

Trade facilitation Implementation in

REPUBLIC OF MAURITIUS

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01 October 2011

I. General Overview/Reasons for Reform

1. Please provide a general overview of the reform that were undertaken:

A. Was it part of an overall program (and therefore co-financed)? Was it linked to WTO trade facilitation or was it broader? Did it build on recent reforms?

Customs Reform Objectives

De Wulf and Sokol (2005:134) reported that the main reform objectives in customs administrations in the world included strengthening revenue-generating capacity, enhancing trade facilitation, and combating smuggling and corruption. They found that most countries pursued several objectives, although in some the initial emphasis on one objective shifted during the reform process as sufficient progress was achieved and its urgency declined. Among the factors determining the choice of objectives were the initial state of customs services and the economic policy objectives of the government, especially in the fiscal and trade policy areas.

Customs Department - Ongoing Reforms

In the context of the international trade environment, Customs plays a critical role not only in meeting the goals of the governments but also in ensuring effective controls that secure revenue, compliance with national laws, ensuring security and protection of society. It is also acknowledged that the efficiency and effectiveness of Customs procedures has a significant influence on the economic competitiveness of nations and in the growth of international trade and the development of the global marketplace. In a highly competitive world environment, international trade and investment will flow toward efficient, supportive and facilitative locations. At the same time it will rapidly ebb away from locations which are perceived by business as bureaucratic and synonymous with high costs. The ever changing environment and the new challenges to be met in order to compete globally have been forcing customs administrations worldwide to rethink over their existing structures, the procedures, policies and practices and the human resource requirements in order to meet these challenges.

Triggers for Change

Daniels and Radebaugh (2003:7) argue that the following interrelated factors have influenced the increased growth in international business:

- a) Rapid increase and expansion of technology;
- b) Liberalisation of governmental policies on cross-border movement of trade and resources;
- c) Development of institutions to support and facilitate international trade;
- d) Increased global competition.

The case of Mauritius

As regards Mauritius, a small island developing state, it has diversified from a monocrop economy based on sugar to include other sectors such as tourism, export-oriented manufacturing industries, financial services, freeport zones, transshipment, business-process outsourcing and seafood hub. The Customs Department, since July 2006 known as The Mauritius Revenue Authority, Customs, is the major revenue-earning department and contributes more than 40% to the budgeted fiscal revenue figure. Prior to embarking on the ongoing Customs reforms programme in 1998 spearheaded by the Ministry of Civil Service Affairs, the department had been confronted with a trend of dramatic increase in volume and complexity of trade and movement of travelers in contrast with rather static available resources(refer to Table 1.1-1.4 below):

Table 1.1: Workforce Trend, Yr 1981 - 2004

	1981	1998	1999	2000	2001	2003	2004	2005
Workforce	442	541	530	571	571	594	575	649

Table 1.2: No. of Passengers by Air, Yr 1991/92 – 2000/01

Year	1991/1992	1997/1998	2000/2001
Arrivals	435,745	749,153	887,720
Departures	440,379	753,035	893,494

Table 1.3: No. of Bills of Entry and Value of Imports and Exports, Yr 1990/91- 2003/04

	1990/91	2000/01	2001/02	2002/03	2003/04
No. of Bills of entry – Import	126,335	194,256	195,037	218,394	293,629
No. of Bills of entry – Export	70,123	97,719	98,878	112,707	119,313
CIF value of imports (Rs million)	24,063	56,585	58,423	66,268	70,292

FOB value of exports (Rs million)	18,101	42,907	45,884	51,400	53,481
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Table 1.4: Indirect Taxes Collected by Customs, Yr 1991/92 - 2003/04

(Rs. Million)

INDIRECT TAXES	1991/1992	2001/2002	2002/03	2003/04
Customs & Excise duties	5498.5	8201.8	8854.8	9793.2
Sales Tax & VAT	862.5	4073.6	5656.7	6343.7
Total	6361.0	12275.4	14511.5	16136.9

The other factors are:

- a) Socio/Cultural: improved standard of living impacting on lifestyle, tastes and preferences of consumers, illicit drug trafficking;
- b) Legal/Political: gradual elimination of tariff and non-tariff barriers aimed at liberalizing international trade, and adherence to multilateral, regional and bilateral trade agreements (EU/ACP, COMESA, SADC, IOC, Pakistan, AGOA);
- c) Economic: increase in volume of imports and exports and movement of passengers, just-in-time manufacturing and distribution, risk of money laundering, protection of intellectual property rights;
- d) Technological: advances in modern technologies, for example, information and communication technology (ICT), change in transportation system (containerization of goods), concept of e-business;
- e) Environmental: emphasis on the control of goods which pose as a threat to environment, such as air pollution.

Conscious of the threats posed by these challenges and with a view to positioning itself so as to be able to tap the opportunities of these changes given its strategic geographic location, versatile labour force and technological know-how, the successive Mauritian governments have over the past decades since strived to properly equip the Customs department by providing appropriate

and adequate resources in the change and modernisation process. Both the recruitment of two foreign nationals as head of Customs in October 2002 and February 2009 respectively, and the institutional change occurred in July 2006 with the setting of the Mauritius Revenue Authority, a corporate body within an integrated organisational structure to act as agent of government, responsible for the administration of tax policy, and the collection and accounting of all revenues arising under the Revenue laws, with Income Tax, VAT, Customs, Excise and Gaming, were aimed at reinforcing the ongoing modernization and reforms programme.

1998: Business Process Reengineering

A major Customs Reform and Modernisation Programme (CRMP) was undertaken in 1998 with the assistance of the World Customs Organisation (WCO), other customs administrations and international institutions. A strategic change management approach was adopted with the involvement of the representatives of officers from all levels in the diagnosis, strategy formulation, implementation and evaluation processes. The vision was developed, *'We want a Clean and Efficient Customs Service'*, followed by the mission, and the strategic plan 1999-2002. The strategic plan 2002-2004 was also developed following the evaluation process. The change encompassed the strategy, structure, processes, and the introduction of new technology.

Orientation Meeting

Experts from the World Customs Organization (WCO) provided a clear picture to policy makers on the role of a modern customs administration in the fast changing environment and emphasized on the need for an organization-wide planned change. The aim was to ensure political commitment to the transformation process. It was essential that government gave its commitment and support to this transformation program.

Political Sponsorship

The government fully backed the change process as depicted in the speech delivered by the then Minister of Finance, Dr V. Bunwaree at the opening ceremony of the workshop on the 'Mauritius CRMP and Diagnostic Study' held on 16 February 1998 at Maritim Hotel, Balaclava:

"The fact that we both, the Ministry of Finance and the Customs and Excise Department have decided to continue with the reform and modernization process that we commenced back in December of last year, reflects the significant importance we place on the subject of Customs and Excise Department in Mauritius and its development to meet the pressures of the approaching millennium... I am further determined to do everything possible to stamp out malpractices of any nature, especially FRAUD and CORRUPTION... I see it essential for Mauritius Customs to aspire to attaining world class excellence in certain key performance areas...." (Ministry of Finance, Preliminary Report on Diagnostic Study, February 1998).

Team of facilitators: It comprised of experts from the WCO, UK H.M. Customs & Excise and Revenue Canada. There were also various teams made up of local customs and other officials were involved in the process of review and reorganization of the Customs and Excise department within the framework of the Customs Reform and Modernization Programme designed by the WCO.

Data Collection and Diagnosis

Three workshops had been conducted by the team of facilitators comprising of representatives of the World Customs Organisation, H.M. Customs & Excise and Revenue Canada, involving the participation of customs officers from all levels, union leaders, representatives from other agencies and stakeholders. One for government stakeholders, another involving trade industry stakeholders and the final was a Diagnosis Workshop where the needs and constraints identified by the two previous workshops were taken into consideration. The latter exercise involved the team of facilitators with the participation of the Change Management Team (CMT) comprising of customs officers from different grades, and officials from the then Income Tax and Sales Tax/ VAT Departments as observers.

During the two first workshops where the CMT of Customs was present as observer, government and trade/industry stakeholders representatives were invited to express their views and perceptions of the Customs service. A high sense of objectivity and impartiality prevailed and they showed great enthusiasm for a modern customs service and expected the Customs administration to act as a facilitator by provide a quick clearance of goods and passengers. It was also suggested that regular meetings and consultations were essential so as to ease the change process.

The Mission: Our mission is to serve the Government and the people of Mauritius.

The Mission Statement: It encapsulates the four-fold mission of the department namely, fiscal, economic, social, political, and is as follows:

“To realize in the most efficient and effective manner the government policy with regard to revenue collection and cross border control, facilitation of the movement of goods and persons, protection of the society and its environment through rational application of Customs laws and trade facilitation procedures with the ultimate goal of contributing to the achievement of the most desired levels of economic and social development of the nation.”

Strategic Plan 2002 – 2004: Six primary functions have been identified:

- 1) Maintain high level of revenue collection and efficient control; (4 goals, 15 key activities)
- 2) Implement national and international trade policies for better economic integration and trade facilitation; (4 goals, 5 key activities)
- 3) Protection of the society and the physical environment against illegal activities; (4 goals, 4 key activities)

- 4) Provision of support to the business community and conditions conducive to operate in enhanced competitive environment; general promotion and facilitation of trading activities and international trade; (4 goals, 3 key activities)
- 5) Modernisation and Reform of Customs to ensure its effectiveness, efficiency and quality of service; (5 goals, 5 key activities)
- 6) Maintain investigative and intelligence activities to combat fiscal evasion, fraud, drug trafficking and other economic crimes. (3 goals, 1 key activity)

In one of the newsletters circulated amongst officers, the then Comptroller of Customs made the following statement:

“Our aspiration in launching this new Strategic Plan is nothing less than world-class service to our stakeholders and we want our greatest asset which is our human resources to focus on the continuous development of shared values which are integrity, impartiality and customer oriented attitudes.

The Implementation: The layout and role of the teams involved in the Modernization Programme is as follows:

- **Steering Committee:** It was assigned the responsibility for the overall supervision and monitoring of the reform programme and catered for resources and logistics required in connection with the change. It comprised of high officials from the Ministry of Finance, the Revenue Board and other consultants.
- **Change Management Team (CMT):** Comprising of customs officers from different grades, it was tasked for the implementation of the overall programme. It comprised of members from the management level and other officers from Customs and British consultants. It was responsible for the selection of members of the implementation teams and acted as a catalyst by liaising between the Steering Committee and the Implementation Teams. It spearheaded all changes by prioritizing actions.
- **Six Implementation Teams:** each assigned with the task of implementing and monitoring decisions taken by the CMT in the priority areas.
 - i. Ethics
 - ii. WTO/GATT Valuation
 - iii. Post Clearance Audit System Implementation
 - iv. Modernization of Import/Export Procedures
 - v. Schedule of Duties
 - vi. Investigation
- **Work Improvement Teams:** They were tasked to diagnose problems in specific areas and submit proposals aimed at enhancing work procedures and practices.

The services of three British consultants were enlisted in order to assist the department in the process and were each responsible for Intelligence and Investigation, Modernization of Import/Export Procedures and Valuation and Human Resources aspects.

Major changes:

1. Implementation as from July 1998 in a phased manner of the Customs Management System for the

Electronic submission and processing of the single goods declarations for clearance of imports and

Exports which incorporated an entry selection module for targeting declarations for control.

2. Implementation in Yr 2000 of the WTO Valuation Agreement, setting up of Deferred Control Unit

responsible for document review of cleared declarations, Post Clearance Control Unit.

3. Development of schedule of duties

4. Redeployment of staff and creation of various enforcement units responsible for post clearance checks

5. Development of code of ethics for officers and customer charter for stakeholders

6. Setting up of complaints bureau

7. Setting up of tariff information unit

8. Setting up of an autonomous unit for processing of declarations for air freighted goods at the airport.

9. Setting up of Customs Investigation and Intelligence Unit including a drug cell

Evaluation:

The evaluation of the change program under way was carried out by a team of consultants from UK Customs, the steering committee and periodic review by experts from WCO. It was aimed at ensuring whether deliverables and time scales were as scheduled, identifying unanticipated problems and initiating corrective measures.

Extracts from Newsletter no. 2 August 98 are reproduced below:

The ultimate aim is to act as a facilitator and to offer a top quality service to the public.

- Integrity – code of ethics: restore high integrity standard.
- Information technology - Customs Management System/EDI: review, simplification and streamlining of procedures and system to adapt them for the need of automation. A phased approach. The CMS/EDI is a modern tool which has greatly improved and

reformed the ways and means Customs conducts business, through achieving speed in clearance and proving quite efficient to carry out other Customs function of control, enforcement and facilitation of trade.

- Schedule of duties: to ensure consistency in the provision of service to stakeholders.
- Complaints Bureau: to ensure transparency.
- Freeport Zone: to assist this new sector by providing effective and efficient service in the aim of positioning Mauritius as a regional hub with the effect of globalisation and liberalization of international trade resulting from the elimination of tariff as well as non-tariff barriers.

Capacity building initiatives undertaken

Training and development:

- Management development training: A customized programme mounted by the then MIPAM destined for managers with a view to enhance management skills.
- Post Clearance Audit – In view of the implementation of the GATT Valuation agreement and the adoption of the new type of post clearance auditing, the course was meant to equip officers with accounting and auditing control techniques.
- Information technology: in view of the automation of the submission and processing of customs declarations, the training programme was aimed to initiate and provide skills to all officers on IT so as to ease adaptation of the new working environment.
- Intelligence, risk management and investigation: Training conducted by foreign resource persons in providing new techniques.
- WTO/GATT Valuation: Training programme aimed at assisting and familiarizing all officers with the provisions on valuation of goods for Customs purposes.

Factors Influencing Restructuring

- A New Mindset: The objective of the change was to shift from the adversarial type of relation with stakeholders to that of partnership. The adoption of the WTO/GATT Valuation Agreement provided the opportunity to rely post release control thus facilitating expeditious clearance goods and persons.
- New Technology: Information Technology (IT) – The implementation of a tailor made system using Electronic Data Interchange (EDI) technology named the Customs Management System (CMS) was a major breakthrough. It provided for the electronic submission of customs declaration of goods. The system has reduced clearance times from 48 hours to 15 minutes in the case of non-litigious consignments.
- New Work Methods: New control techniques were introduced such as, risk management, intelligence, risk-based control which resulted in the elimination of certain tasks and units. Redeployment and change in the composition of the workforce in the various grades – reduction in lower grades and reinforcement at management levels.

The greater prospects for promotions and self-development for officers helped in minimizing resistance of officers to the change occurring in work processes and culture.

Major Benefits Yielded

- Procedures have been streamlined and harmonized with international best practices thus ensuring transparency and greater predictability,
- Sizable reduction in the processing time of customs declarations, from 22 to 5 steps, from 48 hours delay to 15 minutes,
- Information can now be retrieved and communicated in real time,
- Improved selection process identifying risky goods and persons,
- Post clearance check enables better control, reduction of costs to stakeholders,
- Increase in revenue collected,
- Resistance have been kept under control due to the involvement of workforce in reform programme and benefits accruing to them in terms of promotion and prospects for development resulting from the new approach in delivering service. It can be safely inferred that it resulted in a win-win situation for the workforce and the department.
- Adoption of a partnership relation and customer-oriented approach with stakeholders.

Other positive impacts

- Facilitation and Control- The use of information technology and new work methods resulted in a drastic change in work processes. There were less paper work and minimal contact between members of the public during the processing of formalities. The introduction of the EDI/CMS allowed customs brokers to submit declaration from the end system in their office. Storage and retrieval of data on imports can now be obtained in real time and office space has been freed.
- New Work Methods –The new method on control warrants a risk-based approach: focusing on post-clearance control and other enforcement duties. Risk management, intelligence, profiling and targeting techniques have been adopted.
- Schedule of duties: With a view to ensure consistency and transparency in services provided, schedule of duties stipulating the task to be effected by officers of various grades throughout the department have been worked out.
- Dealing with Resistance to change: An efficient communication system emphasizing on the positive effects of the new paradigm for the department (effectiveness and efficiency) and at individual levels (personal benefits) was put in place.

Recruitment of expatriates as Comptroller of Customs, now known as Director, Customs

With a view to further accelerate and strengthen the CRMP, the services of expatriates had been resorted to in 2002 and 2009 respectively, to head the customs department. The key aspects of the initial programme of the first incumbent were as follows:

- a) Modernize department's legal framework;
- b) Introduce more streamlined procedures/controls;
- c) Redevelop and enhance existing computer systems;
- d) Curb revenue losses from valuation fraud;
- e) Strengthen controls and enforcement efforts;
- f) Upgrade offices and infrastructure; and
- g) Redress fundamental underlying human resource weaknesses

An extract from an issue of the Customs Magazine 'Le carnet' summarises the initiatives undertaken during his tenure of office:

"Existing offices were renovated to allow needed changes to workflows, ensure clear separation of officers from stakeholders, and provide at least a minimum level of security and well-being to staff. Our legislation, procedures, controls, and IT system have been modernized progressively and brought into line with international best practices. Increasingly sophisticated risk management techniques have been introduced to allow the Department to refocus controls from those practiced before cargo release to those practiced through post-clearance audits of traders' books and records. A huge investment was made in training and building capacity in not only our staff but also in our stakeholders. A highly effective on-going battle against corruption has been waged, with the Department transforming itself from being perceived the most corrupt government agency in Mauritius, to being awarded recently the Independent Commission Against Corruption's Best Anti-Corruption Framework Award for the Public Sector.

There have been significant increases in revenue collections, enforcement results, trade facilitation and most importantly levels of trader/taxpayer compliance. There is now transparency, minimal discretion and a 'level playing field'. Strong collaborative working relationships have been cultivated with other government agencies, our stakeholders and with other customs services.

During this same period, Customs has also had to respond quickly, decisively and positively to changing domestic and international realities. This Department, perhaps more than any other, has been impacted and had to play a key pivotal role in implementing the Government's Duty Free Island initiative, including elimination of the EPZ sector. As Customs' role as a major revenue collector of customs duty is declining, its role in protecting our borders against the threats of international terrorism, securing the international supply chain, battling the growing illegal trade in counterfeit goods, the scourge of illicit drugs and related money laundering, has increased exponentially. Our operations will be consolidated within the New Customs House. The technical upgrade and redevelopment of our existing CMS computer system has been completed, tested and operational. All staff trained before its launching.

In parallel with this major IT redevelopment, MRA Customs has been playing a key role supporting the implementation of the SOGET Cargo Community System. We have also embarked on the implementation of the WCO Framework of Standards, including certification of Authorized Economic Operators. Numerous other trade facilitation measures have been developed including two new goods clearance streams: BLUE CHANNEL (FAST TRACK CARGO) and WHITE CHANNEL (other government agency requirement clearance). The new express courier hub is fully operational at SSR Air Cargo Terminal.”

Highlights on achievements in reforms:


1. Infrastructure improvements: New Customs House





2. New Cargo X-Ray Scanners, Small X-Ray Scanners

Port

Nuctech X-Ray Scanners
(operational since Feb 2006)

Airport




3. Setting up of Flexible Anti Smuggling Teams to carry out unannounced checks

Flexible Anti-Smuggling Teams



4. Drug Detector Dogs

K9 Drug Detector Dogs



ALIX

CAROL

DARIUS

HOLLANDA

ALL NAMED AFTER MAURITIAN CYLONES!

5. Cargo Community System: Trade Community Invests in IT to reinforce Mauritius as regional Trade and Logistics Hub
6. Authorized Economic Operator: Security certification expedites clearance of exports into EU and US markets. MRA Customs is making an all out effort to be the first Customs

administration in Africa to become fully compliant with the WCO Framework of Standards.

7. **BLUE CHANNEL: CARGO FAST TRACK Program** - MRA Customs is encouraging voluntary compliance by rewarding compliant traders with a new, expedited cargo clearance processes.
8. **‘Single Window’ Cargo Inspection Office**: In parallel with the implementation of the new XRay Scanners at Port Louis, Customs also implemented a ‘Single-Window Cargo Inspection Office’ at the Cargo Inspection Shed at the New Container Terminal. This ‘Single-Window’ provides office and counter space for inspectors employed by other government agencies. This ‘Single-Window’ provides office and counter space for inspectors employed by other government agencies. The Single Window ensures officer availability and customer convenience when cargo must be inspected by these agencies, samples taken, or laboratory analysis performed.



9. **‘One-Stop-Shop’ for Exporters**: The new ‘One-Stop-Shop’ that is manned by dedicated and knowledgeable officers has significantly improved service to exporters often confronted with tight timeframes to meet scheduled departures.
10. **Electronic application and processing of Certificates of Origin** – This measure has proven to be extremely efficient for exporters and effective in preventing fraud. Being the first administration to implement such a system, it is being hailed as an international benchmark/best practice in trader facilitation.

11. Speeding Clearance of Air Cargo and Express Courier consignments: New Express Courier Hub at PATS Warehouse- MRA Customs encouraged PATS and all express companies to centralize all express courier clearance formalities and inspections at SSR Airport. A single express courier hub has now been built inside the PATS warehouse.

Express Courier Hub and DHL Project

- Centralized examination and clearance of all express consignments
- Dedicated customs service
- Dedicated X-Ray scanner
- DHL pilot – Customs officers located inside DHL offices having direct online access to advance invoice and declaration data, with ability to select consignments prior to arrival.

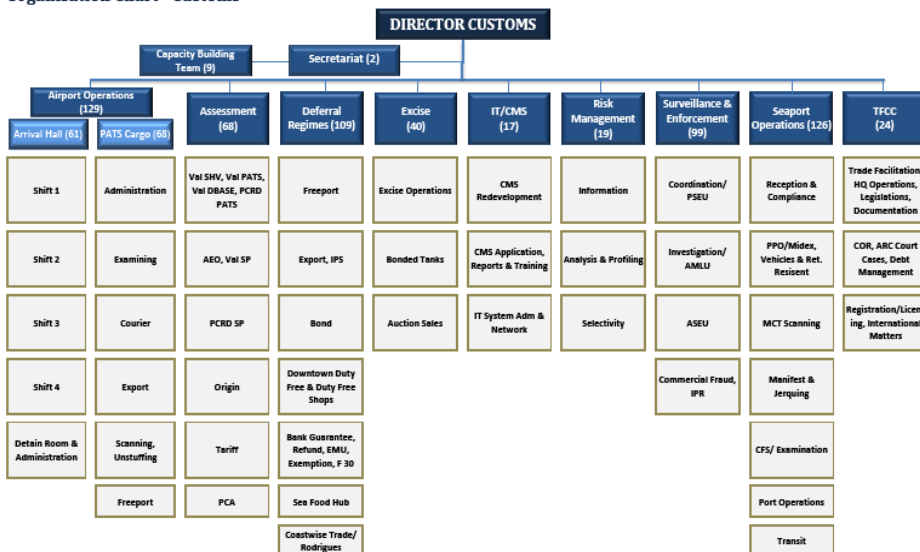


12. Transparency and Accountability: Standard Operating Procedure Manuals - A comprehensive set of SOP manuals to guide the work and operations of all customs staff and stakeholders are available for all officers on the MRA Customs Intranet and for stakeholders on the MRA Customs' website.
12. Other innovative reforms implemented recently by the Tariff Unit include:
- Tariff Rulings Database – stakeholders have on-line summaries of all WCO tariff opinions and national rulings;
 - Integrated Tariff Database – stakeholders have on-line access to latest rates of duty/tax according to tariff agreements; and,
 - 2007 Harmonized System.
13. Customs IT: The Next Generation **Customs Management System Redevelopment**- This highly complex and service-critical CMS II redevelopment has seen a complete technical upgrade of the system and network. CMS II is utilizing Oracle's latest Oracle 10g.
14. MRA Customs website: SOP manual for stakeholders, instructions to importers/exporters/travelers, relevant legislations, administrative forms, relevant pre-requirements on imports/exports, updated as and when required, are made available.
15. Valuation database: Developed and maintained with a view to assisting officers in ensuring proper valuation of goods.

16. Access to authorized users of online valuation database on second hand motor vehicles.
17. Risk Management Unit: Balancing Trade Facilitation and Enforcement Objectives - A centralized unit has been set up aimed at an effective and efficient use of this control technique in ensuring control is effected on a risk-based strategy and limited resources available are used efficiently, with ultimate aim of facilitating legitimate trade and targeting non compliant ones.
18. MOU: Between MA Customs and Mauritius Police Force, Air Mauritius, Mauritius Port Authority .
19. Restructuring of the organization chart to cater for setting up of a Centralised Risk Management Section and restricting of enforcement activities.

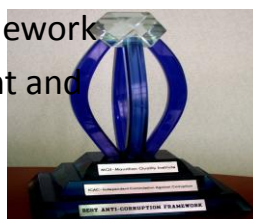
Customs Department Organisation Structure

Organisation Chart - Customs



20. Duty Free Island Initiative- Customs is doing its part to encouraging Trade, Investment and Growth-Facilitating Duty/VAT Free Shopping
21. New Inward Processing Scheme to boost competitiveness of manufacturing sector: MRA Customs has introduced an Inward Processing Scheme for 100% export-oriented enterprises
22. Reforming Excise: E-Fling and E-Payment of Excise Declarations, Introduction of Tax Stamps on Cigarette Packages, Phase-out of Resident Officers at Excise Stations
23. Integrity Management: Customs Awarded Best Anti-Corruption Framework in 2006 and MRA 2010.

- In 2006, Customs Department awarded by ICAC as having the Best Anti-Corruption Framework in the Public Service and the most improved public sector institution.
- In 2010, integrity risk assessment conducted for whole MRA with assistance from WCO
- MRA awarded Best Anti-Corruption Framework
- Ranked first in Management Commitment and Integrity Management



24. An active partner in strengthening regional trade: As a member of both SADC and COMESA, MRA is playing its part towards regional trade integration. MRA Customs participates in work leading to common tariffs, rules of origin, harmonized procedures and legislation.

B. What was your baseline (i.e. did you already partially implement many of the measures)? What was the scope- what procedures did it encompass? Which government agencies were involved/affected? Etc.

The CRMP was initiated with a view to equipping the department in implementing government's economic and trade policies in the context of the diversification of the economy and the liberalization of international trade as well as fulfillment of our commitments at the levels of RECs in the regional economic integration agenda in increasing in trade and attracting investment. In the past when the economic environment was stable, changes were made incrementally in response to new legislations and other government's fiscal and economic policy decisions.

2. Why did your country decide to undertake these reforms? (E.g. input from traders, studies showed trade barriers, Kyoto Convention Compliance, etc.)

The key tools developed by the WCO namely, the Revised Kyoto Convention on Convention on the Simplification and Harmonization of Customs Procedures (RKC), the Convention on the

Harmonized Commodity Description and Coding System (HS Convention), the Revised Arusha Declaration on Integrity in Customs, the Framework of Standards (SAFE), the Time Release Study (TRS) and other WCO trade facilitation tools are examples of the internationally agreed standards that are currently available to guide sound building initiatives.

Reforms are being actually implemented on a continuous basis for reasons at 1(B) and in response to stakeholders and donor organizations with a view to facilitating international trade and creating an environment conducive to attracting foreign investment. The reforms have been based on the HS Convention, Arusha declaration and the Revised Kyoto Convention well before Mauritius became a signatory member in September 2008. It has in the process also been initiated certain changes subsequent to two Time Release Studies carried out to identify bottlenecks in the Customs clearance procedures.

3. What benefits have been realized as a result of this reform? (Benefits for the government and/or traders, what problems did it solve?)

Reduction in time and cost for clearance of goods through Customs control based on a targeted approach, non intrusive control techniques (X-Ray Scanners), minimized physical contact with stakeholders, minimizing discretion, positive perception on integrity at Customs, data available on the click-of-the mouse thus reducing time and resources and allowing timely and expeditious enforcement activities,

4. What were the revenue implications? Did any particular measures have a strong impact on revenue either positive or negative?

Data on revenue collected over the past years do show an increase. Although such phenomenon may not be attributed solely to ongoing Customs reforms as factors such fluctuations in rates of exchange, increase in volume of imports, voluntary compliance due to removal or reduction of customs duty, there has indeed been an increase in the number of customs offences detected and additional revenue collected by way of upliftment of values, enforcement activities and fines imposed as a result of new control work methods and techniques adopted.

II. Framework:

5. Describe any amendments to laws and regulations that were required. (Did you consult with stakeholders on this?)

The CRMP is being implemented with the active involvement of all stakeholders. Partnership with the business community is maintained through regular consultations. Our national legislations are RKC compliant. New legislations capture the needs and concerns of stakeholders as well as technological developments. All major changes initiated namely, automation of customs clearance procedures using the Customs Management System/Electronic Data Interchange (CMS/EDI), electronic application and processing of certificates of origin,

implementation of WTO Valuation Agreement, IPR enforcement, right of appeal against Customs decisions, establishment of the cargo community system, are fully backed by appropriate legal enactments.

6. Did reform require major changes in administrative policy or organization? Please describe.

Rapid technological change and the globalization of industries have sharpened our awareness of bureaucracy's fundamental limitations. To inspire rather than dictate, to mobilize rather than rule, to persuade rather than command, mean a fundamental reshaping of firms' internal cultures and controls.

In a bid to do away with the red-tapeism and rigidity inherent to bureaucracy, the MRA had been established to provide an enabling institutional and organizational framework that will support improvements in performance, effectiveness and efficiency in everything we do. It acts as an agent of the State under the MRA Act 2004 for the management, operation and administration of Revenue laws. It became fully operational with effect from 1st July 2006. It is a body corporate and is administered and managed by a Revenue Board. The MRA is responsible for the administration of tax policy, and the collection and accounting of all revenues arising under the Revenue laws, with Income Tax, VAT, Customs, Excise and Gaming. It administers and collects taxes due in Mauritius within an integrated organisational structure.

With the introduction of MRA the scene had been set for the next phase of improvements in Customs administration in Mauritius. It provided an opportunity to do away with the actual bureaucracy aimed at improving efficiency and effectiveness.

- **MRA Vision:** To be a world class Revenue Authority respected for its professionalism, efficiency, fairness, integrity and its contribution to our economic and social development
- **Mission:** To continually reform and modernise Revenue Administration in order to manage and operate an effective and efficient Revenue organisation comprising of highly motivated and skilled staff.
- **MRA Core Values:**
 - **Integrity** - MRA upholds the highest standards of integrity and honesty so as to gain the respect and confidence of taxpayers, stakeholders and the public at large.
 - **Responsiveness** - MRA endeavours to provide a prompt, efficient, effective and quality service to taxpayers, stakeholders and the public at large in an effort to exceed their expectations.
 - **Fairness** - MRA is committed to apply revenue laws impartially and objectively and treat everyone in an equitable manner.

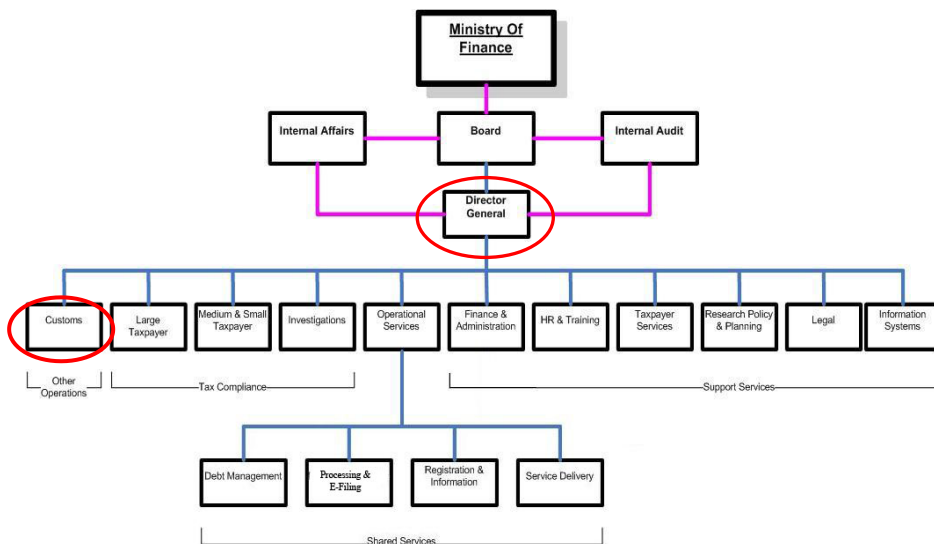
- **Transparency and Accountability** - MRA efforts are geared towards the development of the Authority in a manner, which promotes a transparent and accountable administration.

In addition to the above the MRA and its Board is responsible for:

- **MRA Goals**

- Increase revenue collection
- Deliver an efficient, effective and professional service to the public.
- Promote voluntary compliance with the Revenue Laws.
- Promote confidence and ensure integrity management so as to obtain the trust of all stakeholders and the public.
- Combat corruption and other fraudulent activities such as tax evasion, smuggling and drugs trafficking.
- Protect and facilitate legitimate trade and industrial development and uphold the country's trading integrity.
- Promote the use of advanced technologies to enhance transparency and expediency in tax services.
- Promote human resource development, capacity building and training for a competent, ethical and highly motivated staff.
- Ensure that tax and fiscal policies are evolved in line with best practices and procedures.
- Fulfil international obligations

MAURITIUS REVENUE AUTHORITY ORGANISATION STRUCTURE



III. Implementation information:

7. What was the approximate time frame for implementation? Why?

Being given that a strategic management approach is adopted and each item under the reforms agenda is undertaken using the project management concept, timelines and deliverables are set with a view to monitoring progress in implementation. However, a phased-approach is also adopted for such major projects as the CMS/EDI, Valuation Agreement, Post Clearance Audit, Risk Management.

8. Lessons learned: what were the biggest problems/issues and how were they overcome?

According to a press report during the course of a recent mission in Madagascar, one of the former head of Mauritius Customs had stated that *“Le redressement des ressources humaines a ete difficile, alors que c’est le point central de la reforme”* – [L’Express Madagascar (Economie), Sept 07].

Managing change is the single-most important issue today in the difficult task of managing organizations. Present-day change are taking place at a rapid pace that cannot be handled by traditional management concepts, organizational structures and systems because the society is no longer stable, predictable and certain. As long as society is relatively stable and unchanging, the problems it poses to its members tend to be more routine and predictable. But when there is accelerated change, more and more novel and first time problems arise. And traditional forms of organizations prove inadequate to manage in the new conditions (Kandula, 2002:6-7).

Paton and Mc Calman (2000:37) hold the view that that change, in itself, is not necessarily a problem. The problem lies in an inability to effectively manage change.

[Linstone and Mitroff \(1994\)](#) found that there were three factors to be considered in implementing change processes, that is, the technological, organisational and personal perspectives. They maintain that although people are the most important factor in making change, however, they are also the most difficult element to deal with. Therefore, managing the human part of the organisation becomes a major challenge in handling change processes in the organisation as it involves values, preferences, and attitudes toward a particular activity.

Crainer (cited in Mullins, 2002:822) suggests that seven skills are involved in managing change namely, managing conflict, interpersonal skills, project management skills, leadership and flexibility, managing processes, managing strategy, and managing their own development. He believes that being very clear about what changes are required and being very intentional about building a culture that supports the new mission, goals, strategies and practices increases the probability of success exponentially. This necessarily involves a large cross section of the organisation in assessing the current system of norms and beliefs, determining what changes are needed, and designing an implementation plan.

Robbins (2002:259-261) recommends six tactics in dealing with resistance to change, namely, education and communication, participation, facilitation and support, negotiation, manipulation and cooptation manipulation, and coercion.

In most cases, however, the introduction of change is more likely to be effective with a participative style of managerial behaviour.

Richard Beckhard (cited in French & Bell, 2003:66) holds the view that *“People support what they create”*. He adds that *“people affected by change must be allowed active participation and a sense of ownership in the planning and conduct of change”*. Healthy organisations develop open communication, mutual trust, and confidence between and across levels. David (2005:15) also shares the view that both managers and employees must also be involved in strategy formulation, implementation and evaluation activities.

As opposed to top-down change, with bottom-up change, change is much more gradual. Top management consults with managers at all levels in the organisation. Then, over time, it develops a detailed plan for change, with a timetable of events and stages that the company will go through. The emphasis in bottom-up change is on participation and on keeping people informed about the situation, so that uncertainty is minimised.

De Wulf and Sokol (2005) stressed that customs reform is not a case of “one size fits all.” They are of the view that reforms must be tailored to the situation at hand being given that the particular objectives of customs administrations and the maturity of their organisations differ among countries. Barbone, de Wulf, Das-Gupta, and Hanson’s study in 2001 (cited in de Wulf &

Sokol, 2005) identified the absence of good diagnostic work as a major shortcoming in the tax and customs administration projects managed by the World Bank.

It is, therefore, recommended that management of resistance to change is also a key factor to address in implanting reforms and research and past experience suggest that a participative style of leadership and an effective communication system are more likely to build, maintain and reinforce trust in management and employee commitment, sine-qua-non conditions for achieving success and sustainability of any change programme.

9. Describe any training or capacity building programs for government officials and/or, private sector that were conducted.

Capacity building initiatives have been high on the reforms agenda. Various training and developmental programmes have been continuously designed and delivered to officers of all grades as well as to stakeholders as and when circumstances had warranted. Officers are also provided with opportunities to attend to such sessions abroad in the form of workshops, fellowship programmes, study tours in other Customs administrations. The organisation is equipped with a fully equipped training school with qualified resource persons. The service of local universities are also enlisted for tailor-made courses on management and other specific fields. Resource persons also assist, as and when required, the local Freight Academy, a private training institute and other business associations in conducting training on import/export clearance related areas.

10. What equipment, structures, software, etc. was required for implementation?

The equipment required range from ICT equipment for the automation of import/export clearance procedures equipments to hand held tools for assisting in the control of goods and persons and massive X-Ray Scanners for cargo by sea freight. The latter has been housed in a massive appropriate structure.

11. Did you require technical assistance? If so what kind?

Technical assistance have been provided in the areas of capacity building, design, implementation and monitoring of reform projects through training, workshop and study tours in foreign Customs administrations, foreign consultants as well as financial facilities

12. What were the factors crucial to success/best practices? (What can you recommend to other countries that might undergo similar reform?)

Some of the crucial factors to success are:

- Political will
- Building partnership with business
- Adopting a customer-oriented approach

- Continuous improvement
- Trust in management and employee commitment: Minimizing resistance to change by developing a sense of ownership of employees in the change process through the adoption of a participative approach so that they be seen as building cathedrals and not just laying stones
- Adopt appropriate leadership style on given circumstances and situations
- Capacity building
- Culture change takes time. Must avoid imposing change for quick wins which are lost lasting.
- Resort to strategic management concepts which requires a systematic approach in identifying objectives, development of strategic plan, implementation stage and evaluation followed by remedial actions to address shortcomings
- Provide feedback to internal as well as external stakeholders.
- Change that is imposed is very unlikely to be sustainable.
- Robbins (2002:259-261) recommends six tactics in dealing with resistance to change, namely, education and communication, participation, facilitation and support, negotiation, manipulation and cooptation manipulation, and coercion.
- In most cases, however, the introduction of change is more likely to be effective with a participative style of managerial behaviour.

13. Costs of implementation. If possible please provide a break-out of the costs? Be as specific as possible. (you can attach as an annex)

Given the wide range of changes initiated and implemented over the years and also the various sources of funding, computation of figures relating to costs is quite cumbersome.

14. If possible please provide other useful information such as copies of laws, regulations, standard operating procedures/instructions, implementation plan with benchmarks, etc. (you can attach as an annex)

Updates of the relevant legislations managed by Customs and SOP manuals may be provided at a later stage.