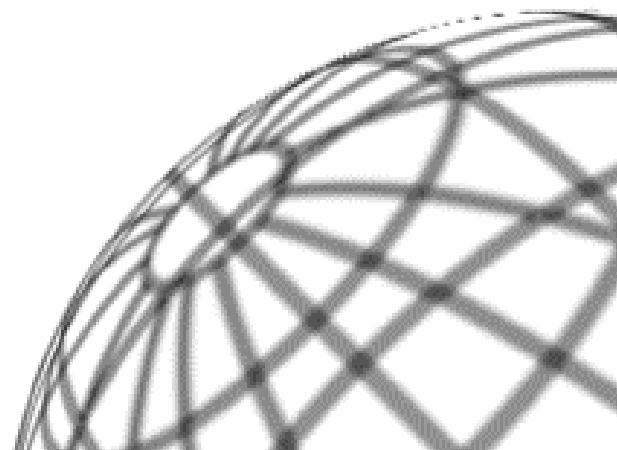




CROWN AGENTS CUSTOMS REFORM PROGRAMME & THE FIRST TWO YEARS PROGRESS





CROWN AGENTS CUSTOMS REFORM PROGRAMME



- INCEPTION PHASE
- MOBILISATION AND DEPLOYMENT
- PROGRAMME DELIVERY
- CO-ORDINATION
- IMPACT OF THE PROGRAMME
- ACTIVITIES PLANNED FOR THE REMAINDER OF 2004



PROGRAMME DELIVERY



Crown Agents

- **ORGANISATION AND MANAGEMENT**
- **LEGISLATION**
- **BORDER AND INLAND CONTROL**
- **INTELLIGENCE AND INVESTIGATION**
- **INTERNAL AUDIT**
- **REVENUE COLLECTION**
- **CUSTOMS ETHICS**
- **TRADE FACILITATION AND CO-OPERATION WITH BUSINESS**
- **COMPUTERISATION**
- **TRAINING**

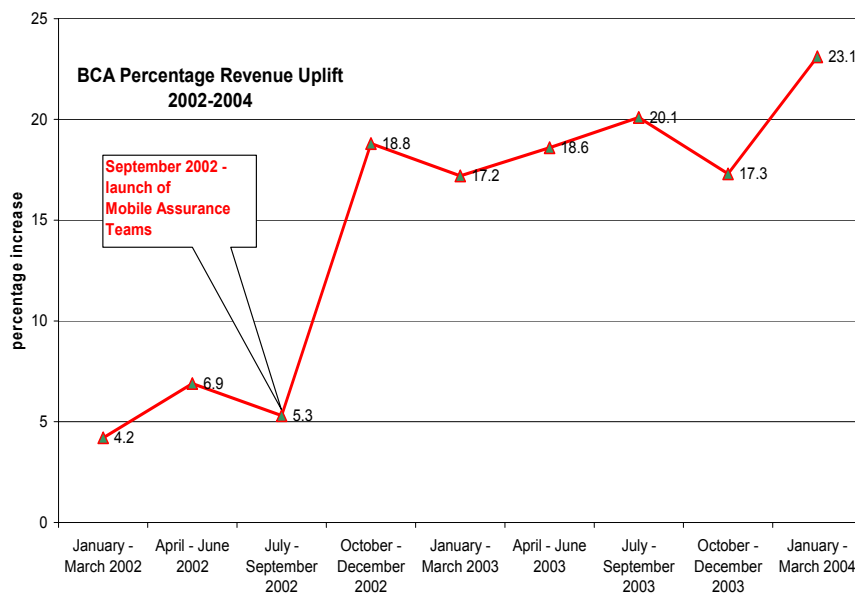


REVENUE COLLECTION



**Figure 1: Percentage Revenue uplift
January 2002 - March 2004**

- Clear and substantial pattern of increase in customs revenue
- 500m leva more than 2002
- 18.5% an overall increase
- 720m leva more than 2001, before the Programme began.
- This was achieved despite
- 17 % U.S. dollar depreciation
- falling and/or zero custom duty rates
- an unchanged Value Added Tax (VAT) rate





BORDER AND INLAND CONTROL



MAT deployment

Result of MATs activities:

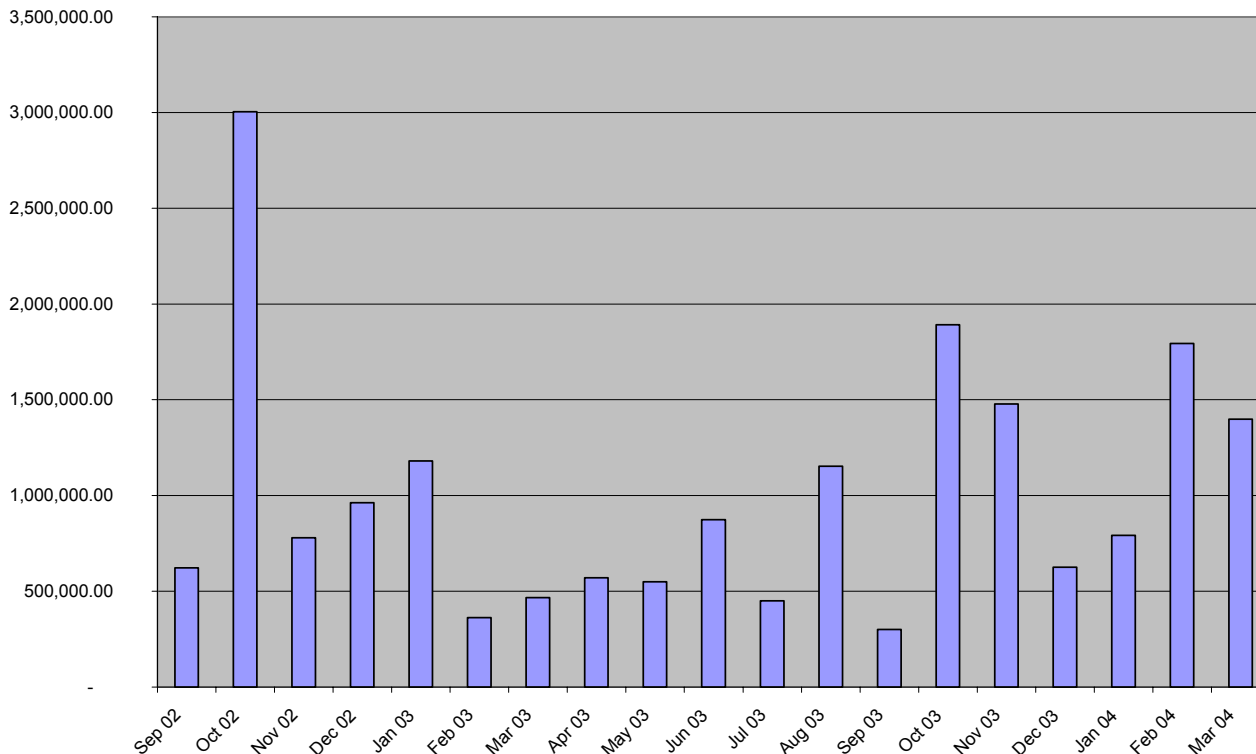
- 692 cases of undervaluation;
- 195 cases of misdescription;
- 381 cases of non-declaration



BORDER AND INLAND CONTROL



Figure 3: Potential losses to the revenue identified by the MATs



These cases have identified an estimated direct loss to the revenue of approximately 19.1 million leva



INTERNAL AUDIT



CA Advisors prepared and delivered

- ‘Capacity Building’ report highlighted two major areas for attention:
 - Development of the Inspectorate to enable effective identification, planning and undertaking of EU-type ‘System Based Audits’, and
 - Development of the management control and reporting procedures within the BCA.
- Two Inspectorate workshops
- A three-year Strategic Audit Plan
- A three-day management training event
- A high-level visit for senior managers from the BCA to the UK



INTELLIGENCE AND INVESTIGATION



A new structure that will provide an effective functionality within the Central Intelligence and Investigation Directorate as well as regionally throughout Bulgaria.

- A draft plan for the modernisation and re-organisation of the intelligence and investigation - June 2002
- Proposal was agreed in October 2002.
- The new structure was introduced from January 2004
- A target date for full implementation has been set for the end of July 2004



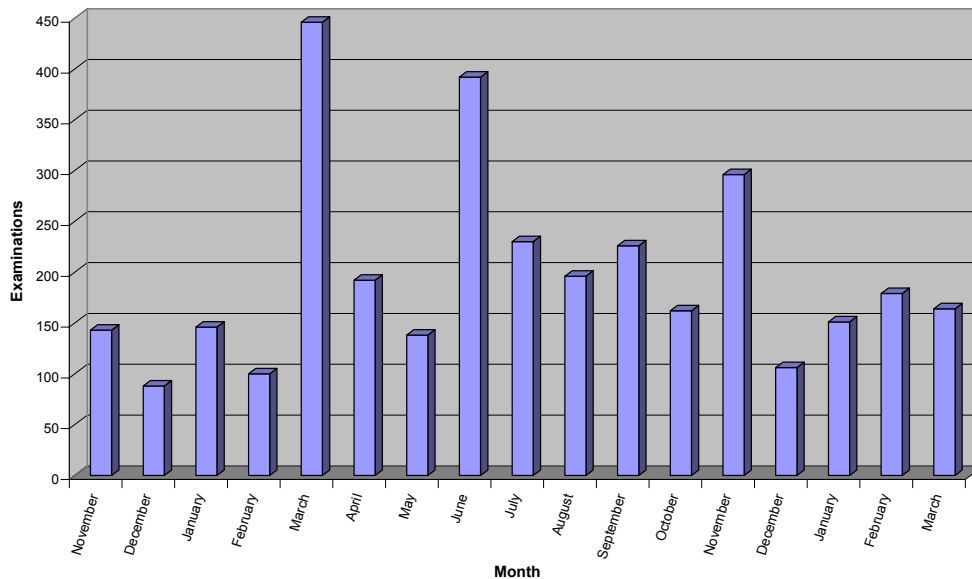
TRADE FACILITATION AND CO-OPERATION WITH BUSINESS



Risk Profiling

Figure 4: The level of MAT activity in performing examinations of suspect importations.

Note - These figures do not include numerous road stops and checking of passenger vehicles at border crossing points





TRADE FACILITATION AND CO-OPERATION WITH BUSINESS



Creating closer cooperation with the business community

- Contacts with trade organizations and individual companies
- Discussions have taken place relating to a diverse range of commodities
- Risk profiling in the area of Intellectual Property Rights.
- A number of operational exercises have taken place during which measures were taken to ensure that as far as possible, the effect on legitimate trade was minimal. - The ring road exercise, where several MAT road stops were operating simultaneously
- BCA worked alongside other law enforcement agencies.
- Positive feedback is now being received from the trading community. - Movement by a company back into previously abandoned commercial activity.
- BCA adopted the EU principle of acceleration of customs procedures.



TRADE FACILITATION AND CO-OPERATION WITH BUSINESS



State Public Commission on the Development of the Customs Administration

- Established by Government decree on 8 July 2002
- The Commission includes representatives from Government departments, trade representation and the Crown Agents Customs Advisor to the Minister of Finance.
- Since 8 July 2002 the Commission has met on nine occasions.



IMPACT OF THE PROGRAMME



General

In measuring the real impact of the programme we have assessed the following key areas:

- Macro economic effects;
- Customs revenue uplift;
- Reforms to the BCA;
- Changes in criminal activity
- Public/press reaction;

Direct Impact on Customs Revenue

Impact on Wider Macro Economic Indicators

Long-Term Impact on the BCA

Impact on Criminal Activity

Impact on the Media and the General Public



ACTIVITIES PLANNED FOR THE REMAINDER OF 2004



- Continued and enhanced structured risk testing by the MATs;
- Regular (quarterly) multi-agency exercises;
- Internal audits of inward processing relief, transit traffic and importations of vehicles;
- Full implementation of the I & I restructuring programme (followed by a post implementation review);
- Additional development of the external relations function of the BCA, and
- Additional assistance in trade cooperation measures