JOINT EVALUATION MISSION:
ASYCUDA PROGRAMME IN YEMEN[*]

March 2002

Prepared by:
Nick Tranter (Team leader, DfID consultant)
Henning Jensen (Consultant to UNCTAD)
Salim Balaa (Consultant to UNDP)

Abstract

This two-year project commenced in January 2000 and at the time of this evaluation, the system had been running for nine months at Sana'a International Airport. Indications by the private sector have been positive - clearance time cut from approximately five days to three hours, and a noticeable reduction in corruption. However, several obstacles remain to be resolved prior to countrywide implementation, including legitimization of ASYCUDA as the sole Customs Declaration platform nation-wide.

Table of Contents

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002

1   Executive Summary

The overall view of the Evaluation Team is that the current project will, by the end of the project or shortly thereafter, have achieved its targets. All main ASYCUDA modules (manifest, data entry, DTI, assessment, selectivity and accounting) have been built and tested at Headquarters and the system has been running at Sana'a International Airport for nine months in a stable environment. Implementation at the remaining two sites has commenced and the Chairman of Customs is confident that this work will be completed within the next three months. However, the Evaluation Team finds that there will remain a number of important aspects surrounding the implementation that will still need to be finalised before all outputs can be said to have been met.

The review of the implementation at the Airport revealed that not all the issues, that would permit YCA to discontinue a range of tasks carried over from the manual system, had been resolved. Also outstanding are a number of issues relating to the legal status of Customs functions. The Evaluation Team understands that whilst a few of these issues can be resolved with the YCA, many require Ministerial or parliamentary consent. The Evaluation Team considers the resolution of all these issues to be of considerable importance.

These should have been dealt with as an integral part of the parallel run but many remain outstanding. The Evaluation Team believes that the resolution of these must be regarded as the highest priority and should be dealt with before national roll out commences.

It was apparent that YCA has yet to tackle the generation of regular printed reports for use by both internal (Customs management) and external (MoF, Central Bank, etc) users. Also the regular exchange of data in magnetic format with other government departments, principally the Central Statistics Office and Tax Authority, was not yet in place. These are key outputs in the project document and should be put in place at the earliest opportunity demonstrating that project objectives can be met.

The Evaluation Team therefore recommends a short (3-6months) extension to the current project as a transition period to the main rollout commencing and during which the consolidation of all the outstanding issues can be addressed. The Evaluation Team believes that with this extension all output targets and the resolution of legal and other issues are capable of being met and therefore the objectives of the pilot project will have also been met.

Benefits for the existing implementation are already being realised. Declaration clearance times have been dramatically reduced and there is some evidence that the introduction of ASYCUDA has reduced corruption. The Evaluation Team considers that YCA has demonstrated its commitment to the project and the Chairman, himself, is its most enthusiastic supporter. Sustainability remains a question particularly for the equipment and some external pressure on the Ministry of Finance may be needed to ensure YCA proposals for this are implemented.

The Evaluation Team agrees that the national roll out should be undertaken once all these issues have been addressed. Donor assistance will be required for this task. A thorough examination of the assistance being sought should be undertaken prior to formal agreement being given to a rollout project. Amongst the key areas for examination are: -

- the overall length and cost of the project
- the actual sites to be implemented
- the need for In-country International Experts and external support
- the employment conditions of project and locally engaged staff
- the volume of equipment to be supplied with its procurement arrangements.

Any new project would benefit greatly from external support in the areas of Trade Facilitation, Quality Assurance and Statistics. Elements for these activities should be included.

In conclusion, the Evaluation Team feels that the project has made good progress and it is felt that donor commitment to a further project could be given at this time on a provisional basis.

2   Nature and Composition of the Evaluation Mission

2.1   Background

The ASYCUDA project in Yemen developed historically as a component within an overall fiscal reform and stabilisation programme undertaken by the Yemen Government in co-operation with International Monetary Fund (IMF). This program was initiated in the early 1990's and is still on going within the Ministry of Finance (MoF).

The core recommendations for Customs reform were:

- Re affirm the role of customs in controlling entry and exit of goods into the country. This role was shared by the port authorities and the army
- Crack down on smuggling
- Simplify and rationalise clearance procedure
- Adopt Harmonised System (HS) and General Agreement on Tariff and Trade (GATT) valuation
- Eliminate practice of deferring payment of custom duties.
- Impose deposits on temporary admissions of goods
- Implementation of tax identification numbers
- Implementation of the Yemen Single Administrative Document (SAD)
- Technical training for staff
- Adoption of ASYCUDA software for customs clearance
    - Secure funding for project start-up and implementation
    - Rehabilitate customs offices (at least pilot offices)
    - Establish and train a project team with an experienced manager
    - Configure ASYCUDA for national taxation and controls.
    - Procure hardware
    - Test and implement according to an agreed schedule

A tariff reform was conducted in parallel to rationalise duties and taxes. The zero rate was eliminated and the number of tariff rates were reduced to 15. IMF recommended further in this context:

- Reduction of tariff rates to four basic rates: 5% , 10% , 15%, 30%
- Substitution of high rates with excises
- Setting of minimum rates at 5%.
- Alignment of currency exchange rate with market rate with corresponding adjustment of tariff rates to maintain same tariff burden.
- Elimination of non tariff barriers

The ASYCUDA project was first conceptualised in 1997 under a program for "Support to Economic and Financial Management YEM/97/002". The basic objective is for simplification and computerisation of Customs Procedures and Data through the implementation of the United Nations Conference on Trade and Development's (UNCTAD)' ASYCUDA software.

The Phase I of the ASYCUDA++ component, the subject of this review, originally aimed at installing ASYCUDA++ at Customs Headquarters and at one pilot site, the International Airport at Sana'a. In February 2001 a project revision was made in order to include computerisation of two additional pilot sites, namely the Hodeidah Seaport and the Haradh Border Office. The implementation period of the revised Phase I covers 30 months, from 1st January 2000 to 30th June 2002.

2.2 Composition of the Evaluation Team

The Evaluation Team comprised the following participants:

>Nick Tranter, Team Leader, Consultant to DfID
>Henning Jensen, Team Member, Consultant to UNCTAD
>Salim Balaa, Team Member, Consultant to UNDP

2.3 Objectives of the Evaluation Mission

In the context of the Terms of Reference (See Annex 1), the mission attempted to address the following questions:

1. Are the immediate objectives and outputs as defined in the project document likely to be achieved by the end of the project, 30th June 2002?

2. Whether the inputs by Government and UNCTAD were delivered on time?

3. Is the ASYCUDA system appropriate for the needs of the government and support Economic and Financial Management in Yemen?

4. The level of support provided to the project by Government, the Ministry of Finance, Customs senior management, affected government agencies and the trading community;

5. The impact of the project on those Government agencies and organisations;

6. The structure of the project team as well as the level of efficiency of project management, international advisers and project team members;

7. The transfer of skills and therefore the level of sustainability and 'ownership';

8. The efficiency of the operation at Sana'a International Airport, including reduction of time required for clearance of cargo, simplified procedures;

9. The level of 'acceptance' by brokers and Customs staff who operate ASYCUDA;

10. The results of initial implementations in terms of modernisation, simplification and increased revenue returns;

11.   Whether the level of training provided meets the needs of the project;

12.   If the equipment purchased is appropriate and being productively utilised;

13.   If the project is cost effective. Has funding been utilised to best advantage;

14.   If the progress of the project was satisfactorily planned for and monitored;

15.   The relationship between the Government of Yemen, Customs, UNCTAD and UNDP;

16.   Requirements for sustainable ASYCUDA operations beyond project termination;

17.   Any other significant issues.

2.4   Methodology

At the start of the mission the Evaluation Team was provided with relevant background documentation and was given an initial briefing by UNCTAD and Yemen Customs Authority (YCA) officials in Geneva and Sana'a respectively. The mission proceeded through a series of visits and interviews. The full schedule of meetings and visits is attached at Annex 2a. At the conclusion of the mission debriefing sessions were held with YCA and the United Nations Development Programme (UNDP). The names and designation of individuals met is given at Annex 2b.

2.5   Acknowledgement

The Evaluation Team wishes to record its thanks for all the kind support and hospitality received from the Chairman, National Project Director (NPD) and Project staff of the Yemen Customs Authority and other persons, who have shared their information with the team.

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002

3   ASYCUDA project in Yemen

3.1   Progress so far

The two-year project commenced in January 2000. During this year the project team was established and the UNCTAD International Advisers arrived. Following the initial ASYCUDA++ training course and the installation of the new hardware at Customs Headquarters, the project staff were able to build the ASYCUDA++ system according to the parameters specific to Yemen, tariff, duties, taxes, etc. The new ASYCUDA aligned SAD was also designed and agreed during this period.

In 2001 the first tri-partite review was held and subsequently it was agreed that the project be extended by six months so that implementations at Hodeidah Seaport and Haradh Border Post could be included. Awareness and User training was given by project staff to Customs staff and declarants from Sana'a International Airport. Refurbishment was undertaken at Sana'a International Airport and the system established there. Parallel running was started in May with main module ASYCUDA++ and the Accounting and Brokers modules in operation. Refurbishment of the Hodeidah Seaport and the installation of the network there were undertaken at the end of the year.

So far in 2002, project staff have provided awareness training for Customs staff and declarants at Hodeidah Seaport. The delivery and testing of the computer equipment for Hodeidah Seaport and the initial exploratory visit to Haradh Border Post was taking place at the time of the mission. The operation at Sana'a International Airport now includes the Manifests (MODCAR); Data Entry (MODCBR, for in house entry and MODBRK, for DTI customers); Acceptance / Documentary check (MODCBR); Verification (MODSEL), and Accounting (MODACC) modules.

3.2   Tasks remaining

With just three months of the scheduled project remaining, three main tasks still need to be completed. These are, in order of priority for the Evaluation mission, as follows: -

    (1).   Consolidation work at the Sana'a International Airport

    (2).   Completion of implementation of ASYCUDA++ at Hodeidah Seaport, and

    (3).   Implementation at Haradh Border Post.

4   Detailed Findings

4.1   Objectives of the project

The primary purpose of the evaluation is to determine whether or not the project objectives, as defined in the Project Document, have been met. The Project Document gives details of the immediate objectives and outputs of the project. The Evaluation Team can confirm that it expects that the majority of the objectives of the project will have been met by the end of the project or very shortly thereafter. The list of the individual objectives is to be found at Annex 3.

4.2   Financial Arrangements

The financial arrangements for the project are somewhat complex. In addition to the Yemen Government, who are acting as the Implementing Agency, DfID, UNDP, UNCTAD and the IMF are also involved. DfID is providing the funding for this project with UNCTAD providing the ASYCUDA++ software and technical and supervisory inputs. UNDP liases with the IMF and UNCTAD concerning budget revisions and financial arrangements, including the disbursement of funds locally. The ASYCUDA project, itself, being a part of the IMF's Economic and Financial Management Programme.

Whilst somewhat complex, the majority of the components appear to have worked satisfactorily. However, there are a number of elements that have caused problems. At times the project team has been troubled by the UNCTAD/UNDP relationship being seen as an unnecessary double level of external management. The Evaluation Team looked at this area and believes that there are no underlying problems with these arrangements. Improved understanding by the project team of the relationship between UNCTAD and UNDP and better communication between all parties could resolve these issues.

The Evaluation Team also considered the International Monetary Fund (IMF's) involvement in this project. The view was that whilst the ASYCUDA project and the IMF's Economic and Financial Management programme are functionally very closely linked and the IMF's support for the ASYCUDA project is both welcomed and considered beneficial, the value of the formal financial/contractual link is less clear. UNDP pointed out that the existing formal link only increases the difficulty of financial reporting. The Evaluation Team recommends that the need for and benefits of, financial and contractual links to the IMF be reviewed for any future project.

The procurement of equipment through the United Nations system has also proved a difficult area for the project. This has been dealt with under paragraph 4.4, later in this section of the report.

4.3   Inputs by the Yemen Government

There are two major components of input by the Government of Yemen to the project. These are the Project Staff and the Project accommodation. The Evaluation Team found that the Project staff were in place and whilst, no detailed assessment was made of individual skills or competencies, the composition of the team was generally satisfactory. The Evaluation Team, however, was concerned that a number of posts within the project team, were filled on a part-time basis. Of particular concern was that of the National IT Counterpart and the Evaluation Team recommend that every effort be made to make this post, in particular, a full-time position. The mission was surprised to note that the posts of the NPD and National IT Counterpart (Customs staff) were funded through UNCTAD.

The staff and training accommodation provided by the YCA was found to be good and no problems were encountered in this regard.

4.4   Inputs by UNCTAD.

The two main In-country International Advisers scheduled for provision through UNCTAD have been provided to the Project and were in place. The Evaluation Team was not able to make a valid judgement on the provision to the project of Geneva-based Experts by UNCTAD but YCA raised no issues about these. All locally engaged support staff were in place and no major problems with these had arisen.

The Evaluation Team noted that the provision of supplementary advisers for Trade Facilitation and Statistics had not, however, yet been made. The Evaluation Team believes that these would be of value and the missions should be included before the end of the current project, if possible. It also recommends that such posts, as well as that of the Quality Assurance adviser, be built into any future project.

The provisions made by UNCTAD under the training and study tour headings were satisfactory and the two vehicles supplied for project use were also satisfactory. The costs of specialist UNIX and RDBMS training were being met and the ASYCUDA++ software had been supplied. The Evaluation Team noted, however, that the latest version of the ASYCUDA++ software had not yet been received in Sana'a. The Evaluation Team considered that the procurement of computer equipment through the United Nations system had not been satisfactory and this is covered in more detail in the following paragraph.

Two major procurements of computer equipment have been made for the project through the United Nations' Procurement system. Neither can be considered satisfactory as far as the Evaluation Team is concerned. Typically, there is an elapsed time of six months between first request and receipt of goods using this method. The project managed to plan for and cope with this delay but a further delay of about six weeks on the second consignment had a detrimental effect on the project. With both orders, problems with the payment arrangements and with the goods supplied were encountered. Errors were discovered with both the specification of goods ordered by the UN and those subsequently delivered by the supplier.

Once delivery had taken place, errors found have proved very difficult or impossible to rectify and much time has been wasted trying to resolve these issues. A summary of hardware supplied to the project is included at Annex 5.

The Evaluation Team recommends, therefore, that in any future project the arrangements for the provision of equipment through the UN is reconsidered. The Project Teams preference is for procurement to be undertaken locally but the Evaluation Team believes that the use of International Organisations for this must be retained to ensure that value for money is realised. Whoever undertakes this procurement must maintain a very close liaison with the project team throughout the procurement process.

The supply of other miscellaneous items by UNCTAD, under the terms of the project document, was found to be adequate.

4.5   Project Management Issues

As an outcome of the Project Mobilisation Workshop in February 2000 a protocol was signed between YCA and UNCTAD to establish a Steering Committee. This committee, to be chaired by the Chairman of YCA, would direct the project at the highest level and would include representatives from the relevant government departments and the private sector as appropriate.

The Steering Committee was established in May 2000. The first and only meeting held so far was in February 2001. At that meeting an implementation strategy for 2001 and the training plan necessary for this, as well as the new declaration SAD to align with the ASYCUDA format were approved.

The Evaluation Team understands that YCA, for many reasons, found the forum of the Steering Committee too voluminous to serve the implementation of ASYCUDA in the best way. Therefore, the Steering Committee meetings have, 'de facto', been replaced with bilateral unofficial meetings with the core stakeholders, such as the MOF and the CSO. However, in order to ensure that all stakeholders are informed of the ongoing implementation, the YCA produces a quarterly newsletter. So far nine newsletters have been issued with 2000 copies of each being distributed. The latest newsletter was issued in January 2002.

At the more detailed level monthly reports are produced by the National Project Director (NPD) and the International Advisers. The weekly meetings between the NPD, advisers and the project teams have been abandoned in favour of written instructions from the NPD to the individual team members.

Although recognising the high quality and good value of the newsletters, the Evaluation Team believes that regular official and minuted meetings with major stakeholders, including representatives from the private sector, is still necessary. By this means stakeholders can be seen to have been informed of the activities undertaken. They can also ensure that the interests of the organisations they represent are properly considered.

It is the view of the Evaluation Team that there is still a valuable role for a Steering Committee to play within the overall management of the project provided it has an appropriate and active membership. In view of the time that has elapsed since the Steering Committee last met and taking account of the need to ensure that representatives of the influential organisations are included, the Evaluation Team recommends that the Chairman of YCA takes the opportunity to revive the Steering Committee. After such revival, regular Steering Committee meetings should be invoked as soon as possible.

Under the direction of the NPD, the implementation is undertaken by two teams, a Functional team, three members and a Team Leader and a Technical team, eight members and a Team Leader. Both the NPD and the Technical Team Leader (who are on unpaid leave from Customs) are on UNCTAD contracts, whilst the rest of the team, including the Functional Team Leader, are regular Customs staff. This imbalance is the source of considerable frustration amongst the project staff resulting in much time wasting. Rather than placing some Customs staff on UNCTAD contracts, incentive schemes should have been developed to retain all skilled staff, particularly IT, within the Project.

To this end, the Evaluation Team recommends that YCA consider the creation of a separate IT Division as a staff function under the Chairman. This would meet all the IT needs of YCA in the longer term and could, at the same time, create the opportunity for revised terms and conditions for those concerned. As the rollout proceeds there will be a need to increase both the number and skills of IT staff. This requires a structured approach to further training on commercial software (e.g. Unix, Relational Database Management Systems (DBMS) and Networks) and ASYCUDA.

4.6   Legislation

In the early phase of the UNDP/IMF technical co-operation programme for Economic and Financial Management several amendments to the Customs Law were proposed and submitted to YCA for further action. The Evaluation Team understands that parliament has still to approve the full reform package.

The implementation of ASYCUDA requires further amendments to the Customs Law, regulations and procedures that revolve around the clearance of goods in an electronic environment. The Evaluation Team is aware of the early efforts (April 2000) of the project team in raising awareness within YCA on this most important matter.

The formalisation of these has now become most urgent because of the significant impact the absence of legal coverage will have on the operations of ASYCUDA at Sana'a International Airport and the subsequent rollout to other sites. Thus, at least the following areas need to be addressed by MoF and YCA:

- Legalising the SAD of ASYCUDA as the sole Customs Declaration and its nation-wide implementation

- Legalising electronic lodgement of Manifest and Customs Declaration data without the need for the immediate submission of signed hard copy documents

- Legalising Risk Management principles on the inspection/release of the goods (green/yellow/red channels)

- Legalising financial and fiscal outputs from electronic systems (ASYCUDA) such as receipts and release notes.

The Evaluation Team strongly believes that urgent and proactive action by MOF/YCA on all of the above issues is absolutely necessary for a successful implementation of the ASYCUDA project.

4.7   Training

The Evaluation Team noted the importance given to training by YCA and project management. A Training plan was drafted with the objective to " Ensure that YCA Customs staff receive training sufficient to achieve the successful transfer of knowledge and essential skills that results in YCA 'ownership' of the ASYCUDA system." The training was focused first on the implementation team in order to build both technical and functional capabilities. As a direct output of this training was the development of the national prototype at YCA Headquarters and subsequent roll out at Sana'a International Airport The second layer of training was directed to customs staff. This included computer awareness, followed by specific training on ASYCUDA modules. The third layer of training focused on DTI clients, who interact with ASYCUDA either from the data entry section or remotely from their offices.

The Evaluation Team recommends that the YCA continues its ongoing programme of training and ensures that training logistics are in place to support future rollouts.

Summary of Training Program 2000-2001

	Man Hours
Project Team	2400
YCA Staff & Clients	16000

4.8   Co-operation with the private sector

Discussions with a selection of Businessmen and Brokers/Agents revealed that whilst there were a number of issues still outstanding for them, very few concerned ASYCUDA directly. Their view of the system was that it had indeed brought significantly speedier clearance of goods (see paragraph 4.13) and that they have seen a noticeable reduction in corruption as a result of its introduction. The most difficult areas for them are identifying the correct HS codes to use and dealing correctly with Exemption Declarations.

4. 9   Single Administrative Document

During an earlier IMF-funded phase of Customs reform, the YCA implemented a SAD. As the SAD, like the ASYCUDA system, is based upon international standards (in this case the European Union's Customs declaration on imports, exports and transit) the implementation of the SAD paved the way for the ongoing implementation of ASYCUDA.

Although many similarities exist between the layout of the SAD already implemented and the SAD produced for the ASYCUDA system, there are some significant differences between the two. For example, the SAD implemented nation-wide has two items on the first page, whereas the SAD produced by ASYCUDA, as is the case of the EU's SAD, has one item only on the first page of the declaration.

With the envisaged roll out of ASYCUDA, the Evaluation Team recommends that efforts be made to replace the SAD previously implemented under the IMF programme as the legal customs declaration, with the SAD produced by the ASYCUDA system throughout Yemen as soon as possible.

4.10   Manifest

The Manifest module has been implemented and is functioning very well at Sana'a International Airport. In due course the YCA should look to obtain the manifest data from at least the major airlines, electronically. However, for the time being this task should not be regarded very high priority. A more detailed account of this module is to be found at Annex 4a.

4.11   Direct Trader Input

The Evaluation Team was encouraged by the fact that the declarants themselves perform all data entry of customs declarations. Except for the provision of a Room Supervisor/Help Desk Officer, Customs staff are not involved in this process. The declarants can either use a special Data Entry Section at Sana'a International Airport, or operate from their own offices. The remote declarants (around 70) are intended for future link up with the customs server after resolving security issues. In the mean time the remote Direct Trader Input (DTI) declarants are able to prepare the declarations on a diskette which are then uploaded, after validation, to the customs server via a dedicated PC in the Data Entry Section at Sana'a International Airport. The implementation at Hodeidah Port will increase the number of DTI users by around 100.

The Evaluation Team encourages the resolution of all the system security issues surrounding remote DTI and, in the longer term, the connection of all remote DTI's in phased schedule, starting with the most trusted and expanding to cover all declarants. However, YCA should note the need to ensure clear lines of responsibility exist prior to proceeding with this. (See section 6, Sustainability.)

Currently the DTI operation is limited to storage of the declaration and not registration on assessment. The limitation is due primarily to legal constraints that forbid submission and/or modification of electronic data. Again the Evaluation Team recommends amending the Customs law to allow for providing the declarant with a full integrated on line access to ASYCUDA in order to minimise cost and time of clearance. (See section 4.6, Legislation.)

4.12   Declaration Processing

In order to be able to make an assessment of the quality of the implementation, the Evaluation Team spent a full day at the Airport, the only live site to date. All phases of the Declaration Processing Path were studied. As a result of this a paper was prepared which details all of the findings of the Evaluation Team. Also included in this document are a number of recommendations for YCA to follow up. The full document with its recommendations is included at Annex 4b.

The conclusion of the Evaluation Team was that Declaration Processing was working well but that as yet YCA had not resolved all the surrounding issues that would permit them to discontinue a range of tasks carried over from the old manual system. The speedy resolution of these is considered by the Evaluation Team to be of utmost priority and we recommend that YCA take every possible step to resolve them quickly. (See Annex 4b, Declaration Processing).

4.13   Impact on clearance times

The impact on clearance time through the introduction of ASYCUDA at Sana'a International Airport is considered to be significant. Discussions with both customs staff and brokers would indicate that clearance times have been reduced from between four to five days to less than three hours in most cases. Clearance times have been still further improved with introduction of the 'Green Channel' system and the normal time for clearance of declarations taking this route is now down to 20 minutes.

4.14   Valuation

The Chairman was keen to develop a valuation Database to assist with resolving disputes with the trading community. The Evaluation Team was pleased to learn that disputes do not delay the clearance of the goods. A guarantee is taken and the matter is later resolved. A fuller report of this issue is to be found at Annex 4c.

4.15   Revenue benefits

Customs Duties are a very important source of Government revenue and one key objective of the project is to increase the yield from Customs revenue. However at this stage in the implementation programme it is not possible to analyse any data to confirm this. The Evaluation Team is of the opinion that to provide irrevocable proof of an increase of yield is a major undertaking. It should not, therefore, form part of a general evaluation mission. However, the Evaluation Team believes that the Base-line Survey started jointly by DfID and UNCTAD last year forms a reasonable basis on which to start an analysis in due course and recommends that it continues to be maintained and added to by YCA each year.

4.16   Taxation

The Yemen Tax Authority (YTA) under the Ministry of Finance is, like YCA, undergoing an extensive reform program. Senior management in both YCA and YTA understand the significance of close co-operation. The core interaction area for both administrations is Tax Identification Number (TIN). YTA is charged with issuance of TINs for all commercial enterprises. This was started in 1997 and so far 120,000 enterprises have been registered.

When the ASYCUDA project was started, YTA provided YCA with TINs and corresponding data for about 3000 active importers and exporters on electronic media. Arrangements for the regular exchange of data between YCA and YCA are still to be implemented. There are plans for a possible future microwave link up between YTA and YCA, providing YTA, through a dedicated terminal, with access to relevant ASYCUDA database.

Another area of common interest between YTA and YCA is the assessment of Consumption and Profit tax by YCA, on behalf of YTA, on imports. The ASYCUDA system was configured to assess these taxes in accordance with HS classification. The YTA is very interested in receiving periodical and ad-hoc reporting of importer activity; including number, value of declarations, assessed duties and taxes, types of products and other relevant data.

The Evaluation Team strongly recommends that YCA and YTA develop and regularise accurate, fast, and secure exchange of data between the two administrations, to their mutual benefit.

4.17   Statistics

Although the Central Statistical Office (CSO) has the official remit for the production of national statistics in Yemen, currently Trade Statistics are produced both by the Statistical Department in Customs and by the CSO. Data from ASYCUDA has yet to be included in either process. The Project Team has had preliminary discussions with the CSO concerning the exchange of ASYCUDA data but no tests of the transfer of data have yet been made. For the present the pre-ASYCUDA process remains in operation. This is prone to both the introduction of errors and delays and is labour intensive. Significant benefit should be derived from the use of ASYCUDA data once the system has been implemented nation-wide.

Presently the fifth copy (often barely readable) of each declaration is forwarded to one of four CSO centres on an ad hoc basis. For outlying customs posts delays of up to three months are sometimes encountered. Data is then extracted onto worksheets with the HS tariff codes being manually converted into the obsolete Brussels Trade Nomenclature. These worksheets are then keyed into a database and forwarded to CSO headquarters. Data is then edited to remove any discrepancies found and converted automatically into the Standard International Trade Classification (SITC) structure for eventual publication. CSO currently only produces an Annual Trade Report and short quarterly extracts of this.

As well as taking onboard the ASYCUDA data as soon as it becomes available, CSO should start to publish trade data in HS format and for purposes of comparison with historic data only in SITC format. Computer translation tables, which are readily available, should be used for this task.

5 Sustainability

The two key factors in sustainability are staffing and equipment. The Evaluation Team believes that by the end of the project and subject to the retention of existing staff and a continuing programme of training additional staff, the YCA should be capable of maintaining the existing system. The team is less sure that at this time there will remain a capability or sufficient drive to move forward and enhance existing modules or develop new ones in the manner needed. Some form of continuing external support from UNCTAD would be advisable, see also paragraph 4.5 Project Management Issues.

The Evaluation Team was concerned that the YCA may have difficulty in retaining key staff in the future. Those who have gained IT skills are particularly at risk. It is the view of the Evaluation Team that the YCA must now be considering ways and means of giving these key staff sufficient incentives to retain them. One possible solution is the creation of an IT Division within YCA that would be responsible for all IT issues including ASYCUDA. Staff in this division could then be given improved pay and conditions to reflect their value to the YCA.

For the equipment replacement programme which will have to start in 3-5 years time, the team does not think that there is any likelihood that sufficient funds will be made available through normal budgetary provisions. The team very strongly supports the initiative from the Project Team, which was started in February 2000, to levy a charge on each declaration processed that would generate sufficient funds to provide for the replacement of equipment over a period of five years. This fund should be set aside in a separate account specifically for this purpose and should not go into general Treasury funds.

So far all attempts by the YCA to get the Minister of Finance to approve this scheme have been unsuccessful. Any pressure that can be brought to bear by donors etc. perhaps through the IMF, would be welcomed. Without this fee the Evaluation Team believe that long-term sustainability will be endangered. The Evaluation Team, therefore, recommends that renewed efforts are made to implement this scheme and that external support, if necessary, is sought for this. It should be noted that there might be some added urgency in this regard as time has already started passing and we also understand that it would not be possible to start such a scheme after joining the World Trade Organisation (WTO).

YCA wishes to encourage use of DTI eventually using the on-line connection of brokers to the system. Initially YCA may have to take a proactive role in this. However, at the same time it is recommended that YCA ensure that the responsibilities for external connections by brokers, supply and maintenance of hardware, telecommunications *etc.*, lies with the brokers themselves rather than becoming a drain on Customs' resources, see also the paragraph concerning the Data Processing Path.

6   Future Developments

YCA are confident that they will complete their implementation targets for the current project by the due date, 30th June 2002, The Evaluation Team considers this to be a target that will be hard to achieve and would advise that a small slippage may occur. The Evaluation Team also believes that whilst these targets are being met in quantitative terms work still remains to be done on the qualitative side. The work is considered by the team as of the utmost importance and should be tackled prior to any rollout phase beginning. The Evaluation Team recommends a short extension to the current project of 3-6 months duration in order to ensure that this work, as well as to cover for any slippage elsewhere, can be progressed. This can be seen as a transition period between the old and new projects during which consolidation of all activities undertaken so far, can take place.

Below is a list of activities that are essential to maximise the achievements of the project. The list is not exhaustive but represents initial findings of the evaluation team and subsequent discussions with the project staff:

1 System related issues to enhance trade facilitation through the use of ASYCUDA:
 * use system generated receipts for payments in stead of manual pre-printed forms
 * eliminate different receipts for payments by cash and cheques
 * use system generated release notes instead manually issued forms.
 * simplify documentary requirements (e.g. consular stamps on invoices)

2   Improve client access to the system:
 * prepare process for direct electronic lodgement of declarations to Customs, i.e. DTI from declarants own premises
 * enable electronic transfer of manifest data by the airlines to ASYCUDA's manifest module

3 Legal aspects:
 * legalise the use the of ASYCUDA declaration form
 * allow for collection of a transaction fee to finance new equipment etc
 * legalise use of system printouts as release notes and receipts

4 Design of outputs from the system:
 * design financial reports for use by Ministry of Finance and other departments
 * design management reports on workloads, collections etc
 * Customs headquarters to set up database for replication and consolidation of data for analysis and dissemination of data
 * interchange of data with Central Statistics Office and other departments

5 Training:
 * technical training on specific issues, extraction and transfer of data
 * continue user training at new sites (Hodeidah and Haradh)

6 Test and install new release of ASYCUDA (Version 1.16) to ensure that necessary skills are available for future upgrades of the system.

7 Define Phase II of the project (roll out):
- specify the sites to be computerised (exclude small offices) including workload and staff
- define equipment needs
- commence procurement process as soon as possible
- prepare training plan for ASYCUDA training courses
- define specific training on Customs valuation and risk management
- define inputs from Statistician and Trade Facilitation adviser.

8 Enhance co-operation with stakeholders to increase transparency and acceptance of the system amongst business community and other departments involved
- revive the Steering Committee
- invite comments and cooperation with stakeholders.

Once the above work has been completed or at least good progress with it can be seen to have been made, the Evaluation Team would support a further donor-assisted project, to undertake a rollout phase. It is not the function of this mission to examine the details of the proposals for this, however, from the few papers we have seen on this subject, we advise a very careful review of the proposal needs be undertaken prior to formal acceptance. Amongst the factors to be taken in account are:

- the overall length and cost of the project
- full justification of the sites to be computerised taking account of local conditions, including possible telecommunications problems
- the need for In-country International Advisers and external support to strengthen the project
- the employment conditions of project and locally engaged staff
- the volumes of equipment to be supplied and the arrangements for its procurement.

YCA are tackling the implementation of ASYCUDA on a number of fronts at the same time. Whilst we applaud this effort we would advise a more cautious and focused approach be considered. Of top priority for the Evaluation Team, remains the resolution of the outstanding work at Sana'a International Airport. The national rollout could then follow with the resolution of any matters arising from this. Once national rollout has been completed, work on enhancing the various functions of ASYCUDA++ should be tackled. Remote DTI, enhanced Selectivity, further developing the Valuation Database etc. could begin.

7. List of recommendations

1 **Recommendation (Medium priority):** In any future project (e.g. the national rollout of ASYCUDA), the need for and benefit of, a financial or contractual link to the IMF should be reviewed, see Section 4.2.

2 **Recommendation (High priority):** Posts within the project team should be filled by staff on a full-time basis only. This goes, in particular, for the National IT Counterpart, see Section 4.3

3 **Recommendation: (Medium priority):** Short missions by Experts in Trade Facilitation and Statistics should take place before the end of the current project, if possible. Likewise, it should be ensured that posts for Quality Assurance, Trade Facilitation and Statistics are built into any new project, see Section 4.4.

4 **Recommendation: (Medium priority):** In any future project the arrangements for the provision of equipment through the UN is reconsidered, see section 4.4.

5 **Recommendation (High priority):** The YCA should initiate a revision of the structure of the Steering Committee. After such revision Steering Committee meetings should be invoked as soon as possible, see section 4.5

6 **Recommendation (Medium priority):** In order to meet all the IT-needs of YCA in the longer term and in order to create opportunity for skilled staff, an IT Division – to be placed as a Staff Function under the Chairman of YCA - should be created, see Section 4.5.

7 **Recommendation (High priority):** The Customs Law and regulations to be amended in order to allow and fully support the operation and outputs of ASYCUDA. The ASYCUDA SAD should be legalised as the sole Customs Declaration and it should be implemented nation-wide as soon as possible, see Section 4.6.

8 **Recommendation (Medium priority):** The YCA should continue its ongoing programme of training and ensure that training logistics are in place for future rollouts, see Section 4.7.

9 **Recommendation (Medium priority):** The ASYCUDA SAD is implemented throughout the Yemen as soon as possible, see Section 4.9

10 **Recommendation (Medium priority):** The Base-line Survey, started jointly by DfID and UNCTAD, should be maintained and added to by the YCA, each year, see Section 4.15.

11 **Recommendation (High priority)**: The YCA and YTA should develop and regularise accurate, fast, and secure exchange of data between the two administrations, to their mutual benefit, see Section 4.16.

12 **Recommendation (High priority):** The Central Statistical Office and YCA should start to exchange ASYCUDA data and test such transfers. CSO should start to publish trade data in HS format and for purpose of comparison with historic data only in SITC format, see Section 4.17.

13 **Recommendation (High priority):** In order to generate funds for a later replacement of the equipment (say in 3 – 5 years time) a charge on each declaration processed (a transaction fee) should be introduced. The YCA should renew its efforts to implement this scheme, if necessary by seeking external support for this action, see Section 5, Sustainability.

14 **Recommendation (Medium priority):** The YCA should ensure that the responsibility for external connections lies with the brokers not Customs, see Section 5, Sustainability.

15 **Recommendation (High priority):** A short extension (3-6 months) to the project be granted in order to permit necessary consolidation work, see Section 7, Future Developments

16 **Recommendation (High priority):** A donor-funded rollout phase is supported but detailed examination of the proposal needs to be made prior to final acceptance, see Section 7, Future Developments.

The following recommendations refer to Annex 4a, 4b, and 4c of this report:

17 **Recommendation (High priority):** User defined reports showing the status of paid/unpaid declarations should be produced.

18 **Recommendation (Medium priority):** YCA should undertake steps as appropriate in order to allow airlines to submit manifest data electronically.

19 **Recommendation (Low priority):** YCA should not use the existing limited human resource on installing ASYCUDA software on PC's at the declarants premises. Instead a self-installable CD MODBRK should be provided against a cost-recovery fee.

20 **Recommendation (Medium priority):** YCA should take action as necessary in order to allow for on-line submission of electronic data from the declarants premises, and allocate resources as appropriate for ensuring a safe environment.

21 **Recommendation (High priority):** Manual records of registered/assessed declarations should be re-placed with ASYCUDA day reports.

22 **Recommendation (Medium priority):** Requirements for Consular stamped invoices should be eliminated, as it does not add any value. On the contrary such practice is time consuming and costly for the trading community.

23 **Recommendation (Low priority):** The Examining Officer facility of ASYCUDA should in due course replace the current random selection for documenting the inspection and providing an audit trail.

24 **Recommendation (High priority):** The results of inspection should be entered into ASYCUDA (Inspection Act).

25 **Recommendation (High priority):** A report should on a periodic basis (say monthly) be produced from ASYCUDA for submission to the Risk Management Task Force for possible adjustment of the Selectivity criteria.

26 **Recommendation (Low priority):** The YCA should consider additional payment methods on top of Cash/Cheques such as Pre-payment and Credit Payment. Such methods would reduce the number of transactions at the Cashiers Office and would further speed up the clearance process.

27 **Recommendation (High priority):** The YCA, in co-ordination with MOF and Central Bank, should eliminate the need for issuing separate cheques for separate duties/taxes. Payments for all duties and taxes in cheques should be made by one cheque only. At the end of any given fiscal reporting period, YCA would provide the concerned party with a detailed ASYCUDA report on the apportionment of duties and taxes.

28 **Recommendation (High priority):** The YCA, in co-ordination with MOF and Central Bank, should eliminate the need for separate receipts for cheques and cash. One single receipt covering all payment modes should be sufficient.

29 **Recommendation (High priority):** Subject to adoption of the above recommendations, YCA could eliminate the present manual issuance of receipts and instead generate the receipt from ASYCUDA.

30 **Recommendation (High priority):** The YCA to consolidate the functions of Cashiers with those of Release officer by replacing the manual release note receipt with the ASYCUDA generated one.

31 **Recommendation (Medium priority):** The YCA, in co-ordination with Security Agencies, Airport Authority, and Warehouse Operator, use a single government intervention for release of goods as opposed the current practice.

32 **Recommendation (Medium priority):** The WTO rules and guidelines on Valuation are followed and that rather than establishing a separate comprehensive Valuation database, the YCA utilises the database in ASYCUDA to compare unit prices. Furthermore, the Evaluation Team believes that this type of comparison is only valid for limited range of products**.**

8 Lessons learned

1. The number of organisations involved with this project (i.e. YCA, DfID, IMF, UNDP and UNCTAD) has, on occasions, hampered transparency and lead to a complex structure as regards responsibility, co-ordination, budgetary decision making and reporting. In any new project, where multiple organisations are involved, consideration must be given to the responsibility allocated to each party to ensure that each has an effective and well-defined role to play.

2. The arrangement for the procurement of equipment has been less than satisfactory. Long delays and shortcomings in the equipment delivered have been experienced. In any new project consideration should be given to whether more appropriate arrangements could be made.

3. Monitoring of and communication within the project could be improved. In any new project the existence of a Steering Committee that meets on a regular basis could be considered as a pre-requisite. Regular monitoring by an independent external source should also be incorporated.

4. The retention of key staff and an equipment replacement plan are essential elements in ensuring sustainability. In any future project, conditions should be included to ensure that the recipient government makes appropriate plans to safeguard long-term sustainability.

5. The external funding of certain project staff has had a detrimental effect on the project team as a whole. Differing terms and conditions amongst team members have caused some resentment. Wherever possible the external funding of locally engaged staff should be avoided in favour of locally based incentive schemes for all skilled staff.

Glossary

ASYCUDA	Automated SYstem for CUstoms and DAta
CSO	Central Statistics Office
DfID	Department for International Development
DTI	Direct Trader Input
GATT	General Agreement on Tariffs and Trade
HS	Harmonised System
IMF	International Monetary Fund
IT	Information Technology
MoF	Ministry of Finance
NPD	National Project Director
RDBMS	Relational Database Management System
SAD	Single Administrative Document
SITC	Standard International Trade Classification
TIN	Tax (Trader) Identity Number
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
WCO	World Customs Organisation
WTO	World Trade Organisation
YCA	Yemen Customs Authority
YTA	Yemen Tax Authority

Annex 1 – Terms of Reference

YEM/97/002 – Support to Economic and Financial Management

Simplification and Computerisation of Customs Procedures and Data using ASYCUDA (Automated System for Customs Data and Management)

MID-TERM EVALUATION
1. Terms of Reference

1. Introduction

The overall aim of the project is to improve the economy of the country through an efficient Customs service to the trading community in Yemen. At the same time the Government of Yemen needs to balance this objective with an effective service for the collection of revenue, and to provide a statistical and trade monitoring mechanism of real quality.

The ASYCUDA project commenced on 1 January 2000. The original intention was to implement ASYCUDA at Yemen Customs Authority's Headquarters (YCA) and Sana'a International Airport by 31 December 2001. The February 2001 Tri-Partite Review agreed on a six months extension for the project to 30 June 2002, so that the port of Hodeidah and Haradh, the border post with Saudi Arabia, could also be computerised.

Currently ASYCUDA is operational at Customs Headquarters. The system operates in parallel run at Sana'a International Airport and has done since May 2001. It is now necessary to commence the Live run at the airport and implement the system at Hodeidah and Haradh prior to 30 June 2002. At that time and to ensure the sustainability of the project counterpart staff should be able to rollout implementations to other Yemen Customs offices.

2. Immediate project objectives

The immediate objectives are:

2.1 To increase the yield from Customs revenue and improve the efficiency and effectiveness of Customs operations through introduction of ASYCUDA in four locations, Customs Headquarters, Sana'a International Airport, Hodeidah and Haradh;

2.2 To provide Government with the information necessary to formulate and conduct economic and fiscal policy;

2.3 To enhance Customs' capabilities in disseminating trade related information to other relevant users, such as the Central Bank of Yemen, Ministry of Trade and Supply, Ministry of Planning and others, to effectively monitor and control trade and trade financing, as well as formulating appropriate international trade policies;

2.4   To provide Customs with management information on trade and on individual traders;

2.5   To provide information on the requirements for a modern trade and transport environment to be established in Yemen.

3. Stakeholders :

1. The Government of Yemen, through the Minister of Finance;
2. The British Government is financing this ASYCUDA project, through its funding agency, the Department for International Development (DfID);
3. Yemen Customs Authority, the Implementing Agency
4. International Monetary Fund (IMF) , the Executing Agency
5. UNCTAD, the Associated Agency
6. UNDP, the Administrative Agency

4 Scope of the Evaluation

Bearing in mind that the implementation of the project has not reached its final stages and thus the objectives cannot be fully achieved at this time, the evaluation team will evaluate the progress made so far. The team will present its findings, lessons learned and recommendations, which will serve as guidance for the remaining activities under the project.

The Evaluation Team will focus on the following points and any other issues considered important for the successful implementation of the project:

1) The progress made towards each of the objectives and outputs of the project document;

2) Whether Inputs by Government and UNCTAD were delivered on time;

3) Whether results to date and expected end of the project achievements are likely to meet the needs of the Yemen government and provide appropriate support to Economic and Financial Management in Yemen;

4) The level of support provided to the project by Government, the Ministry of Finance, Customs senior management, affected government agencies and the trading community;

5) The impact of the project on those Government agencies and organisations;

6) The structure of the project team as well as the level of efficiency of project management, international advisers and project team members;

7) The transfer of skills and therefore the level of sustainability and 'ownership'
.
8) The efficiency of the operation at Sana'a International Airport, including reduction of time required for clearance of cargo, simplified procedures;

9) The level of 'acceptance' by brokers and Customs staff who operate ASYCUDA;

10) The results of initial implementations in terms of modernisation, simplification and increased revenue returns;

11) Whether the level of training provided meets the needs of the project;

12) If the equipment purchased is appropriate and being productively utilised;

13) If the project is cost effective. Has funding been utilised to best advantage;

14) If the progress of the project was satisfactorily planned for and monitored;

15) The relationship between the Government of Yemen, Customs, UNCTAD and UNDP;

16) Requirements for sustainable ASYCUDA operations beyond project termination;

17) Any other significant issues.

5. Findings, Lessons Learned and Recommendations

Findings. The Evaluation Team will produce objective Findings that highlight the performance, success, failure, strengths and weaknesses of the project to date. Major problems and shortcomings should be prioritised in order of importance and viability to resolve. It is important to indicate the impact of the project on the national economic reform programme.

Lessons Learned should indicate main lessons that can be drawn form the project experience.

Recommendations should outline corrective actions required. They must also be objective, realistic, practical, understandable and forward looking.

6. Evaluation Methodology

The evaluation process must be carried out in accordance with the following methodology:

- Review the project documents, progress reports, reports of review meetings, workplans etc;
- Interview with all concerned parties, including brokers and other users;
- Discussions with the project officials, national and international staff;
- Questionnaires.
- Consideration and reporting

7. Evaluation Team and Timing

The Evaluation Team will comprise of two/three international consultants representing DfID (team-leader), UNCTAD and UNDP and a national consultant representing the Government. The consultants must prove an expertise in conduct of evaluations, preferably in the field of Customs modernisation and economic reform.

The timing proposed for the evaluation is March 2002. At this stage the proposed commencement date in Yemen is 16 March 2002. The duration of the fieldwork is estimated at maximum 10 full working days.

The conduct of this mid-term evaluation might require field visits outside to Hodeidah.

A tentative evaluation plan is found in the annex.

8. Evaluation Report

The first draft will be presented to and discussed with the Government, Customs management and UNDP prior to the end of the mission. The final Evaluation Report is to be produced and submitted to the Government, DfID, UNCTAD and UNDP in English at the latest, two weeks after the end of the mission.

The Team Leader wills liase closely with the other team members by e-mail, fax or phone when finalising the Evaluation Report.

_____

Annex 2a – Outline Programme

Tentative Evaluation Plan

Step	Duration	Action
1 Pre - mission briefing	1 Day	The Evaluation team meets with UNDP and UNCTAD to : 1. Review the TOR. Clarify any unclear issues & ensure common understanding of expectations. 2. Collect & discuss the Evaluation Information Sheet 3. Collect all relevant project documents including the 5 year Development Plan, progress reports etc 4. Determine necessary logistical and administrative needs 5. Discuss and agree on the Evaluation plan and its purpose
2 Meet with Ministry of Finance, YCA, Chairman, NPD, Advisers & Project team	1 Day	1. Open discussion and assessment of the project to date. Invite frank views, concerns, suggestions. Clarify issues arising. 2. Corroborate views expressed by one party with other parties. Test your reactions with relevant participants in open discussion 3. Obtain relevant project documentation, including supporting documents, memos & reports
3 Meet with : Government agencies and Chamber of Commerce,	1 day	1. Open discussion and assessment of the project to date. Invite frank views, concerns, suggestions. Clarify issues arising. 2. Obtain their views on the success or otherwise of the project
3. On site visits	1 day	**Visit Customs Headquarters project site.** 1. Meet with NPD, Advisers and project team 2. Inspect project facilities, including training set up 3. Invite frank views and comments
4. On site visits Meet declarants & traders	1 day	**2. Visit Sana'a International Airport** 1. Meet with the Director and senior staff. Assess their views of the operation of the system. Discuss their concerns, problems & suggestions 2. Inspect the system in operation at each step in the process. Consider physical facilities & utilization thereof 3. Invite views and expectations
5. Analysis of information	1 day	1.Analyze outcome of meetings, on site visits and data gathered 2.Review project design & concept relative to findings 3. Review implementation achievements, objectives, lessons learned and results
6. Draft report & Information Sheet	½ day	Draft first version of Evaluation Report and complete the Evaluation Information Sheet
7. Government	½ day	Present findings and recommendations to the Ministry of

30

debriefing		Finance, Customs Chairman, senior management, NPD and project team . General discussion on the outcomes
8. UNDP/DFID/ UNCTAD debriefing	½ day	1. Discuss findings and recommendations. 2. General discussion on the outcomes 3. Present draft report and Evaluation Information Sheet
9. Final Evaluation report	Within 2 weeks	Finalize the report and send copies to the Ministry of Finance, the Chairman of Customs, NPD , UNDP & UNCTAD

Annex 2b – LIST OF INDIVUALS MET

Ministry of Finance

Ahmed A Ghaleb, Deputy Minister, External Financial Relations

Yemen Customs Administration

Hafedh F Mayad, Chairman,YCA
Ahmed Al-Sannabani, Deputy Chairman
Abdulwali Al-Kadi, Assistant Deputy Chairman
Yahia Y Mohammad, Project Co-ordinator, Customs Reform Project
Mogahed Al-Tuhaif, General Director, Sana'a Airport

Project Team
Abass Al-Hadi, National Project Director
Tawfiq Abdul-Rab, Head of Functional Team
Fadhl Al-Ban, National IT Expert
Mohammed S Althoury, Translator
Ismail Masrafi, Bi-Lingual Secretary
John R Stevenson, UNCTAD Customs Adviser
Wassim A Ali-Hassan, UNCTAD IT Adviser

Yemen Taxation Authority

Mohamad Ali Al Motaa, General Manager
Abd Al Hakeem Sanbani, IT Manager

Central Statistics Office

Ali Osily, Director CSO

Chamber of Commerce and Industry

Abdulwahab S Abulohom, Chairman
Ahmed A Bazara, Board Member
Eng. Khaled T Mustafa, Board Member
Mohammed Ebrahim, Board Member

Feras Alsuraihi, Automotive Machinery
Mutahar G Al-Monsoor, Tareem Poultry Company
Ismail H Baidani, Sales & Marketing Manager, FedEx
Ali A Alhomeidy, Operations Manager, FedEx
Helmi A M Gramah, Ground Operation Supervisor, FedEx

United Nations Development Programme (UNDP)

James W Rawlings, Resident Representative
Habib Sheriff, Programme Officer
Robert B Adolph, Security Officer

Annex 3 – IMMEDIATE OBJECTIVES

    1.   IMMEDIATE OBJECTIVE NO 1

To increase the yield from Customs revenue, and improve the efficiency and effectiveness of Customs operations through the introduction of ASYCUDA++.

1.1   *Output 1*

The YCA project team trained and familiarised with ASYCUDA++ who can install and maintain the ASYCUDA++ system

1.2   *Output 2*

The elaboration and configuration of the ASYCUDA++ base software package to the needs of Customs declaration processing for transfer to the working environment.

The construction and configuration of the ASYCUDA base software was undertaken by the Project team together with the private company at the start of the project. IT staff have been trained and are able to modify the system configuration in accordance with RCA's needs. The system is now in operation throughout Romania.

1.3   *Output 3*

The construction and implementation in ASYCUDA++ of a national integrated Customs tariff, based on the Harmonised System.

1.4   *Output 4*

Introduction of simplified and harmonised Customs documentation and procedures including the Single Administrative Document (SAD).

1.5   *Output 5*

The installation of the system in the following four locations:

(a)   Customs Headquarters
(b)   International Airport of Sana'a
(c)   Hodeidah Seaport
(d)   Haradh Border Office

2.   IMMEDIATE OBJECTIVE No 2

To provide the Government with the information necessary to formulate and conduct economic and fiscal policy.

2.1   Output 1

The production of accurate, timely trade and revenue data from ASYCUDA++ for Government and the primary end user, the Central Statistical Office, and other Users.

3.   IMMEDIATE OBJECTIVE No 3

To enhance YCA capabilities in disseminating trade-related information to other relevant users such as Central Bank of Yemen, Ministry of Trade and Supply, Ministry of Planning and others to effectively monitor and control trade and trade financing, as well as formulating appropriate international trade policies.

3.1   Output 1

The production of regular reports and data on trade flows of imports and exports, including licences and exchange control data as necessary.

4.   IMMEDIATE OBJECTIVE No 4

To provide YCA with management information on trade and on individual traders.

4.1   Output 1

The production of management information on activities and trade by importers and exporters and their agents.

5.   IMMEDIATE OBJECTIVE No 5

To provide information on the requirements for a modern trade and transport environment to be established in Yemen. The project will cover a trade facilitation audit and a proposal for further technical assistance based on the conclusions of the audit.

5.1   Output 1

Preliminary trade facilitation audit. Recommendations for simplification of trade and transport documents and procedures, to be aligned with

international commercial practices. Recommendations for improved trade and transport operations, procedures and documents.

5.2   *Output 2*

Detailed proposal for further technical assistance activities, based on the conclusions of the Preliminary Trade Facilitation Audit.

Annex 4a – Manifest

This module has been implemented at Sana'a Airport.

When an aeroplane arrives, a Customs official will supervise the discharge of goods and compare the goods with the manifest. The goods are stored in a Customs controlled but privately operated warehouse. The manifest is then taken to the Manifest Section for data input to the Manifest module.

The Manifest section is an integrated part of the ASYCUDA site. The data input takes place on 4 PC´s operated by Customs. In cases of short supply only the information on the actual goods discharged are entered into the system. In cases of the presence of non-manifested goods an additional document - signed by Customs and the airline - is issued and relevant data entered as well.

Under ASYCUDA, the manifest would normally be written-off automatically as the declarations are assessed. However, under current YCA policy, the write-off only takes place when full payment has been made. This causes a particular problem for declarations that are cleared against guarantees, as these can only be written-off after the final settlement of the guarantee. This operation of this process necessitates the maintaining of additional manual records held and controlled by the Verification section, which is located adjacent to the Manifest Section.

The Evaluation Team has understood that the issue of the guarantee is now being taken up by the NPD and the ASYCUDA Team in order to allow the automatic write off under the pre-condition that user defined reports showing the status of paid/non-paid declarations can be produced. The IT Adviser has estimated this could be done within two weeks.

As mentioned above Customs staff only will input the data of the manifest. This, however, could instead be done by the airlines by placing a PC with access to the ASYCUDA system in their offices. This would facilitate the work for all stakeholders as the airlines could transmit electronically received data (EDI) to the Manifest module. Although this would require mapping software between ASYCUDA Manifest database and the systems running at the airlines, it is generally accepted that such software could easily be developed. In this context it should be mentioned that one carrier alone (Yemenia Airlines) caters for about 80 % of the total cargo business.

Recommendation (High priority): User defined reports showing the status of paid/unpaid declarations should be produced

Recommendation: (Low priority): YCA should undertake steps as appropriate in order to allow airlines to submit manifest data electronically.

Annex 4b – Declaration Processing Path

The Declaration Processing Path consists of the following steps: Data entry, Acceptance, Verification, Payment and Release.

Data entry

The submission of data is done in a modern approach as the trading community electronically inputs all declaration data. There are two methods for this:

- Data Entry Section on site. There are 6 - 8 PC´s available for this of which one is dedicated for receiving diskettes produced by the declarant on his own remote PC.

- Remote entry. The ASYCUDA Team has installed the MODBRK on the PC´s (around 70) in the premises of the traders (60%) and brokers (40%) from where a diskette can be produced and later taken to the Data Entry Section, see above.

The data of the declaration is at this stage not registered but stored only on the ASYCUDA server. This is because the current law and regulations prohibit Customs or declarants amending a registered declaration. However, since Customs assesses (and thereby registers) the declaration at the Acceptance Desk (see below), this practice is, in reality, not in accordance with the current law and regulations, which urgently need to be amended.

The trading community has considered the access to the ASYCUDA software a great help as it allows it to use the look up features on Tariff and other reference data. The facilities in general also seem adequate to serve the workload at the ASYCUDA site.

Although the Evaluation Team appreciates the good intentions and efforts of YCA to install ASYCUDA software at the above-mentioned 70 remote declarants premises, it believes that the resources could have been better used tackling the tasks are still pending at the core level (e.g. user defined reports).

Recommendation (High priority): The Customs Law and regulations to be amended in order to allow and fully support the operation of ASYCUDA

Recommendation (Low priority): YCA should not use the existing limited human resources for installing ASYCUDA software on PC's at the declarants premises. Instead a self-installable CD MODBRK should be provided against a cost-recovery fee.

Recommendation (Medium priority): YCA should take action as necessary in order to allow for on-line submission of electronic data from the declarants premises, and allocate resources as appropriate for ensuring a safe environment.

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002

Acceptance

The Acceptance Desk consists of 2-3 positions at which the declarant can hand over the SAD with attachments as required. The documents consists of:

- The ASYCUDA SAD
- A photocopy of the ASYCUDA SAD
- The legal Customs Declaration in five copies
- Original commercial invoice with Consular stamps as required
- Certificate of Origin
- Packing list
- Delivery Order
- Airway bill
- Other documents as may be required

At this stage Customs will carry out a Face Vet in order to ensure that all documents required are present and that the information on the printed SAD is equivalent to the on screen declaration.

If this is accepted the declaration is assessed. The Selectivity Module will route the declaration green, yellow or red in accordance with the criteria as set out by YCA. At this stage the customs official will issue a time stamp receipt to the declarant including information of the routing of the SAD. The Evaluation Team understands that the release note is to be issued within three hours of acceptance. If this is not the case the declarant has the right to refer to the Director of Customs at the airport.

The above mentioned photocopy of the SAD is handed over to another YCA staff member for manual recording in a ledger containing basic SAD information. This staff member also reconciles his ledger on a daily basis with another manual ledger produced by the Release function, which again is reconciled with warehouse records. Although this is a back-office function, which does not delay the flow of the declaration, the Evaluation Team suggests such manual records be replaced by outputs from the ASYCUDA system (reports).

Seen from a trade facilitation perspective, it would seem appropriate for YCA to review documentary requirements. For instance, consular approvals on the invoice should not be a requirement as it is time consuming and costly to the trading community. Besides, these approvals do not seem to add significant value to the clearance process. Further, it is common practice in many countries to accept a photocopy/fax of the invoice, and only certain cases would require the presentation to Customs of the original documentation.

Recommendation (High priority): Manual records of registered/assessed declarations should be re-placed with ASYCUDA day reports.

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002

Recommendation (Low priority): Requirements for Consular stamped invoices should be eliminated, as it does not add any value. On the contrary such practice is time consuming and costly for the trading community.

Verification

Below follows a short description of the process:

- Green Channel
  All declarations – including green channel - are to be submitted for verification. However, the delay for green channel goods is limited to a maximum of 20 minutes, after which the Customs Officer will make the SAD available for payment and later release. YCA has informed that the percentage of green channel routings is around 25% of the total number of declarations.

- Yellow Channel
  Documentary check, including requirements for exemption schemes and preferential treatment, is carried out.

- Red Channel
  Physical inspection will be carried out. The declarant will be called in order to be present at the examination. The Examining Officer facility in ASYCUDA is activated but not used. Instead YCA allocates the examiners based on the last digits of the Registration number on the SAD. Although this selection is random as well, the Evaluation Team would suggests using the Examining Officer facility of ASYCUDA in order to document which examiner has carried out the inspection. After the inspection the findings are recorded on a special sheet to be attached to the SAD. Although ASYCUDA has a function for capturing inspection results and offences (Inspection Act) currently this feature is not used.

  However, YCA acknowledges the significance of feedback from the inspections reports for risk management purpose and for re-defining of the selection criteria.

Recommendation (Medium priority): The Examining Officer facility of ASYCUDA should in due course replace the current random selection for documenting the inspection and providing an audit trail.

Recommendation (High priority): The results of inspection should be entered into ASYCUDA (Inspection Act).

Recommendation (High priority): A report should on a periodic basis (say monthly) be produced from ASYCUDA for submission to the Risk Management Task Force for possible adjustment of the Selectivity criteria.

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002

Accounting

Of the three payment methods available in ASYCUDA (Cash/Cheques, Pre-payment and Credit) currently only one, the Cash/Cheque function, is being utilised. There are basically three duties/taxes to be collected against a declaration:

- Customs duties
- Consumption tax
- Profit tax

Current accounting practices in Yemen require that cheque payments against the above duties/taxes to be made separately for each type. This means that a particular declaration paid by cheque would require three separate cheques to be issued – one for each duty/tax. Moreover, should the declarant decide to pay the declaration with both cash and cheques, two separate receipts (different serial numbers, colours, etc) are issued by Customs. On top of this, the transfer of collected duties and taxes from the YCA to the bank (commercial or Central) requires two different procedures at the bank because cash and cheques are handled in two different places.

Recommendation (Low priority): YCA should consider additional payment methods on top of Cash/Cheques such as Pre-payment and Credit Payment. Such methods would reduce the number of transactions at the Cashier, and would further speed up the clearance process.

Recommendation (High priority): YCA, in co-ordination with MOF and Central Bank, should eliminate the need for issuing separate cheques for separate duties/taxes. Payments for all duties and taxes in cheques should be made by one cheque only. At the end of any given fiscal reporting period, YCA would provide the concerned parties with a detailed report on the apportionment of duties and taxes.

Recommendation (High priority): YCA, in co-ordination with MOF and Central Bank, should eliminate the need for separate receipts for cheques and cash. One single receipt covering all payment modes should be sufficient.

Recommendation (High priority): Subject to adoption of the above recommendations, YCA could eliminate the present manual issuance of receipts and instead generate the receipt from ASYCUDA.

Release

After payments of duties and charges the SAD is handed over to the Release section for a manual issuing of a release note in three copies and a printed version from ASYCUDA. The manual release notes are for Declarant, Warehouse Operator and Customs. The declarant will claim his goods at the warehouse by presenting the release note to Customs and the Warehouse operator.

A customs officer will reconcile the release note against a recalled copy of the SAD from a PC located at the Warehouse.

The Evaluation Team was informed that multiple Security agencies positioned in the warehouse, in addition to Customs / Warehouse Operator, exercise control over the exit of goods.

Recommendation (High priority): YCA to consolidate the functions of Cashiers with those of Release officer by replacing the manual release note receipt with the ASYCUDA generated one.

Recommendation (Medium priority): YCA – in co-ordination with Security Agencies, Airport Authority, and Warehouse Operator- to use single government intervention for release of goods as opposed to the current practice.

Annex 4c – Valuation

The Evaluation Team has learned that YCA has plans to establishing a comprehensive Valuation database. The YCA is currently using the BDV for determining the value of the goods, but intends in the near future to adopt the WTO (GATT) valuation.

While the Evaluation Team acknowledges the concern of YCA on under-valuation, especially with its impact on revenue collection, it believes that addressing the problem of valuation cannot be solved by the development of a Valuation database. Besides, the approach in a wide range of countries shows that such kind of data base is not considered of great value.

Firstly, prices of similar goods will, even within the same country of origin and same vendor, constantly change because of the global competition. This is not least the case for high value goods such as computer equipment and other sophisticated electrical articles. Secondly, such database will need to be updated on an on-going basis, which will require considerable human resources. Thirdly, considering the probably limited number of cases where disputes on the value of the goods are likely to arise, the above mentioned resources may be better spent elsewhere.

The matter of valuation would rather require a different approach including:

- Adopting the WTO (GATT) valuation principles

- Training of Customs staff and the trading community on these principles, specifically the "Transaction Value"

- Providing guidelines for on-line access to relevant data available on the Internet (price lists, catalogues, quotations, etc.)

- Ensuring that feed-back from the ASYCUDA Selectivity function is regularly updated and disseminated to relevant units inside YCA

- Improving the quality of valuation data in ASYCUDA by adoption of and adherence to the WCO recommendations on supplementary units.

As a solution the Selectivity module of ASYCUDA could be used for incorporating value in the selectivity criteria.

Recommendation (Medium priority): The WTO rules and guidelines on Valuation are followed and that rather than establishing a separate comprehensive Valuation database, the YCA utilises the database in ASYCUDA to compare unit prices. Furthermore, the Evaluation Team believes that this type of comparison is only valid for limited range of products.

Annex 5 – Hardware

Summary of Hardware acquired by YEMEN ASYCUDA Project
As at 15/03/2002

	Description	Training Centre	HQ & Sana'a Airport	Hodeidah & Haradh (*)	Total
1	Workstation	8	72	95	175
2	Application Server	1	2	2	5
3	File Server		2		2
	Laptop	3			3
4	Remote Access Server		1	3	4
5.a	B/W Laser Printer	8	42	50	100
5.b	Colour Laser Printer		1		1
5.c	Network Printer		42	2	44
	Colour Ink Jet	1			1
6	Online UPS		4	6	10
7	Personal UPS	8	35	15	58
8	Hub	1	4	6	11
9	Switch		1	2	3
10	CD-RW Drive		1	1	2
11	Modem		10		10
12	Scanner		1		1
	Order date	Mar 2000	Aug 2000	Aug 2001	
	Received date	Mar 2000	May 2001	?	
	Total Cost(US$ '000)	40	230	260	530

(*) Final delivery of hardware for Hodeidah / Haradh Sites was not completed at the time of the report. The bulk of the items had been delivered but a number of issues remained to be resolved.

Evaluation of the ASYCUDA Implementation Project, Yemen   March 2002