutional and professional foundations of modern customs administration. It looks at the main challenges for those who are trying to ensure their administration has the capabilities to meet the demands of the future.

The chapter is built on 10 key institutional and professional foundations of modern customs administration: (1) sustained political commitment, customs leadership, and ownership; (2) clear strategic direction; (3) result-oriented and measurable key performance indicators; (4) sound governance and accountability; (5) customs cooperative arrangements; (6) streamlined organizational structure; (7) institutional policy capability, enabling legal and regulatory framework, and transparent procedures; (8) professional and skilled customs workforce; (9) coherent integrity management framework; and (10) effective business continuity planning.

SUSTAINED POLITICAL COMMITMENT, CUSTOMS LEADERSHIP, AND OWNERSHIP

Sustained Political Commitment

Sustained political commitment at the highest levels is a key element in the success of customs modernization. Beyond endorsing the modernization strategy and securing the budget needed for implementing the planned reforms, the government’s role is to support customs leadership in dealing with external constraints, vested interests, and resistance to change. The authorities should ensure that the customs modernization program is aligned to governmental policies, priorities, and decisions and that the evolving regulatory environment does not conflict with customs modernization objectives. For the many countries that are part of a regional trade agreement (RTA), a large segment of the modernization program may come from the regional commitments, which must, of course, be respected and implemented by members.

An example of such political support is in Barbados, where the prime minister was interested in modernization and initiated a multiyear reform program in 2019. The Barbados Customs and Excise Department (BCED) moved forward with an aggressive reform agenda to mobilize revenue and facilitate trade in 2020. With the strong political and financial support of the government, BCED addressed
fundamental flaws in terms of strategic direction, governance, compliance, and policy framework in the first year of the reform. Measures to improve key foundations such as organizational structure, strategic planning, automation, revenue collection, performance management, client service, and internal audit were significantly advanced. The department modernized the 59-year-old legislative framework and aligned it with the Caribbean Community and Common Market (CARICOM) model to promote economic integration and facilitate trade in the Caribbean region. Compliance programs such as post-clearance audit and trusted traders were created. Key stakeholders noted substantive improvements in BCED's approach and culture.

In some countries, the Ministry of Finance (MOF), the usual parent ministry, tends to set revenue collection as the main priority and often pays less attention to other aspects of customs’ mandate such as border protection, security, and trade facilitation. Obtaining an understanding from all involved ministries (for example, the Interior, Industry, Public Health, Agriculture, Transport, Public Safety/Homeland Security) on the priorities for customs, having their support and cooperation, and sharing a good framework on which to base operations and reforms are important factors for success. An example of such inter-ministerial cooperation is the development of electronic single-window solutions where customs is frequently dependent on the progress in other government agencies.

**Customs Leadership and Ownership of the Modernization Program**

Senior managers need to develop a compelling customs modernization vision and a clear strategic direction prompting people to action. Modernization must be led and promoted by senior management and broadly owned by all parts of the customs administration and have buy-in by the trading community and other stakeholders. Notwithstanding the obligation imposed by the WTO Trade Facilitation Agreement to inform and, where necessary, train stakeholders prior to the implementation of new requirements, programs, or projects, it is critical to consult during the development of new plans with those partners and clients who have a legitimate interest in customs reform efforts.

The trading community’s expectations and capacity are important considerations in planning and undertaking customs reforms. In this respect, ensuring a level playing field for all, the fair administration of rules and policies aligned with government objectives, and the predictability and reliability of customs practices are important elements. Generally, private sector stakeholders are interested in the following:

- Establishing and engaging in a productive system of consultation, in particular for preparation and implementation of larger customs reforms
- Having customs administration rules easily available to them in an understandable way
- Ensuring free and convenient access to customs procedures and administration, including border formalities, making fulfillment of their obligations quick and easy

“It is vital to have agreement between customs and the parent ministry on objectives and priorities, and visible support from the highest levels of government.”

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• Ensuring consistency across the whole customs administration in the application of laws, regulations, and policies and having national service standards, professional customs staff, and a fair adjudication of appeals, thereby making customs office “shopping” obsolete

• Lowering costs for government operations and for business compliance through modernized techniques like paperless/fully automated and account/system-based processing

• Simplifying and harmonizing procedures, including coordination among government agencies for initiatives like single-window operations and providing meaningful benefits to compliant traders through trusted trader and authorized operator programs

The modernization program needs to have reasonable objectives, be within an approved and realistic budget, and be completed on time. A good implementation practice is to establish a dedicated reform team that can concentrate wholly on the modernization agenda. Continuity of senior management is also important so that substantial and lasting changes have time to be implemented and to take root in the organization’s culture. The modernization plan should be reviewed periodically, remain flexible, and incorporate the emerging priorities that will occur during a long-term plan.

Senior management needs to ensure that both internal and external communications are optimized to ensure buy-in by all stakeholders. Customs’ staff and clientele should fully understand the objectives, the advantages, and the benefits of the changes—and the disadvantages and costs of not proceeding with the reforms. The key points for a successful customs reform and modernization based on IMF experience are summarized in Box 3.1.

Box 3.1. Success Factors in Managing Customs Reform and Modernization

• Securing political commitment from the highest levels of government from the outset
• Having visible commitment and promotion of the reform from senior management
• Having a compelling vision and a clear strategic direction prompting people to action
• Establishing a dedicated customs reform and modernization management team with the right mix of skills and levels (headquarters, field operations, enabling functions, and technical experts)
• Engaging and consulting with stakeholders, including the private sector and other government agencies (especially the Ministry of Finance/Revenue, Ministry of Interior [police/gendarmerie], Ministry of Agriculture [veterinary/phytosanitary department], Ministry of Health, Ministry of Trade, and so on)
• Gaining the understanding and acceptance of managers, employees, customers, and stakeholders
• Developing reasonable objectives and a workable and funded implementation plan with time-bound actions
• Having an internal and external communications strategy and adapting messages for different audiences’ interests

Source: Authors.
CLEAR STRATEGIC DIRECTION

Strategic planning is a keystone of modern customs administrations as it aligns programs to national fiscal, economic, social protection, and security objectives. Effective planning ensures that the administration’s priorities consider operational realities, risks, and capabilities and provides for strong reporting and accountability practices. It also requires an early and ongoing engagement of staff members and stakeholders in the development and implementation of the strategic plan.

The strategic plan informs subsequent corporate and operational planning, policy development, and individual management and staff performance. The strategic plan acts as a roadmap to guide the customs administration to fulfill its vision and mission and contribute to government outcomes.

Strategy formulation typically includes analyzing the internal and external environment in which customs operates to identify strategic issues and undertaking a strengths, weaknesses, opportunities, and threats (SWOT) analyses; evaluating the institutional risks and their probable consequences; developing or updating the organization’s vision, mission, and values statements; and formulating concrete strategic priorities and objectives to address the identified issues. These steps will then lead to the development of integrated business (for example, operational, work, functional) plans.

The strategic planning process needs to be built on a thorough understanding of the customs environment. It should begin with an environmental scan of external factors and main trends and challenges, including stakeholders’ expectations, all of which can potentially impact customs policies and programs. The main external factors are the following:

- Political (for example, national fiscal, security and environmental policies)
- Economic (for example, fiscal situation, investment policies, trade, and travel trends)
- Social (for example, demographic trends, levels of criminality and corruption, compliance attitude of the public, social acceptance of customs controls)
- Technological (for example, degree of automation and ICT use, remote work opportunities)
- Legal (for example, changes in legislative environment, privacy rights, prosecution challenges)

The SWOT analysis identifies areas that the organization can build on to meet future challenges and those areas that could be barriers to success. In assessing institutional risks, the customs administration will identify the risks it faces over the medium to long term that may impact its ability to carry out its core functions. These include internal factors such as the following:

1 Chapter 5 discusses institutional and compliance risks in more detail.
• Reputation (for example, credibility, integrity)
• Human resources (for example, sufficient number, skill levels, talent management)
• Infrastructure and material management (for example, adequate and safe workplaces, proper tools and equipment)
• Legislative framework (for example, gaps, powers of the customs officers, enforcement or compliance-based, transparency)
• Governance (for example, organizational structure, accountability structures)
• Finance (for example, availability of resources, strategic allocation, delegation, expenditure management and controls)
• Information technology (for example, sustainable systems and equipment, disaster recovery plans)

Taking into account all of the preceding factors is key when planning any modernization or reform; otherwise, the chance of success will be diminished from the outset. Information collected during this analysis raises the customs administration’s awareness of what is working well and what isn’t. It opens up avenues to address root causes of problematic issues.

For example, during the period 2015 to 2019, the government of Honduras decided to transform the customs administration based on external and internal factors, and although the process had some flaws and there are still improvements to be made, the changes contributed to considerably strengthening the organization’s foundations. These changes have allowed the customs administration to enhance its performance as well as develop new capabilities to better adapt to constantly evolving challenges. Among tangible outcomes achieved, goods’ release times have decreased by 80 percent without compromising customs collection. In addition, the customs administration was better able to face the challenges imposed by the COVID-19 pandemic, which would have been much more complicated if several of the reforms had not been undertaken.

Another example is the customs administration of Cambodia that was able to host consultative meetings with participation of critical development partners at regular five-year intervals. These meetings have been used successfully to articulate the strategic direction of the General Department of Customs & Excise and obtain the required financial and technical assistance support for the implementation of the midterm reform programs.

A further example is Madagascar, where the minister of finance, demonstrating high-level political support, opened a roundtable event involving bilateral, multilateral, and private sector development partners in 2020. The Malagasy customs used this meeting to present its strategic plan and modernization program requesting financial and technical assistance. At the conclusion of this event, pledges covering 50 percent of the costs of the customs modernization program were received.

In all successful cases, the initial focus has been on setting up reform coordination and project management functionality with a governance framework and
with later support coming in areas such as strategic management, legislation, exemptions, valuation, risk management, intelligence, and post-clearance audit.

The results of the strategic assessment are used to define or validate the vision for the organization. The vision creates a clear picture of what the leaders want the customs administration to be in the future. It serves as a benchmark for evaluating long-term success. Coupled with the vision statement is a mission statement that sets out the unique contribution that the customs administration can make given its mandate. These two statements are typically joined by a definition of key values that are principles that underpin the organizational culture.

It should be emphasized that more important than the vision and the mission statements itself is the process of their formulation, which is an opportunity for an open and intense internal dialogue for their elaboration within a customs administration. Box 3.2 shows examples of two countries’ such statements.

**Box 3.2. Two Country Examples of Customs’ Vision, Mission, and Value Statements**

**Australia**
Vision: to be a global leader in border law enforcement and trusted partner that helps build a safe, secure and prosperous Australia.

Mission: to protect Australia’s border and enable legitimate travel and trade.

Values: integrity, professionalism, respect and accountability.

**Bulgaria**
Mission: To protect the society, the environment and the economy of the country and of the European Union, to ensure the uniform application of the rules on the EU external borders, to facilitate the international trade through smart and risk-based supervision on the global supply chains, to be proactive and to work seamlessly with the interested parties, to commit to innovations and sustainable development—this is the role of the Bulgarian Customs Administration in the modern conditions of high degree of economic, health and social insecurity.

Vision: To have a more efficient, more effective and modernized Bulgarian Customs Administration, functioning in an increasingly integrated way with the EU customs authorities, with greater interoperability between the customs and other border information systems; with sophisticated training system for customs officials.

Source: Authors.

Taking stock of the preceding examples, clear, long-term strategic objectives are then established, covering a typical period of three to five years. These objectives provide high-level outcomes (for example, increased compliance) and have specific milestones and indicators attached to them (for example, increased voluntary payments of duties and taxes by 5 percent each year). The objectives are the basis for resource allocation and accountability and are supported by precise activities/projects that indicate how success will be achieved.

“Customs leadership must articulate a clear and compelling vision and set strategic objectives linked to that vision.”
Strategic planning, or, in more general terms, the capacity building development process, is a cyclical approach, which includes four phases: (1) need and gap analysis/objective setting, (2) planning and implementation, (3) monitoring and evaluation, and (4) feedback/update strategic approach. All phases of this cycle are important, but phase 3, if reform is supported by international development partners, takes on particular importance as the partners want to ensure they are getting value for the money.

**RESULT-ORIENTED AND MEASURABLE KEY PERFORMANCE INDICATORS**

Effective management requires that outputs and performance targets that are articulated in plans be measured. The analysis and management of key performance indicators (KPIs) will help the customs administration strengthen its core processes and corporate functions. Experience shows that organizational effort is directed to activities that are measured and away from those that are not. In other words, “What gets measured gets done.” Rigorous management oversight and accountability steer this process as attention is paid by the organization to the priorities that management is monitoring.

Outputs and use of resources are measured at different levels of the organization and for different purposes. At the organizational level, this is done to evaluate achievement and outcomes against the strategic objectives and for external reporting purposes. At the divisional or unit level, performance measurement enables managers to react to demands (for example, percentage of workload completed, processing times). At the individual level, this is done to evaluate staff contribution and to set rewards and incentives through a performance appraisal system.

Clear, result-oriented, and measurable KPIs should be determined for each strategic objective that will allow for the assessment and reporting of progress on a regular basis. Quantitative and qualitative measures are equally important. Quantitative KPIs measure output volumes, such as number of shipments or control actions. KPIs are also used to measure input and processes. Efficiency KPIs capture the link between resources spent and results achieved; they aim to measure the cost of delivering service. Qualitative KPIs reflect how well something was done, such as accuracy of answers to inquiries and client satisfaction levels. Time-bound indicators are an important consideration for management to ensure that activity or project milestones are met.

The starting point to use KPIs is with the fundamental customs responsibilities such as clearance procedures. As a customs administration becomes increasingly comfortable with using KPIs, the measures can move from having fewer and simpler indicators to numerous and more sophisticated ones. Having a baseline

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of organizational performance against which ensuing periodic achievements are assessed allows the customs administration and its stakeholders (including government) to validate progress.

The availability of accurate, reliable, and timely data to measure performance is critical. Customs management will depend on such data to make decisions. It is highly preferred that the data for most KPIs be available through an automated system rather than through manual data collection processes, which are more subject to human frailties. The organization also needs the analytical capability to assess variances, trends, and emerging issues. Some countries lack the appropriate data and analytical base to do this fully, but incremental steps can be taken.

The customs administration should have a culture of managing performance through KPIs in order to know where it is relative to its objectives and strategic direction. This culture of measuring and managing performance is led by senior management. Part of this process is to provide feedback so that performance can be changed to achieve the desired results. To have practical and relevant change, feedback must be combined with consequences. Appendix A provides examples of key performance indicators related to revenue collection, customs clearance, risk management and compliance, enforcement, and human resource management. Chapter 6 provides further examples specifically related to the enforcement function.

**Performance Reporting**

Performance reporting is designed to clearly and accurately explain the extent to which the administration’s strategic objectives were achieved and at what cost. Customs administrations typically have internal and external performance reporting such as monthly operational activity reports and annual performance reports to government respectively.

The frequency of internal monitoring and the management of those results depend on the business activity, the availability of reliable and timely data, and the importance to the organization. A good practice is to monitor and report performance against operational plans monthly, at least for the last nine months of the fiscal year, so that management can assess progress, identify significant variances, and take corrective action if necessary. Management will be interested in not only the current outputs but how they compare to previous time periods. This trend analysis helps management decide if action is required.

Performance reports to governments should set the customs operating context and be linked to overall government priorities. In presenting accurate performance information from the customs administration, a focus should be on the benefits for citizens and traders.

**Performance Management**

While reporting of strategic and divisional performance is done through the previously noted process, the measurement of individual performance is done through the staff appraisal process. This is a process that provides all staff within
the organization with clear direction (objectives) on what is expected from them, assesses the results of their work, and gives timely feedback.

Staff appraisal management ensures that staff and managers get the coaching and learning opportunities they need to continually improve their performance. It is conducted both formally and informally. The formal performance management process is time-specific and typically in three steps conducted bilaterally: at the beginning of the year, when performance expectations are established; at midyear, when performance is reviewed; and at year-end, when performance is assessed. It is complemented by an ongoing process in which constructive feedback is given frequently, often after a particular event (such as a team meeting), after a file has been submitted, or when a project is completed.

**SOUND GOVERNANCE AND ACCOUNTABILITY**

Both external and internal governance aspects are critical in achieving greater alignment to government policies, better performance including more efficient use of resources, transparency, and accountability. “Institutional Policy Capability, Enabling Legal and Regulatory Framework, and Transparent Procedures” deals with the place of customs in government and the organization structure related considerations.

The external dimension of governance arises from outside the administration (for example, the institutional environment within which an administration operates). A prominent role is played by the supervising ministry and the external oversight of the administration by the legislature or other agencies (for example, Court of Auditors). The internal aspects of governance include, for example, the head of the administration and the internal management approaches, structures, and systems as well as the processes. It is both the internal and external dimensions that together provide a complete view of the institutional governance of the administration.

A sound internal governance framework facilitates managerial oversight and accountability. Governance supports the strategic management of customs priorities; enables the consideration of issues at the right level; and ensures that decisions are transparent and communicated. A governance structure includes all layers of management. It typically comprises committees having responsibility for a distinct area (for example, overall corporate management led by the senior executive team, enforcement issues led by a direct report to the head of the customs administration, human resources issues led by the head of this function). Each committee has a Terms of Reference (ToR) defining the place of the committee in the overall governance structure, the mandate, the membership, its decision-making authorities, the frequency of their meetings, and housekeeping matters. Committee members include managers having at least some responsibility linked to the area covered by the committee and may be supported by a network of experts. Sharing decision making among managers in a governance structure increases the culture of stewardship across the organization and minimizes the monopolization of information and the concentration of decision making at
unnecessarily high levels. The governance structure for the organization would be approved by the senior management team.

Larger organizations will typically have a suite of committees ranging from management teams’ regular meetings that occur at all levels of the organization to operational, policy, and functional (for example, human resources, IT, budget, internal audit) committees at and/or below the level of the head of customs. Smaller administrations also have management team meetings throughout the organization and may consolidate the discussions on operational, policy, and functional matters into fewer fora as may meet their needs.

CUSTOMS COOPERATIVE ARRANGEMENTS

Coordinated Border Management

Cooperation of government agencies, international, and private-sector collaboration are fundamental to effective border management. Effective relationships with key national regulatory authorities who also have an interest in the border (for example, public health, safety, veterinary, phytosanitary, intellectual property, technical standards, environment protection) are critical to deliver efficient and effective services. Often the authority, knowledge, and skills required to effectively manage border issues are spread across several national agencies or departments, requiring mutual cooperation as part of a coordinated border management approach.

Parallel operations of too many OGAs at the border checkpoints/points of entry make the overall processing of cargo cumbersome, creating unnecessary delays in the flow of goods across borders and extra costs to both traders and government. Creating all necessary conditions for border controls by all OGAs at each border crossing can be very expensive; therefore, the importation of certain groups of commodities that are subject to specific controls (for example, live animals and food) can be restricted to a limited number of border crossings, where practical. Border controls under the main responsibility of various OGAs are best organized around customs control in a harmonized way, limiting interventions to only those controls that are indispensable at the border and for which inland checks later could create irreparable and excessive harm. Matters of national security, public health, and contraband interdiction are prime examples.

Bi- and multilateral agreements between and among such OGAs, harmonizing and streamlining the respective rules and standards, facilitate the management of border controls on their behalf by customs. Electronic information from OGAs (for example, certificates) and use of a single-window platform facilitate the processing of restricted and controlled goods at the border. International standards are also helpful in finding a solution to meet national needs (IMO Convention on Facilitation of International Maritime Traffic, London 1965; UN International

One specific objective of cooperation with other government agencies is to limit the number of control agencies operating at the borders to the minimum necessary, ideally only to passport and customs control authorities present. This will ensure the minimum cost and delay at the borders and reduce opportunities for abusing official powers.3 Best practice allows customs to perform at least the necessary basic border checks on behalf of OGAs based on cooperation and information provided to customs by those agencies. The relevant multilateral international agreements provide the necessary standards for such arrangements. They include the 1982 United Nations International Convention on the Harmonization of Frontier Control of Goods (land-border controls) and the International Maritime Organization’s Convention on Facilitation of International Maritime Traffic, London, 1965 as amended.

In situations where an electronic single window for trade is being implemented, the application of risk management is expanded to include OGAs involved in the regulation and control of international trade. This requires a much broader, inter-agency approach to risk management, led by the customs administration. Though in some countries other single-window solutions exist (for example, organized around the operations of the transport industry), it is important that a single-window system involving all OGAs that play a role in the border controls of goods is developed under the leadership of customs, built around customs controls, and integrated or connected to the customs system to enable interoperability.

**Customs and Tax Cooperation**

Even though customs and tax administrations have different competencies, there is plenty of common ground and a clear need for close cooperation between the two. While tax administrations oversee internal revenue, customs administrations are responsible for the collection of duties and taxes levied on international trade transactions. In addition, customs is responsible for monitoring and controlling international trade transactions and all the support infrastructure that entails, including the facilitation of trade, detection of smuggling, and border protection. To improve the effectiveness of both operations and better achieve their respective objectives, tax and customs administrations need to cooperate and exchange information. However, successful cooperation requires mutual trust and respect, and all too often a breach of that mutual trust and respect can lead to difficulties

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3 An example of such streamlined border clearance is Cambodia, where the number of regulatory agencies stationed at the border was reduced over time from more than 10 to two (customs and immigration). This government decision required regulatory agencies to establish cooperative working arrangements and brought about a reduction in overall regulatory requirements and clearance times. An inter-ministerial Risk Management Committee oversees the development and application of risk management.
for both agencies when addressing common compliance issues. Some countries have attempted to address this problem by implementing memoranda of understanding (MOUs) between customs and tax authorities to establish clear lines of communications and set out procedures for inter-agency cooperation and the sharing of sensitive taxpayer information.

There are significant benefits to an enhanced customs–tax cooperation, including increased tax compliance and revenue, more efficient collection of duties and taxes, and even the ability of better addressing risks that may be linked to organized crime activities (arms, drugs, money laundering, intellectual property rights, and public security).\(^4\) For example, taxpayer information is essential to help address several revenue and security risks through the customs risk assessment process. Cooperation in the form of reciprocal exchange of information, shared risk management data, and close collaboration in post-clearance auditing enhance overall compliance and revenue mobilization for both administrations. Although Chapter 6 deals primarily with the advantages of customs and tax cooperation for revenue collection and enforcement, this issue is also referenced elsewhere throughout the book.

Thirty-six percent of those countries that provided data to the ISORA\(^5\) survey (out of a total of 135) have integrated their tax and customs administrations.\(^6\) Integration under a revenue authority can benefit both administrations in better fulfilling their mandates through shared and mutual support units (that is, legal, management, ICT, and certain auditing activities) and better information exchange while maintaining their core businesses separate and focused on their mandates. The Spanish Revenue Agency, AEAT, is a good example of this. It was created to go beyond a simple exchange of information and instead facilitates the sharing of access to systems and databases between those tax and customs units that require key information to fulfill their functions and tasks—albeit following strict security rules and regulations. In addition, common plans are designed to improve taxpayers’/operators’ compliance. However, in some countries integration has not necessarily resulted in noticeably improved customs operations. This could be attributed to the fact that the integration might have sought primarily to reduce spending on tax and customs administration operations and achieve economies of scale through the merging of common support


\(^5\) International Survey of Revenue Administrations (ISORA) conducted by the IMF, the Inter-American Center of Tax Administrations (CIAT), the Intra-European Organization of Tax Administrations (IOTA), and OECD.

\(^6\) Some countries, particularly in Latin America (Argentina, Brazil, and Peru), have chosen to also integrate within their revenue authorities the management and enforcement of social security contributions, thus achieving a more comprehensive perspective for improving taxpayer compliance.
functions while core tax and customs processes that required improvement remained largely unchanged.

In the end, regardless of whether they are integrated, tax and customs administrations must develop effective mechanisms for cooperation and information exchange and promote specific initiatives aimed at improving services and compliance. Effective tax–customs controls require a comprehensive understanding of the taxpayers/operators, which is only possible through close and continuous cooperation. Both administrations must establish coordinated goals and implement strategic initiatives such as the following:

- A unique, up-to-date, and reliable tax identification number for customs transactions
- Timely and efficient electronic cross-validation between customs declarations and basic tax obligations
- An exchange of electronic information on taxpayer/operator records to assess levels of compliance and to define strategies for their own respective business purposes.\(^7\) This initiative should result in the development and utilization of a taxpayer profile for risk assessment purposes in both tax and customs compliance.
- Complementary strategies to monitor and control exemptions and special regimes
- Comprehensive and coordinated VAT and excise management and compliance programs
- Complementary strategies to monitor and control imports and exports of extractive industries (oil and derivatives, gas, gold, diamonds, copper, and so on)
- Provision of services to each other in selected areas having comparative advantage such as debt collection, specialized training and exchange of experience, consultancy
- Joint activities may be practical and more effective (for example, certain onsite audits)

This kind of information sharing between the two organizations has already been implemented in a number of countries and, when done in support of well-defined service and compliance programs, has resulted in better compliance management for both areas. In the absence of this information sharing, however, tax and customs administrations would continue working half-blind and any goal of improving compliance would be much more difficult to achieve. Appendix B provides additional context on the matter of integrating tax and customs.

\(^7\) It is important to clearly define what data are required from each administration, how it will be used, how it will be handled, and how confidentiality will be ensured.
Customs–Private Sector Engagement

Governments, the private sector, and both national and international organizations including the WTO and the WCO recognize the value of and encourage meaningful and sustainable engagement with the private sector. The WTO Trade Facilitation Agreement (TFA) provides for regular consultations with the private sector and for having a national committee on trade facilitation (NCTF). It also recommends that the private sector be provided with opportunities to comment on legislative and regulatory proposals and to be informed in advance before such changes come into effect. Finally, the TFA provides trade facilitation measures for the authorized operator. More information about the TFA and its implications for customs can be found in Chapter 4.

The WCO revised Arusha Declaration on Integrity in Customs promotes an open, transparent, and productive relationship with the private sector to address corruption and promote customs integrity. The WCO and the IMF have also noted that the response to COVID-19 has highlighted the importance of strengthened relationships with the private sector to support the business continuity of the national economy and international trade.

The WCO Private Sector Consultative Group (PSCG) is an example of valuable and fruitful collaboration and partnership between customs and the private sector. The PSCG informs and advises the WCO and its members on customs and international trade matters from the private sector’s perspective. The PSCG argues that the customs administration’s commitment to engagement with the private sector as well as to transparency, predictability, and efficiency is a strong foundation for success.

Most customs administrations, at headquarters and through regional or local offices, engage with private-sector stakeholders (particularly importers, brokers, couriers, exporters, carriers, airport and seaport authorities, industry associations, and wider national regulatory agencies) in many ways. For instance, formal consultative committee structures are used to share information, raise awareness of issues, and discuss important strategic questions such as policy issues and legislative amendments. Working groups and subcommittees typically seek input and feedback from stakeholders and find solutions to technical or process-related problems. Chapter 4 discusses in more detail the principles of stakeholder engagement.

Customs-to-Customs International Cooperation

Customs administrations should not limit their reach to partner government agencies and economic operators within their country’s borders. Cross-border trade requires customs to have a proactive approach to issues that originate or end beyond such borders, and the first, basic step is to engage with counterparts, particularly those from neighboring countries and trade partners. Customs administrations benefit greatly from robust and reciprocal cooperation programs and mechanisms designed to enforce their laws, increase compliance, facilitate trade (including through the simplification and harmonization of procedures and joint or coordinated customs inspections), share best practices, and receive/
provide technical assistance or training in those areas that can or should be improved. For these purposes, negotiating and implementing bilateral or multilateral agreements is the best way to build a foundation for an effective two-way cooperation. The more solid the agreements, the stronger such cooperation can be.

The most common type of a customs cooperation agreement between two customs administrations is a Customs Mutual Assistance Agreement (CMAA). The CMAA provides a formal conduit for the exchange of information for enforcement purposes, although most of them also include specific provisions for cooperation in trade facilitation and technical assistance matters. Most of the CMAAs allow for the exchange of information on a case-by-case basis. However, in recent years some customs administrations have agreed to expand the scope of their agreements to allow for the exchange of bulk data. Also, some bilateral trade agreements contain provisions for customs cooperation on the aforementioned matters while others refer such cooperation to a CMAA or other equivalent agreement.

Multilateral agreements on customs cooperation, either customs-specific or those included in multilateral trade agreements, contain provisions on the same matters as bilateral agreements, some of them with an equal force, while others simply encourage the parties to cooperate.

Also, there are customs cooperation agreements between member countries of a customs union as well as agreements between individual countries and a block of countries or a customs union. Such is the case of several agreements signed by the European Union with Korea, Canada, Hong Kong, United States, India, China, and Japan. The European Union also has Partnership and Co-operation Agreements with a number of countries, including Russia and Ukraine, which cover customs cooperation and include a protocol on mutual administrative assistance.

Nevertheless, although most customs administrations have signed cooperation agreements, often the biggest challenge is not having them in place but putting them into practice. It is common to see that these agreements are underused, because of either a lack of political will or a clear cooperation strategy. Other factors that delay cooperation between customs administrations or make difficult the implementation of these agreements include significant gaps between the parties, potential vulnerabilities in data protection, agreement management (including governance and oversight), different priorities, and courts that have not been familiarized with investigation cases conducted under the agreement. Therefore, when negotiating a customs cooperation agreement, it is essential to consider the aforementioned aspects as they will come into play when the agreement enters into force. Otherwise a tool intended to strengthen the signing customs administrations’ capacities will be underused.

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8 For more information on the EU customs cooperation arrangement, see https://ec.europa.eu/taxation_customs/international-customs-co-operation-and-mutual-administrative-assistance-agreements_en.
A good example of strengthened customs cooperation between a developed economy and an emerging one is that between Mexico and the United States, two neighboring customs administrations at different development levels but with common interests in protecting their trade agreement and their borders and populations. Another common critical interest is the need to process the high traffic volumes at the border, including that of their bilateral trade. On a daily basis, 1.2 million people, 18,260 cargo trucks—including loaded rail containers—and 367,000 personal vehicle passengers cross the common border through 42 border crossing points (US Department of Transportation 2019). In 2019, their bilateral trade in goods amounted to $612 billion (United States Census Bureau 2019), where more than 90 percent of it moved from one country to the other on cargo trucks or by rail.

The 1994 North American Free Trade Agreement (NAFTA) forced both customs administrations to strengthen their cooperation and bring it to a higher level. In 2000, both customs administrations had expanded the scope of their CMAA (US Department of State, 2000), and through the years, these customs administrations have been capable of developing and implementing numerous cooperation programs and mechanisms, including mechanisms for an automated customs data exchange pertaining to transactions in all modes of transportation—some of such exchange in real time—harmonization of electronic cargo manifests, joint customs inspections at shared facilities in 13 ports of entry (Unified Cargo Processing), secure and dedicated lanes for Authorized Economic Operators at six large ports of entry, coordinated approaches to risk management and targeting—including deployment of risk analysts at their targeting centers—joint investigations and enforcement task forces through a Trade Transparency Unit, and business resumption protocols to address natural disasters. Mexico Customs embarked on a strong modernization process in the early 1990s, which allowed it to automate all its processes and conduct its operations based on risk management. Regardless of the gaps in economic development between Mexico and the United States, their customs administrations have proven that it is possible to build and benefit from a strong and well-planned cooperation.

STREAMLINED ORGANIZATIONAL STRUCTURE

A modern customs administration needs an efficient organizational structure capable of delivering the required results effectively and within the resources allocated. The structure cascades from the administration’s mission, vision, and strategic priorities. As an administration’s enabler, the structure should support core customs processes, emphasize customer service, and minimize overhead. The organizational structure will take into account the country-specific priorities and geography, the economic and security needs of the citizens being served, and the national public administration culture. Box 3.3 outlines some key principles to consider in designing an organizational structure for customs.

Chapter 3  Institutional and Professional Foundations of Modern Customs Administration

Good practice provides for a customs administration that is established with independence from political direction. The location of the customs administration within government is based on the public administration culture, importance of its fiscal role, and current government strategies and policies. There are three main options: (1) customs fully integrated into the parent ministry (often Finance) structure, (2) autonomous/semi-autonomous customs agency, and (3) customs integrated with tax into a revenue authority or other service like passport control/border security agency. These two latter structures are still normally supervised by the minister/Ministry of Finance directly or through the intermediary of an independent board.10

The main advantages of full integration into the Ministry of Finance are that it provides the minister, who is responsible for budgetary revenue, with full control over an important revenue-collecting administration and can more easily ensure a coordinated supervision with tax policy and the administrations enforcing those policies. In some countries, such a close supervision from a cabinet minister may allow direct political influence in the daily management of customs administration, undermining public trust in the independent administration of customs matters.

In a few instances, regional or state governments benefit from customs revenue directly and have a say in supervising customs administrations, including in selecting regional managers. However, this is not in line with good international practice. A national administration (that is supervised by the central government/minister of Finance) is the most effective way of collecting revenue for both regional/local and central governments. Financial resource needs of regional and local governments should be met through redistribution of revenue by central governments according to a formula agreed and guaranteed by law. On the other

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10 According to the WCO 2019–20 annual report, there were 55 separate or semi-autonomous customs agencies (30.1 percent), 72 administrations integrated into ministry structures, and three border protection services (1.6 percent), in addition to the 53 combinations of tax and customs in revenue authorities (29 percent).

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hand, this principle does not negate the need for regional and local customs offices to coordinate activities and to cooperate with regional and local governments.

In some countries (Australia, Canada, United States, New Zealand, and somewhat the United Kingdom), customs is partly or fully integrated into a single border control agency. This was done in line with emerging government priorities and the changing balance of customs administration mandates.

**Functional Direction and Management**

Many customs administrations operate under a functional model. Functional direction can be defined as guidance that cuts across the vertical lines of authority in an organization. This would be, for instance, policy or procedural guidance provided by headquarters (HQ) to frontline (field) operations or direction by one branch or division to another. Functional management links program performance to resource allocation and program expenditures. HQ functional areas set direction and performance objectives for regional or local operational offices and assign the appropriate amount of resources to achieve these objectives (budget, full-time-equivalent resources, training, equipment, and so on). In turn, field operations are expected to deliver on the objectives set, manage and report on operational performance to the functional areas, and use discretionary authority to adjust allocated resource levels responsibly to meet local emergent risks.

Strong functional direction and management are instrumental where field operations are substantial; frontline officers’ exercise of powers has considerable discretion; and operating circumstances vary widely across regions, offices, and functions. Chapter 6 provides an outline of a headquarters functional organization of customs enforcement.

Three requirements to ensure smooth operations under this model are the following:

- The roles and responsibilities of both frontline and HQ functional management must be clearly defined.
- Effective communication and cooperation must be maintained between frontline and HQ functional units at all levels. Frontline managers and staff must know what direction is being received from the functional areas, while functional managers must get feedback from the front line if they are to ensure that policies fit the operational reality.
- Customs senior management must hold both operational and functional managers accountable for their respective responsibilities.

**Headquarters and Field Operations Roles**

**Headquarters**

Modern customs administrations should have a strong HQ function providing oversight and ensuring uniform operations across the field network. The prime responsibility of HQ is the development and oversight of nationally consistent policies, procedures, and performance criteria that are effective in achieving
customs’ outcomes. HQ is not involved in day-to-day operational issues, which are the responsibility of customs regional and local office managers. In customs administrations that are compact, it may be more difficult to separate HQ and field responsibilities, but HQ involvement in day-to-day decision making should be limited to the extent feasible.

HQ should also be responsible for the implementation of international and regional agreements and interaction with bodies like the WTO and the WCO. HQ is to ensure that legislation, regulations, and procedures are up to date, in compliance with a country’s policies, and applied uniformly by each customs office. In addition, HQ should interact with policy makers, in the ministry responsible for customs or others as may be appropriate, to agree on such matters as revenue targets and to provide input on the administrative impact of proposed policy options.

Field Operations

Field operations implement operational policies identified for regional and local structures. They are accountable for border clearance, revenue collection, enforcement measures, and investigations.

A good practice is to have a field liaison function or coordination office at HQ with a corresponding contact in the regions. This relationship can clarify operational direction and guidance to the regions, which helps ensure national consistency and also is a forum for the regions to present issues to HQ for consideration when developing policies and procedures.

Corporate Functions

A modern customs administration requires professional support services to develop policies and deliver programs aligned with government priorities; to draft legislation and provide legal interpretation and advice on policies and procedures; to oversee and participate in the negotiation and implementation of international agreements; and to provide guidance and support for people and financial management, personal and physical security, procurement, material and information management, real property, communication, and ICT solutions.

In addition, it is good practice to have internal affairs, internal audit, and program evaluation reporting directly to the head of the customs administration. Internal affairs should ensure compliance with all security activities and integrity/professional standards. Internal audit and program evaluation should be responsible for reviewing operational, administrative, and financial systems and processes, monitoring compliance with management policies and priorities, assessing effectiveness and efficiency, and providing advice on improvements and how to address issues.

Some corporate functions such as public and media relations, communications, legal affairs, international affairs, and reform and modernization could also report to the head of customs or to a deputy head.

“Clear separation of headquarters and field functions is key to ensure effective operational performance.”
Appendix C presents some ideas on organizational design for a customs administration. This is presented to identify the key components of a typical organization structure and needs to be adapted to each administration’s national context.

**INSTITUTIONAL POLICY CAPABILITY, ENABLING LEGAL AND REGULATORY FRAMEWORK, AND TRANSPARENT PROCEDURES**

**Customs Role in Policy**

Converting government’s strategic requirements into action requires policy and program development. Often a neglected function in customs administrations, analytical and policy capability is critical to sustainable success. A good example in translating government’s strategic requirements into customs programs is the implementation of the WTO TFA measures of efficiency and predictability and building appropriate compliance programs to mitigate the risks. In that context, customs administrations are developing risk management, single-window, advance rulings, authorized economic operators (AEOs), and post-clearance audit programs for their countries.

**Enabling Legal and Regulatory Framework**

A modern customs administration requires a clear policy, legal, and regulatory framework aligned with national legislation; bilateral, regional, and multilateral agreements; and international standards, such as the WCO Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures and the WTO TFA. The legislative instruments include the customs law that requires the approval of the national congress or parliament and the regulations that do not require submission to these bodies. Regulations are therefore more easily updated to reflect current needs. This framework should be supported by transparent and predictable customs procedures.

Customs needs clear and comprehensive legislation that does the following:

- Delineates the competencies of the customs administration
- Identifies responsibilities of the customs administration and the collaborating other government agencies
- Provides guidance, rules of procedure, and empowerment to adequately promote compliance and implement and enforce the provisions of law
- Complies with obligations from international treaties and agreements and good international standards

The customs administration often plays an important role in developing the legislation and regulations, while the parent ministry leads the work by providing guidance and taking the draft instruments further to government (cabinet) for approval and to parliament for adoption when required. This reflects their respective roles, with the ministry responsible for identifying high-level policies for customs administration and customs responsible for implementation.
In preparing new legislation, it is important to consult with stakeholders early in the process and to ensure sufficient time before government and parliamentary review so that customs, the trading community, OGAs, and any other interested parties can provide input and prepare for implementation. This preparation frequently includes developing changes to automated systems and training both customs personnel and traders to understand the new provisions. The legislative process may take several years depending on the scale of changes and the capability to manage and absorb them.

**Transparent and Predictable Customs Procedures and Border Formalities**

Transparent, predictable procedures and border formalities are critical to the smooth and efficient operation of international trade and travel and to the increased competitiveness of the country and its economic operators. Chapter 4 addresses these principles in more detail and discusses tools such as advance rulings.

Some administrative, fiscal, and trade policies—that is, suspensive regimes, exemptions, free-trade zones, preferential treatment agreements, and indirect/special taxes and duties—are very complex. This creates a challenge for traders to understand these policies and for their consistent application and monitoring by customs staff. Such policies make both administration and compliance more expensive and difficult, and customs needs to work at delivering clear and simple explanations of traders’ responsibilities under these policies.

**PROFESSIONAL AND SKILLED CUSTOMS WORKFORCE**

**The Customs Profession**

A professional, well-trained, high-performing, and ethical customs workforce underpins the customs administration. Customs officials need to have specific knowledge, skills, and behaviors. The customs profession has unique and varied roles, only some of which include customs inspector, customs service officer, import and supply chain security specialist, post-control/clearance auditor, risk targeting officer, intelligence officer, and customs investigator.

Some customs administrations struggle with this focus on professionalizing their workforce. The absence of, for example, clear recruitment standards, standardized job descriptions, competency profiles, meritorious promotion policies, a comprehensive learning and development program, and a professional career path hinders an administration’s ability to improve its performance.

**Key Features of an Effective Customs Human Resource Management and Development Framework**

A competency-based human resource management framework offers a sound methodology to translate the customs strategic priorities and core values into
effective and efficient practices. Competency-based management informs workforce planning, facilitates the recruitment and selection of candidates to meet the organization’s needs, and improves the alignment of learning needs to organizational gaps.

The use of workforce planning and gap analysis to assess skills and diversity needs to meet current and future priorities enables customs to have the right number of people with the right skills at the right place. Managers should consider human resource development needs when having performance management discussions with staff, recruiting a new employee, and developing annual work plans. Well-defined and professional job descriptions contribute to effective and efficient recruitment, training, and performance management programs.11

A needs-based training program will ensure that staff acquire and maintain the necessary competencies for their duties. The first step in the development of such a program is a training needs assessment that should be carried out as part of the organization’s planning for the future. Typically, customs training and development include a customs recruit induction training program, professional and specialized training, core value training, and management programs.

A recruit induction training program is a good international practice. There are often two components in this program. Firstly, there is an orientation to the customs administration to become familiar with the administration’s vision, mission, operational goals, and operating environment. At the same time, recruits need to understand their own role in achieving the mission and goals, their conditions of service, institutional values and ethics, and sanctions for wrongdoing. Secondly, other training components develop the knowledge and skills specifically related to the recruits’ duties and to their practical application in an operational environment. An induction training program delivered nationally builds a sense of belonging into the organization, enhances the organizational culture, and ensures consistency in delivery of the learning modules.

Specialized training and development modules provide for the enhancement of knowledge and skills in areas such as valuation, classification, risk management, investigative techniques, and others. Such modules allow the customs officer to become more proficient following the induction training and some on-the-job experience. This training may be offered by the customs administration or through bilateral or international organization support, including virtual learning and recorded training sessions. Other specialized training for emerging skills such as data management or data analytics may be obtained from private-sector service providers or local colleges and universities and on the internet. Core value training covering topics such as proper behavior in the workplace, respect

11 WCO has also developed a Framework of Principles and Practices on Customs Professionalism. For more information and WCO tools in this area, see https://clikc.wcoomd.org/pluginfile.php/30120/mod_label/intro/Intro_EN.pdf.

“The goal of effective human resource management is to have the right number of people with the right skills at the right place at the right time.”
for staff and clients, security protocols, harmonious working relations, and integrity is often delivered in short modules and may be repeated at regular intervals to ensure internalization of these principles.

Leadership and management development programs prepare those participating employees to assume more senior decision-making roles. The curriculum is often built around key leadership competencies identified by the national public service, including the ability to drive a shared sense of purpose and lead change; relationship building; integrity and accountability; and the ability to achieve results in a timely, efficient, and effective manner. A good practice in the design of such a program is to consider the distinctive operational challenges faced by customs managers, such as managing remote work, shift operations, and so on.

Increasingly, customs administrations deliver context-based learning, using real-life examples, simulations, and practical experience in addition to knowledge. A good practice is to offer blended and online learning opportunities so that learning modules can be accessed at any time, completed over multiple sessions, and accessible from remote locations. Box 3.4 provides an example of human resource management functional strategy.

### Box 3.4. Example HRM Functional Strategy

<table>
<thead>
<tr>
<th>Desired outcomes</th>
<th>Objective</th>
<th>Key actions</th>
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<tbody>
<tr>
<td>A customs administration that has the capability needed to deliver on the core priorities now and in the future.</td>
<td>Get the right number of people with the right skill sets in the right job at the right time.</td>
<td>Develop a comprehensive HRM plan linked to organizational needs and aligned with government priorities, organizational goals, and available resources.</td>
</tr>
<tr>
<td>A professional, capable, ethical workforce that is service oriented, achieves results, and is adaptive to change.</td>
<td>Recruit, integrate, develop, and retain an adaptable workforce able to meet challenges now and in the future.</td>
<td>Develop a customs competency framework including a repository of standardized job descriptions, competency profiles, and job performance indicators.</td>
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<tr>
<td></td>
<td></td>
<td>Implement a national induction training program to integrate quickly and effectively new employees to facilitate performance, commitment and employee retention.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop competency-based training and development programs and curricula with blended and online learning options.</td>
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</tbody>
</table>
COHERENT INTEGRITY MANAGEMENT FRAMEWORK

The risk of corruption within customs administrations is prevalent because of the very nature of customs work, which is directly linked to the collection of money and the discretionary power of officials to enforce a wide range of complex legislative regulations often in remote and largely unsupervised border checkpoints/points of entry.

The most important institutional factors conducive to a lack of integrity in customs include complex administrative, fiscal, and trade policies. Examples of such factors are suspensive regimes, exemptions, free-trade zones, preferential treatment agreements, special taxes and duties; restrictive tax and foreign trade systems; high tax and tariff rates; complex and bureaucratic procedures; and weak transparency and accountability. At the professional level, they may include poor salaries and a lack of effective preventive, investigative, and disciplinary measures.

The prime responsibility for fostering an environment conducive to integrity and to prevent corruption must rest with the highest political leadership. The head of customs and the management team must advocate for transparency and an accountable administration.

“Lack of integrity in customs undermines not only operational performance but also trust in government and public safety.”
Leaders must model the values of the administration through words and actions; demonstrate probity, prudence, and rigorous stewardship of public resources and assets; and create an institutional climate and an incentive structure that fosters high standards of ethics, service, and accountability.

Designing and implementing an integrity management framework requires a multifaceted approach. The IMF’s experience in assisting customs administrations suggests that several elements need to be present, as shown in Box 3.5.

A well-resourced, professionally trained, and value-based customs administration is more likely to operate with integrity. It should have the funds to pay reasonable salaries relative to the labor market to help retain staff and encourage them to be proud to work in customs. Resources to invest in technology and increased automation will lead to less interference by individual officials in customs transactions.

The international community has developed a wide range of instruments and practical tools to develop effective customs integrity management practices. Among different instruments and tools, the WCO developed the Revised Arusha Declaration Concerning Good Governance and Integrity in Customs (2003) supported by a good practices guide on the 10 principles of the Declaration and a model code of conduct.

Box 3.5. Elements of an Integrity Management Framework

- A consensus within government, starting at the highest level, that customs should operate based on professional and technical criteria and be free of intervention for political or personal gain
- Extensive use of information technology and digitalization (zero paper) to reduce human interaction, face-to-face contact with clients, and the physical handling and transfer of funds. ICT also increases the level of accountability and provides an audit trail for review and monitoring of staff decisions.
- Modern management practices that emphasize accountability and service, active engagement with the private sector to address issues of integrity, and an effective control framework based on risk
- A professional customs workforce, based on transparent, merit-based selection, appointment, and assignment, that is subject to a code of conduct for which there are sanctions for inappropriate behavior
- An appropriate remuneration and reward system in addition to a career path for deserving officers
- A legal and regulatory framework clearly defining the accountability, transparency, and control environment for the use of public resources
- Transparent procedures and easily accessible information to the public and trade community defining discretionary powers, appeal mechanisms, and service standards
- A streamlined organization structure, based on functional management with separation of duties, providing clear direction, standard operating procedures, and oversight to ensure uniform and consistent actions by all customs staff

Source: Authors.
EFFECTIVE BUSINESS CONTINUITY PLANNING

The purpose of business continuity planning is to ensure a reasonable effectiveness of administration under critical conditions, including public health crises (for example, pandemics), terrorist attacks, and natural disasters (for example, hurricanes, floods, earthquakes, landslides) when work conditions may deteriorate significantly and/or the critical ICT systems may become inoperable. ICT continuity relies on a protective physical infrastructure, a regular (for example, daily) saving of important data, and the operation of a parallel mainframe computer in a secure distant location that is unlikely to be impacted at the same time by those natural disasters. The operational answer in such demanding times is a return to paper-based essential operations until electricity and/or the ICT systems can be restored. Although there are customs business continuity international standards for natural disasters, the COVID-19 pandemic challenged leaders around the world as it affected all activities and practically all locations of customs operations at the same time (with no haven to continue to conduct business).

A good practice is to refer to the reference material developed by international organizations competent in customs matters, including the WCO, the World Bank, and the IMF. Early in the process of managing COVID-19, the IMF developed and disseminated a Special Series of notes, including on Business Continuity for Revenue Administration and Priority Measures for Customs Administrations\(^\text{12}\) to secure international supply chains, especially imports of essential goods, as well as continuing to mobilize revenue, facilitate trade, and safeguard border security. The IMF recommends the creation of a response team consisting of managers of all ranks, supported by technical experts, to coordinate response procedures at customs offices and border entry points, in collaboration with other government agencies present at the border and foreign customs administrations. Special practical measures must be put in place for ensuring business continuity during pandemics, including those outlined in Box 3.6.

An example of a country applying a methodology to develop business continuity plans (BCPs) is the Seychelles Revenue Commission (SRC). The SRC has established an Emergency Management and Business Continuity Committee that leads the development of BCPs. Procedures have been developed and training delivered to managers on how to complete risk assessments and to design a BCP. Plans for high-risk areas including the airport passenger terminal, taxpayer services, and information technology have been prepared. A disaster recovery plan (DRP) was separately prepared as part of this process. The DRP allocates specific

\(^{12}\) This publication and other COVID-19-related relevant IMF publications from April 2020 can be found on the IMF website, /Publications/Special Series Notes on COVID-19/Fiscal issues at https://www.imf.org/en/-/link.aspx?_id=27A8645D20AA4186A005A31874F699D08c_x=z#fiscal.
Box 3.6. Special Practical Measures for Ensuring Business Continuity during Pandemics

- Having a contingency plan and a governance framework to manage the crisis
- Protecting staff with personal protective equipment (PPE)
- Restricting traders and visitors from entering customs facilities with strict in/out controls
- Reducing physical interaction during cargo inspections
- Conducting virtual audits
- Ensuring continuity of customs controls even at the expense of limiting the number of crossing points
- Ensuring minimum disruption in the flow of goods across borders while assisting in controlling the movement of the limited number of people (mainly truck drivers and personnel of the various vehicles in international circulation, government officials, and so on)
- Prioritizing and expediting critical consignments (for example, PPEs, basic foodstuffs, medicines)
- Easing controls to minimize disruption and the administrative burden and cost to businesses
- Postponing steps in controls that can be undertaken later (for example, PCA)
- Postponing or easing collection of revenue and penalties following government policies (while strictly registering all steps and incidents)
- Assessing duties and taxes to enable monitoring of late or failed payments after the crisis
- Communicating the above principles to traders so they understand the new/interim rules and protocols

Source: Authors.

roles, responsibilities, and the response procedures for a range of potential scenarios, including widespread industrial action, acts of nature, and pandemics. An Emergency Operations Center will be established to coordinate the response to any of the scenarios detailed in the plans. As a result of this work, the SRC is better equipped to maintain the provision of services and to respond effectively to a wide range of potential challenges.

SUMMARY

A modern customs administration requires sound institutional and professional foundations. Customs policy makers and executives should develop and communicate roadmaps to modernization and embrace international good practices for managing an effective and efficient customs administration. Institutional enabling factors include sustained political support, customs ownership and leadership, and a supporting legislative framework. A well-skilled workforce with strong ethical and organizational values is critical.

An appropriate governance framework, the use of strategic management, and a functional organizational structure that clearly separates headquarters and field responsibilities, as well as a business continuity and crisis management plan, are
key to improved performance. Customs should develop a coordinated border management approach with other government agencies, build a cooperative relationship with the national tax authority, and foster partnerships with the trading community.

REFERENCES


