



Independent Joint Anti-Corruption Monitoring & Evaluation Committee

Custom

Cross border verification of custom data will help the Afghanistan Customs Department fill gaps and loopholes in the system that will lead to an increase in government revenue

It has been observed that goods entering into or going out of Afghanistan are not being properly registered in the import/export databases of Afghanistan Custom Departments. Influential individuals and groups, as well as officials within the Afghanistan Custom Department have increased the portion of unregistered goods by engaging in corruption, misuse of resources, smuggling and other illegal activities at the borders. In the past, there were commercial representation in Afghan consulates in Peshawar and Quetta of Pakistan and Mashad of Iran who registered goods intended to come to Afghanistan. However those representation has been removed and currently, there is no mechanism to register and verify goods. The lack of sharing import/export data between customs departments of countries have made it difficult to identify the quantity of goods that are not being registered properly and potentially being diverted based on corrupt practices. Sharing such information with neighboring countries border custom facilities will limit the influence of these individuals and groups.

Recommendation 7.13: In light of the Afghanistan-Pakistan Transit Trade Agreement, the Afghanistan Ministry of Commerce and Industries and Afghanistan Customs Department at the Ministry of Finance should consider developing and implementing mechanisms for cross border verification of goods with Pakistan. Extensions of such mechanisms should be considered for other neighboring customs facilities at other neighboring borders after the successful implementation of mechanism with Pakistan.

Benchmark: Mechanisms for cross border export/import data verification with Pakistan is developed within 6-months.

Expected Outcome: Sharing export/import data with neighboring countries will reduce opportunities for corruption and subsequently increase government's revenue

Strict control over presentation and verification of goods in custom facilities will lessen opportunities for corruption and abuse of the system in place

Based on *Afghanistan Custom Law* goods and commodities entering into or going out from Afghanistan should be registered into the databases of Afghanistan Custom Department, with customs duties and tariffs collected. Although, there are legal requirements and procedures existing for presenting and verifying goods, reports indicate



Independent Joint Anti-Corruption Monitoring & Evaluation Committee

that goods are not being effectively registered, presented and verified by customs officials thereby diverting government revenue to personal accounts and pockets. Reports also indicate that brokers enter false data into the system to misguide the system into selecting specific representatives for customs verification purposes. Strict control mechanisms over registration, presentation and verification of goods can prevent corrupt brokers and custom officials from abusing and misusing the system.

Recommendation 7.14: The Afghanistan Customs Department should develop a technological mechanism (scanner, barcode, x-ray, etc.) to ensure that data entered into the system by customs brokers and verified by customs officials is accurate. In the meantime physical inspection should be expanded and strictly conform to the requirements of the the Afghanistan Anti-Corruption Strategy.

Benchmark: Strict control mechanism over entering, presentation and verification of goods into the system is developed within 6 months.

Expected Outcome: Strict control over entering, presentation and verification of goods into the custom databases will reduce opportunities for corruption resulting in increase in the government revenue

Dishonest custom officials and brokers abuse the system of data entry and divert government revenue

Article 16 of the *Afghanistan Customs Law* allows for the use of licensed brokers for custom proceedings. The Afghanistan Customs Department issues licenses for brokers and provides them with an account to enter data into the computerized systems operated in customs facilities. However, reports indicate that the certification process of these brokers is not merit based, and influence of high ranking officials has been observed. Reports also indicate that there are brokers who influence the custom officials and abuse the system. False data entered into the system has reportedly been found, including the misidentification of the types and origin of goods to lower duties. Assessment of the recruitment process of brokers, as well as their functionality afterward can help identify abusers; and the creation of a black list will prevent their reentrance into customs activities.

Recommendation 7.15: The Afghanistan Custom Department should reassess activities of brokers involved in custom proceedings, identify abusers and create a blacklist of those found to be abusing the system. The list should be publicly available and those in the list should not take part in customs activities. Customs officials found to be abusing



Independent Joint Anti-Corruption Monitoring & Evaluation Committee

the system should be dealt with accordance with the *Civil Service Law* and the *Penal Code*, where applicable.

Benchmark: Assessment of custom brokers carried within 4-months and a black list developed within 6-months.

Expected Outcome: Excluding abusive brokers will limit malfeasance and lead to an increase in the revenue of the government