



**TERMS OF REFERENCE (TOR)  
DESIGN DETAILS AND IMPLEMENTATION PLAN OF THE PILOT PROJECT  
ON POST- CLEARANCE AUDIT (PCA) SERVICES FOR FORUM ISLAND  
COUNTRIES**

**Introduction**

The Forum Economic Ministers' Meeting (FEMM) held in 2006 directed the Forum Secretariat to undertake further work on a number of Pacific Plan Initiatives (PPIs) related to regional economic integration. Furthermore, at their meeting in 2007, Ministers noted that weak institutional characteristics and inadequate resourcing remain critical constraints for all Customs administrations in the region.<sup>1</sup>

2. In particular, the Ministers agreed to determine through a feasibility study, in consultation with the Oceania Customs Organisation (OCO) and other stakeholders, the viability of targeted customs services at sub-regional levels. The preliminary findings of that feasibility study were endorsed by the Heads of Customs Administrators at the 2009 OCO Conference and the final report was tabled at the 2009 FEMM, where Ministers, among others endorsed a strategy to improve revenue collection and trade facilitation through the creation of a mobile post-clearance audit unit and increased technical assistance to Forum Island Countries' Customs Administrations. To progress this, they requested the Oceania Customs Organisation, with support from the Pacific Islands Forum Secretariat, to commence a pilot programme to establish a mobile post-clearance audit unit.<sup>2</sup>

3. The objective of this desk study is to determine the design and specific detail of implementation for the FEMM-mandated Post-Clearance Audit (PCA) pilot programme. It is expected that the study will provide a better understanding of the scope, function, and resource requirements necessary to effectively implement the PCA pilot project. It is intended that the findings of the study will be used to seek funding for implementation of the PCA pilot project.

**Background**

4. Through the Auckland Declaration of April 2004 to strengthen regional cooperation and integration, and in response to the many challenges facing Pacific islands countries, Forum Leaders adopted a Vision for peace, harmony, security and economic prosperity for the region. Leaders agreed to give effect to their Vision through a Pacific Plan to promote economic growth, sustainable development, good governance and security. With this in mind, the Pacific Plan identifies initiatives within an implementation framework that extends to ten years.

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<sup>1</sup> PIFS(07)FEMP.06 - Pre-Feasibility Study for a Regional Customs Service

<sup>2</sup> PIFS(09)FEMC.06 – Sub-regional Approached to Targeted Customs Services

5. The 2006 FEMM mandate to explore the viability of a regional Customs service falls under Pacific Plan Initiative 12.1, which relates to the “Good Governance” Strategic Objective:

*“...support or establish the regional consolidation of commitments to key institutions such as audit and ombudsmen offices, customs, leadership codes, anticorruption institutions and departments of attorneys general; including through judicial training and education.”*

6. Based on the 2006 FEMM mandate, a pre-feasibility study was commissioned by the Forum Secretariat, which, amongst other things, examined the performance of FIC Customs Administrations over a number of years, identified impediments to improved performances and proposed a number of options, at both the national level and regional level, which could be adopted.

7. At the 2007 FEMM, Forum Economic Ministers noted that the role of Customs has evolved from a complete focus on revenue collection to a broad role encompassing components of revenue collection, trade facilitation and border security. However, while these three functions are all important facets of Customs administration in FICs, the principal role at present is still revenue collection.

8. Moreover, they explicitly recognised that human resource capacity in FICs to handle technical areas of Customs administration (such as interpretation and application of the Harmonized System of tariff classification, the application of proper valuation techniques, application of post clearance audit techniques and a risk based approach for cargo clearance) was of variable quality and that weak institutional characteristics and inadequate resourcing remain critical constraints for all Customs Administrations in the region. These result in, for example, under-valuation and under-invoicing, corruption and facilitation payments, incorrect tariff classification of goods, transfer pricing, shortage in manpower and skilled personnel, lower than market rates of remuneration, and lack of appropriate technology.

9. Forum Economic Ministers also noted the potential for adopting phased regional approaches through pooling of resources to help alleviate underlying structural problems and noted that regional options could be explored and, amongst other things, directed the Secretariat to undertake, in consultation with the OCO and other stakeholders, a feasibility study to determine the viability of targeted customs services at sub-regional levels.

10. The preliminary findings of the feasibility study were endorsed by Heads of Customs Administrations at the 2009 OCO Annual Conference. The final report was then tabled at the 2009 FEMM, where Ministers noted the findings and, among others, endorsed a strategy to improve revenue collection and trade facilitation through the creation of a mobile post-clearance audit unit and increased technical assistance to Forum Island Countries’ Customs Administrations. To progress this, they requested Oceania Customs Organisation, with support from the Pacific Islands Forum Secretariat, to commence a pilot programme to establish a mobile post-clearance audit unit.<sup>3</sup>

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<sup>3</sup> FEMM, 2009, “*Forum Economic Action Plan 2009*,” Cook Islands, October 2009.

## **Purpose of the Study**

11. The overall objective of this Study is to design and determine the specifics of the FEMM-mandated Post-Clearance Audit pilot project. This analysis will follow on from the 2009 FEMM study, titled “*Feasibility Study on Sub-regional Approaches to Customs Services*”<sup>4</sup> and in particular, will contain a more in-depth and detailed profile of the pilot project on improving Post-Clearance Audit services of Forum Island Countries, which will help improve processes and practices of Customs Administrations.

12. The consultant/s will prepare a report, entitled **Design Details and Implementation Plan of the Pilot Project on Post-Clearance Audit (PCA) Services for Forum Island Countries**. This desk study should build on the findings of the 2009 FEMM report, and is particularly required to provide more detailed research on the design, processes, resources, and the specifics of the PCA pilot project. The study requires desk research only. The consultant(s) will need to review recent reports on similar projects, contact a number of FIC Customs Administrations, relevant international and regional agencies, and primarily work under the direction of the Secretariat of the Oceania Customs Organisation.

13. The report, based on the analysis undertaken, should assess, consider and recommend:

- (i) scope for the PCA pilot project, including documentation of potential benefits, functions and outputs expected;
- (ii) scale of the implementation for the post-clearance audit pilot (the types of implementation arrangements that would work, the pilot period, the optimal number of countries to be covered in the pilot period, and an account of required activities to be conducted in terms of inputs and the outputs expected);
- (iii) resource requirements for the establishment of a mobile post-clearance audit unit which is to be located within the Secretariat of the Oceania Customs Organisation;
- (iv) the functional design, including, organisational structure of the mobile post-clearance audit unit, governance and reporting arrangements, and actual operational procedures;
- (v) staffing requirements and detailed job descriptions for staff resources needed to operate the mobile PCA unit;
- (vi) present a detailed budget for the pilot project duration, and provide indication of ongoing annual costs should the pilot be extended into a programme;
- (vii) detailed implementation schedule aimed to launch the pilot project, and for the actual activities of the mobile PCA unit itself; and
- (viii) develop a logframe with expected outputs, inputs, timeframes, and monitoring and evaluation indicators.

## **Function of Study**

14. It is intended that the study will be used to secure funding, and provide broader understanding of the function, scope, and resource requirements necessary to implement the PCA pilot project.

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<sup>4</sup> A copy of the full report is available from: [www.forumsec.org](http://www.forumsec.org)

## **Time Frame**

15. 10 - 15 days are allocated for the duration of this study.

## **Scope of Work and Schedule**

16. The Study will require desk research. The study will refer to recent publications on regional pilot projects of similar nature to the post-clearance audit project, and also all FEMM and OCO documents related to this project. It will involve electronic consultation with a number of FICs Customs Administrations, as necessary, and with relevant development partners, donors and regional organisations. The Oceania Customs Organisation will provide technical guidance and necessary oversight, in collaboration with the Pacific Islands Forum Secretariat, to complete the study.

17. A draft Report, entitled **Design Details and Implementation Plan of the Pilot Project on Post-Clearance Audit (PCA) Services for Forum Island Countries**, shall be submitted to the Forum Secretariat and the Oceania Customs Organisation by **21 April 2010** (both in print and electronic forms) for further comments by the Forum Secretariat and Oceania Customs Organisation, with feedback to be provided within 5 working days after receipt.

18. A final Report (from the Consultant(s)), subject to further comments incorporated from consultations on the draft report, will be submitted to the Forum Secretariat and the Oceania Customs Organisation (both in print and electronic forms) by **5 May 2010**.

19. The study should include an Executive Summary - containing an overview of the report.

## **Required Expertise of Consultant(s)**

20. The Consultant will require:

- (i) specialist knowledge of Customs procedures, operations and management;
- (ii) proven expertise in analyzing improvements in regional cooperation with an emphasis on institutional design would be an advantage;
- (iii) thorough knowledge of the economies of the Pacific region including a sound understanding and appreciation of local conditions, capacity limitations and cultural contexts;
- (iv) proven specialist knowledge and experience in delivering post-clearance audit services; and
- (v) demonstrable analytical and writing skills, and proven ability to deliver on time quality reports clearly focused on expected objectives and outputs

21. Submissions should include full curriculum vitae, names and contact details of two referees, date of availability for taking up consultancy, and a quoted price. Submissions of proposals should be addressed to: The Secretary General, Pacific Islands Forum Secretariat, Private Mail Bag, Suva, Fiji, to arrive no later than **4:30pm (Fiji time) on Monday, 29 March 2010**. For further details, contact Mr Andrew Anton, Young Professional, on email: [andrewa@forumsec.org.fj](mailto:andrewa@forumsec.org.fj).