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**HOW DOES THE WCO HELP ITS MEMBERS TO
OVERCOME CORRUPTION?**

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How does the WCO help its Members to overcome corruption?

I am here to talk to you about corruption within Customs and how the WCO is helping its Customs administrations to tackle this issue.

Corruption is defined as the “misuse of public power for private benefit” and there have been examples of Customs officers abusing the powers vested in them for their own personal gain.

In the current economic climate, some countries are temporarily increasing fiscal revenues and this could lead to attempts by traders to circumvent Customs duties and taxes by offering bribes to Customs officers at the border. The WCO is working on helping its Member administrations to overcome this critical situation and to take this specific aspect into consideration.

One recent positive development is that a representative of the World Bank told a WCO meeting that Customs is acknowledging the problem, talking about it openly and making efforts to address the issue.

This is vital, as Customs administrations worldwide play a key role in trade facilitation, revenue collection, community protection and national security. As such, the lack of integrity in Customs can distort trade and hinder the smooth flow of goods. Integrity is a prerequisite for the proper functioning of a Customs administration and that is why the WCO has been actively promoting integrity amongst its Members.

The OECD report on the economic impact of trade facilitation states that “weak and inefficient Customs procedures have negative effects on both the national and corporate level and Customs procedures cannot be efficient if corruption is present”. The WCO is cognizant of the problem and has added “integrity” to its activities. In 1993 it issued the Arusha Declaration (reworked some ten years later to become the Revised Arusha Declaration) which lays down the key principles a Customs administration should apply in the integrity domain. The Revised Arusha Declaration was deliberately designed to be non-prescriptive in nature. It provides a comprehensive conceptual framework, but its actual implementation is up to individual Customs administrations.

Alongside the Revised Arusha Declaration, the WCO has produced other tools such as :

- The Integrity Development Guide which is a comprehensive integrity tool set.
- The WCO Compendium of Integrity Best Practices, which was produced in response to the recommendation made by the 3rd Global Forum on Fighting Corruption and Safeguarding Integrity.
- The Model Code of Conduct, which was designed to provide a model for the development of national codes of conduct.
- The Maputo Declaration (2002), the Almaty Integrity Resolution and the Nairobi Resolution (2007).

- The Capacity Building Diagnostic Framework.
- The SAFE Framework of Standards.
- An E-Learning Module (2005, revised in 2007).
- WCO workshops.

The WCO also set up an Integrity Sub-Committee (ISC) which is open to Customs as well as the private sector. A small breakout group emerged from the Integrity Sub-Committee, known as the “Informal Integrity Discussion Group”. Together with the private sector it tries to find practical solutions to corruption problems. Its discussions have been extremely productive, and one of the outcomes is that we have asked our regional Vice-Chairs to identify Members which would be interested in being part of a “pilot” project in the integrity domain, with or without private sector involvement. A few countries have already expressed an interest in participating.

That is a brief outline of what we are doing to help our Customs administrations, however I was invited here to talk specifically about corruption as a border crossing obstacle and how this can be successfully tackled. In order to illustrate how corrupt behaviours can be avoided at the border, let me turn again to the Revised Arusha Declaration. It contains ten elements which are consistent with the framework provided by Robert Klitgaard (the author of “Controlling Corruption”) and is aligned on a range of internationally agreed Customs instruments, standards and best practices including the Revised Kyoto Convention (RKC). They are as follows :

1. Leadership and Commitment
2. Regulatory Framework
- 3. Transparency**
4. Automation
5. Reform and Modernization
6. Audit and Investigation
- 7. Code of Conduct**
- 8. Human Resources Management**
9. Morale and Organizational Culture
10. Relationship with the Private Sector

I would like to highlight three elements of the Revised Arusha Declaration and give you examples of their application in the context under examination.

Transparency : *Customs clients are entitled to expect a high degree of certainty and predictability in their dealings with Customs. Customs laws, regulations, procedures and administrative guidelines **should be made public**, be easily accessible and applied in a uniform and consistent manner.*

Many Customs administrations publish their legal texts and inform the public of any changes in their regulations. As stated, the public should be made aware of any measure and any new approach affecting economic operators. This would limit the

scope for Customs officers to abuse the system and make individuals and economic operators pay excessive duties at the border, by way of example.

“Advance ruling” is another measure that contributes to transparency. Indeed it allows for economic operators ascertain the amount of duties and taxes payable in advance, and this contributes to reducing the incidence of corruption at the border.

Code of conduct : *Penalties for non-compliance should be articulated in the code, calibrated to correspond to the seriousness of the violation and supported by appropriate administrative and legislative provisions.*

Customs codes of conduct should be displayed openly for economic operators to see at the border. When designing codes of conduct with Customs administrations, the WCO attempts to make them as complete and understandable as possible. If there is already a code of conduct in place, the WCO helps its administrations via workshops where the national code of conduct can be supplemented to ensure that it is an effective tool.

By way of example every year in the United States, US Customs and Border Protection (USCBP) officers must sit a computerized test reminding them of the sanctions they would face if they were to engage in corrupt practices. Every officer, including frontline officers, receives a table of sanctions and disciplinary actions for each offence.

Human Resource Management

The implementation of sound human resource management policies and procedures plays a major role in the fight against corruption in Customs.

The following are four examples of its implementation.

Appointment and rotation principle

When staff are recruited by USCBP to work at the border, they will not be assigned to an area close to their home. Staff are also frequently rotated to avoid conflicts of interests.

This is an excellent principle advocated by the WCO, however it is difficult to apply in practice as the costs may be prohibitive for small Customs administrations' budgets.

Recruitment methods

In Guatemala, Customs uses a voice stress analysis system (similar to a lie detector) as part of the recruitment process. Appropriate recruitment methods, of border staff in particular, help to reduce corruption.

Ongoing training

In the Netherlands, officers have to undergo an “integrity test” which includes video scenes of unique working conditions and four potential reactions per scene, which have to be appraised by the officers.

Other border measures

In Malaysia, reporting of cash carried on duty by frontline officers when they arrive in the morning is one of the measures adopted to reduce corruption at border crossings.

Another measure used in a number of countries is to ban mobile phone use in some areas, such as in the scanner department.

These are just a few examples of what is currently being done by Customs.

One key principle Customs is encouraged to apply in order to combat corruption is “Communication”. Keeping employees updated and informed about new regulations and sanctions in the event of misconduct is essential. Customs staff at the border should be made aware of the rights and duties of Customs’ clients, as well as the procedures in place. Likewise, economic operators must be informed of Customs procedures. Many Customs administrations use the Internet to publish such information, but more needs to be done in this area.

In conclusion, the WCO has provided integrity tools and instruments and is promoting public/private sector partnerships to fight integrity. One of the issues on which the WCO Integrity Sub-Committee (ISC) is working with the private sector is the design of a code of conduct for the private sector.

Through its various activities, the WCO is encouraging Customs to improve its image and to avoid being an obstacle to trade facilitation. The few examples mentioned here indicate that some administrations have taken steps to combat corruption, however you are all aware that this is a slow process.