

Accountability in the Customs

CIET social audits: Bolivia, Nicaragua

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Bolivia:	1599 businesses including 349 importers and 198 tenderers
Nicaragua (1995):	54 private businesses
(1997):	634 importing companies

The 1995 CIET social audit of the *Nicaraguan* Customs documented widespread dissatisfaction among the country's most important commercial companies. Since then, the Nicaraguan government has been on the case.

CIET social audits of the Customs services were carried out in Bolivia and Nicaragua to support public sector reform. It involved government counterparts, Customs staff, Chambers of Commerce, frontier police and businesses.

The audit focuses on system flaws and builds on local solutions that can trickle-up to regional and national planners.

A follow-up audit 1997 increased the number of participating Nicaraguan importers from 54 to 634. **CIET** then used the most recent experience with the Customs Service as a point of reference

Some 300% of the importers said they had seen an improvement over the last two years, but many said the country still has some way to go to uproot corruption in its Customs services.

Nearly 40% of importers reported having had to pay incentives over and above legal tariffs and fees.

'The Customs is used as a political booty.' (Bolivia)

Corruption in the Customs services impedes investment and trade with negative, if indirect, effect on economic growth. It also turns what should be a quick and simple transaction - getting goods across the border - into a maze of unofficial user fees and unexpected delays

Almost all (93%) Nicaraguan importers were in favour of simplification of procedures. This was also mentioned as a priority in *Bolivia* where a similar CIET social audit occurred in early 1998.

When asked to rank ten public services in need of reform, customs were mentioned as number one by most Bolivian businesses. Some 88% considered corruption very serious or serious.

Businesses were asked to map out possible entry points of corruption into the system. Most businesses in both

Nicaragua and Bolivia (70%) said the release of goods was the worst affected area. Other areas were the verifiers, administration, warehouses, transport and supervision.

A common view of businesses was that the release process takes longer than necessary — currently six days in Nicaragua versus the estimated two days required. Bribes are commonly introduced to speed up the process or to reduce charges.

Half of Bolivian businesses would be ready to pay more for better services. Many also suggested a privatisation of the service.

Chambers of Commerce were more hesitant to privatisation since corruption is not limited to the public sector. They suggested a partial privatisation and stricter legal measures to act on cases of corruption.

Other businesses proposed increased salaries, professional training of Customs staff and more frequent rotation of supervisors.