



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

ISLAMIC REPUBLIC OF MAURITANIA

Customs Diagnostic and Needs
Assessment Mission

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FISCAL AFFAIRS DEPARTMENT

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The Ministry of Finance has developed the Public Finance Reform Master Plan 2021-2025 (SD-RFP 2021-2025), which aims to set strategic orientations for reforms and operational guidelines for their implementation over a five-year period. The masterplan includes objectives for the General Directorate of Customs (GDC) reform, focusing on revising customs law, enhancing revenue collection, and combating fraud.

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Background

FAD organized this HQ customs diagnostic mission in response to the authorities' request for capacity development (CD) discussed during the IMF Spring Meetings, in April 2024. The mission assessed the progress of customs reform, identified challenges, and evaluated the needs for CD in the medium-term development (FY25-27). The mission was delivered in Nouakchott, Mauritania on July 17 to 27, 2024.

The Ministry of Finance has developed the Public Finance Reform Master Plan 2021-2025 (SD-RFP 2021-2025). This aims to set strategic orientations for reforms and operational guidelines for their implementation over a five-year period. The masterplan includes objectives for the General Directorate of Customs (GDC) reform, focusing on revising customs law, enhancing revenue collection, and combating fraud.

Summary of Findings

Overall, several reforms have been implemented by the GDC in recent years, with the support of Expertise France, including setting up a Central Valuation Office in HQ and a Post Clearance Audit (PCA) unit, commencing use of Compliance Risk Management (CRM) approaches and selectivity for customs controls, setting up a specialized unit for extractive industries, working to better codify the exemptions. Significant efforts have been made toward digitalization, notably through the development of several IT applications such as ASYVEH for vehicle registration, ASYDREP for automated management of exemptions and tax relief programs, ASYMED for management of the customs warehousing regime, ASYSCAN for acceptance of scanned PDFs, and APC for management of the temporary importation of vehicles.

However, despite the progress, there is a significant need to build capacities in newly established functions. This includes compliance risk management (CRM) and post-clearance audit (PCA), which are still in their beginning stages. Another area where progress is needed is related to trade facilitation standards, i.e., the transit procedure shall proceed under guarantee reducing the escort service to a minimum (danger cargo only). In the same domain, preliminary work must be undertaken in anticipation of implementation of the Authorized Economic Operators program being introduced by the new customs code. Also, GDC is advised to explore the possibility to implement temporary admission of goods (ATA) by use of ATA carnets in line with ATA Convention .

The Public Finance Reform Master Plan's actions need to be supplemented with additional measures to achieve the desired outcomes for customs. GDC must develop its own Customs Modernization Strategic Plan (MSP) within the context of the Ministry of Finance masterplan. The MSP should cover all elements of the customs' multifaceted mission, including fiscal, economic, and protective roles, supported by adequate governance structures. There is a lot to do but the recommendations made during this mission will assist GDC to build out its MSP across a range of priority management, governance, and operational areas.

Currently, GDC is drafting a new customs law to comply with international standards (namely, the World Trade Organization (WTO) Free Trade Agreement and World Customs Organization (WCO) Revised

Kyoto Convention). GDC is advised to start drafting the implementing regulations for the new law to avoid repeating past mistakes where outdated regulations were used.

GDC lacks a coherent organization structure. The present structure is rather horizontal at the central level, leaving a large workload and decision making to the DG Customs. The current organization setup mixes different functions in every department. Reviewing and adopting a function-based organigram is a top priority to help GDC become more effective in fulfilling its strategic objectives.

Furthermore, GDC lacks an internal training function necessary to oversee staff training after the staff inception program. Establishing a dedicated unit to manage training needs, develop curricula, and organize training events is necessary to build and maintain the capacity needed for continued modernization.

Main functions in GDC lack the proper operational and procedural basis they need to fulfil their roles and mandates. Therefore, elaboration of operational framework for all functions is necessary.

The mission team discussed and agreed with GDC a medium-term capacity development plan. DG Customs also agreed that the most important areas for immediate action are the organization review and strategic planning followed by reinforcement of CRM and PCA functions. Other areas for planned capacity development cover development of training function and strategy, staff performance appraisal systems, and the development of investigation and intelligence operational frameworks.

Summary of Recommendations

GDC is advised to start work on drafting a new function-based organigram for the customs administration. It should be sent for approval to the Minister of Finance together with updated mandate and roles for every function.

GDC should prepare the Customs MSP to support the Public Finance Reform Master Plan 2021-2025. Plans of action for its implementation and a formal governance mechanism for implementing the strategic plan should be set up.

GDC should elaborate a plan on steps to finalize the new-under-development draft Customs Code. They should hold stakeholders' consultations (public and private) on the draft. They are advised to start drafting work for respective implementing regulations for the new customs code.

To exercise the economic function of the customs mission, GDC must reinforce the sector of the origin of goods to enable local exporters to benefit from Free Trade Agreements (e.g., the African Continental Free Trade Agreement), establish procedures for issuing certificates of preferential origin, and provide for the approved exporter status for national operators.

Staff performance appraisal and performance related remuneration systems should be reviewed to act as an incentive for staff to perform better. Connecting staff and teams' performance with GDC's strategic objectives will allow for more strategic progress. An internal training functions should be established to build the professional capacities of customs personnel.

GDC should implement recommendations about inland and international transit under a guarantees' system and abolish the escort service to decrease the cost of trade.

GDC must develop capacities for conducting CRM at pre-arrival, at the clearance, and the post clearance stages of declaration processing. Procedures and operational frameworks must be developed with priority for the CRM and PCA functions. Standard Operation Procedures must also be developed for certain GDC functions.

PCA operations need reinforcement with additional staff and enhanced auditors' skills. This will allow for the conduct of more complex and risk-based audits of economic operators.

Intelligence, investigation, and anti-smuggling functions should be centralized at the central level in single enforcement department. This will allow for better coordination and flexibility in conducting enforcement actions. Enforcement functions must also secure their presence at the operational levels and coordinate actions with regional and local managers.