

## CONSOLIDATION OF THE QUALITY SYSTEM IN CUSTOMS

(PE-0205)

### EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Government of Peru	
<b>Executing agency:</b>	Ministry of Economic Affairs and Finance (MEF) through the National Customs Superintendency	
<b>Amount and source:</b>	IDB (OC):	US\$1,000,000
	Local:	US\$ 650,000
	Total:	US\$1,650,000
<b>Financial terms and conditions:</b>	Amortization period:	20 years
	Disbursement period:	18 months
	Currency:	Single currency facility
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
<b>Objectives:</b>	The general objective of the program is to assist the National Customs Superintendency in consolidating and expanding the quality system, based on ISO 9000 standards, to ensure continuity in the quality of services and satisfactorily implement the World Trade Organization's Customs Valuation Agreement.	
<b>Description:</b>	<p>The National Customs Superintendency is developing a service quality system under ISO 9000, with support from a technical-cooperation loan from the Bank which will be complete when quality certification is issued by a specialized firm. The new loan will extend the quality system to operating procedures and customs offices that were not included in the first operation. As a result, the entire institution will be able to provide services at an optimum level.</p> <p>Support will also be provided for introducing the WTO Customs Valuation Agreement to enable the government to comply with its commitments under conditions that will allay the risk of a reduction in customs revenues in the initial stages of implementing the agreement.</p>	

The technical-cooperation program includes complementary activities to consolidate and extend the quality system and rationalize the information system that has made it possible to automate all customs procedures (operational and administrative). The activities needed to train customs officials and commercial operators in applying the Valuation Agreement (training, reorganization of the services responsible for customs valuation and adaptation of the databank to the new rules on valuation) will also be supported. Technical resources will be provided to boost the efficiency of inspection services.

**Environmental review:**

CESI considered this operation at its meeting on September 10, 1999. Previous operations included measures to ensure compliance with the rules governing toxic materials, the historical and artistic heritage, and endangered species. These measures have been included in the automated system for validating customs declarations and operational control, which assures they will be complied with.

**Benefits:**

The expected benefits are: (i) consolidation of the improvements already made in the quality of customs services; (ii) introduction of a suitable structure in customs to sustain the quality system and ensure its continuity regardless of turnover in the directors of customs; (iii) prevention of the risk of a reduction in customs revenues when the WTO Valuation Agreement is introduced; and (iv) increased productivity and efficiency of customs inspection services through the development or fine tuning of risk analysis methods.

**Risks:**

The operation does not involve any risks in view of the government's support for this and earlier technical-cooperation programs. Under the commitment made by the government to the WTO, no further extensions will be granted for introducing the Valuation Agreement, allaying the theoretical risk that its entry into force might be postponed.

**The Bank's country and sector strategy:**

The Bank's strategy in Peru for 1998-2000 includes three objectives: (i) to assist the country in tasks that are essential for making headway in modernizing the economy, giving priority to support for the private sector and stage two of the structural reform process; (ii) to help create conditions that will enable the private sector to quicken the pace of job creation and to support the government in improving the coverage and quality of social services and in alleviating poverty; and (iii) to support modernization of the State. The proposed operation will contribute to modernization of the State and the economy by removing uncertainties for investors and doing away with unnecessary costs for the productive sectors.

<b>Conditions precedent to the first disbursement:</b>	The executing agency will present evidence to the Bank prior to the first disbursement that it has opened a special bank account to deposit the loan proceeds (paragraph 3.16).
<b>Other contractual clauses</b>	The following contractual conditions will also apply: (i) presentation to the Bank of the quality certification obtained for customs procedures covered in the previous program (paragraph 3.12); and (ii) presentation to the Bank for review of the reports sent to the WTO on progress in the program for implementation of the Valuation Agreement, the systems audit report, a semiannual management report from the Inspection Intendancy, and the quality audit reports prepared during the program (paragraphs 3.12 and 3.13).
<b>Procurement of goods and services:</b>	No exceptions to the Bank's procurement policy are provided for. International competitive bidding will be required for purchases of goods valued in excess of US\$250,000; local procedures will govern the purchase of goods involving amounts below that threshold.
<b>Poverty-targeting and social sector classification:</b>	This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).
<b>Normal procedure:</b>	This operation will be submitted to the Committee of the Whole for consideration since it was not included in the country paper approved by the Board of Executive Directors.

## **I. BACKGROUND**

### **A. National Customs Superintendency**

- 1.1 Management of customs revenues and verification of compliance with the regulations governing foreign trade is the responsibility of the Superintendencia Nacional de Aduanas [National Customs Superintendency]. It is a decentralized public institution in the economics and finance sector established under Law 24829 with the status of a public corporation, with administrative, economic, budgetary, financial and technical autonomy to carry out the mandate conferred on it under its basic law and statute.<sup>1</sup>
- 1.2 Peruvian customs began a process of reform and modernization in 1991 with a view to converting the institution into an agency that would facilitate foreign trade and efficiently collect the duties levied on that trade. The progress made by Peruvian customs as a consequence of this reform and modernization process has been recognized internationally by the World Customs Organization (WCO) – an international agency with 144 member countries which is the highest authority in the field of customs – and by many countries in Latin America that have requested and received technical cooperation from it in different areas.
- 1.3 The modernization process has resulted in a balanced combination of the objectives of trade facilitation, efficiency and revenue collection. These achievements are chiefly due to the professionalization of customs personnel and automation of all susceptible services, among other facilities, which has enabled transactions between customs and commercial operators to be carried out via electronic means and on-line at all the country's customs offices, 24-hours a day.
- 1.4 Customs receipts grew steadily in the first five years of the reform process, and were higher than growth in the value of imports. However, during the last 18 months, revenue from duties and other taxes on imports has fallen (by 0.7% during 1998 and by 24.4% in the first seven months of 1999) as a result of the recession and the drop in imports. This situation justifies the authorities' interest in implementing the World Trade Organization's Customs Valuation Agreement under the best possible conditions, to prevent customs revenues from falling as a result of its implementation. The following table shows the behavior of customs revenues and the CIF value of imports in the 1990s.

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<sup>1</sup> Article 1 of the Basic Law of the National Customs Superintendency, approved under Decree Law 26020.

**Customs revenues 1990-1998**  
(US\$ millions)

<b>Year</b>	<b>Imports (CIF)</b>	<b>Growth rate</b>	<b>Revenues</b>	<b>Growth rate</b>
1990	2,725.81		625.96	
1991	3,475.73	27.5	1,001.34	60.0
1992	3,790.37	9.1	1,282.94	28.1
1993	4,024.87	6.2	1,504.97	17.3
1994	5,436.82	35.1	2,032.30	35.0
1995	7,584.10	39.5	2,675.45	31.6
1996	7,715.86	1.7	2,723.70	1.8
1997	8,366.70	8.4	2,845.61	4.4
1998	8,073.60	(3.5)	2,826.71	(0.7)

**B. Bank technical assistance**

- 1.5 The process of reforming and modernizing Peruvian customs has received support from the Bank in the form of two technical-cooperation loans: 665/OC-PE approved in 1991 for US\$2,350,000 and 820/OC-PE approved in 1994 for US\$1.5 million equivalent. These two loans provided major support in the process carried out by customs, which was transformed from an inefficient institution, out of date in its methods and a hindrance to foreign trade into an efficient customs administration, capable, modern and with national and international prestige. The proportion of professionals in customs grew from 2% in 1990 to 68% in 1999. The preceding table shows growth in customs receipts. All operating and administrative procedures have been automated and 84% of merchandise is cleared on the same day that clearance is requested.
- 1.6 The success in modernizing customs led the authorities to introduce new concepts regarding service quality and to establish mechanisms to assure quality in future. The methodology consists of adopting ISO 9000 standards, approved by the International Organization for Standardization. This is the first time that these standards have been applied to a public entity and their introduction is being supported by the Bank under technical-cooperation loan 1036/OC-PE for US\$750,000.
- 1.7 The ISO 9000 standards are intended to ensure that the productive processes of an enterprise comply with certain requisites (established in the standards) so that the product will have adequate and reliable quality levels. The processes cover the design, production, sales and post-sales service stages. Since the ISO 9000 standards define the requisites for productive processes, they also facilitate the performance of audits to verify that the standards have been complied with by a company during its production cycles.

- 1.8 The preparation and approval of these technical standards responded initially to demands by large companies, which included in their contracts the requirement that suppliers establish and follow certain rules to guarantee the quality of products and avoid the costs and delays entailed in a case-by-case verification of quality. With a view to harmonizing and rationalizing the different demands of buyer companies, ISO Technical Committee 176 conducted studies that led to the approval of ISO 9000 standards, which have already been adopted by more than 90 countries, including Peru.
- 1.9 Although ISO 9000 standards were initially applied to manufacturers, they were quickly extended to service companies (banks and insurance companies in particular). The Peruvian Customs Administration is the first to propose introducing a system to assure the quality of its services using ISO 9000 and is also the first institution in the country's public sector that endeavors to offer a high and consistent level of quality.
- 1.10 When the loan currently in execution ends, a firm that specializes in ISO 9000, which is certified by the Competition and Intellectual Property Protection Agency (INDECOPI), will perform an audit of customs procedures and offices. If the audit proves satisfactory, the company will certify the quality of the audited procedures at the offices subject to certification. The possibility of the Customs Administration not being certified at the indicated time would only have an impact on the official side of the process but not on the substantive level of quality already reached. The procedures to be certified involve the customs operations with the highest impact and include imports, exports, transit, temporary admission for industrial processing and tax refunding (drawback) at the offices that process over 90% of foreign trade operations. Under the program being executed, efforts have been made to streamline and fine-tune all these procedures. The other important areas, such as valuation, inspection, collection, processing of files and the refunding of unduly paid taxes will be prepared for quality certification in the stage supported by this new technical-cooperation loan. Certification will include all customs offices. Annex III in the technical files describes headway in program 1036/OC-PE.

### **C. Justification**

- 1.11 From the beginning of its modernization process, the Peruvian Customs Administration has had technical and financial support from the Bank. The Customs Administration, as an autonomous agency, has enough of its own resources to cover its current expenditures and investments, which ensures sustainability. The Customs Administration's investment during the modernization process by far exceeds the amounts to which it had committed with the Bank in each of the programs executed so far. In addition to technical and financial support, the Bank's participation in this process has provided the Customs Administration with international backing for reform and modernization efforts.

- 1.12 The proposed operation consists of four interrelated components: consolidation and extension of the quality system, rationalization and integration of all information systems in customs, implementation of the WTO Customs Valuation Agreement, and strengthening of inspection services. The rationale for the operation lies in the combination of reasons why each of the components has been included.
- 1.13 **Consolidation and extension of the quality system.** Peruvian customs has proposed to obtain quality certification for procedures that affect the main operations, such as imports, exports, transit, temporary admission of products to be exported after processing and tax refunding or drawback. In theory, the remaining procedures do not have to be certified. However, the linkage between many of the procedures mentioned and others that will not be certified in the first stage demands that the remainder be included in the quality system to prevent failures that could jeopardize the quality of customs activities. Customs also wishes to include other procedures that do not directly affect foreign trade operations, but which have a direct bearing on services and facilities for users.
- 1.14 **Rationalization of information systems.** The Systems and Statistics Office has played a major role in the modernization process and has grown considerably. Its rank has risen to national Systems Intendancy (first organizational level). The standardization and modifications already introduced into operating procedures make it necessary to adjust the computer applications that support those procedures, eliminating many of the specific applications developed for certain customs offices. As a result, it will also be necessary to prepare or update part of systems documentation.
- 1.15 **Introduction of the WTO Valuation Agreement.** This agreement contains a method to be used by customs administrations in valuing imported merchandise which will replace other methods applied by the member countries of the WTO. The method currently used in Peru is known as the Brussels Definition of Value (BDV) which is based on the theoretical price at which merchandise would be sold in a situation of full competition between the foreign seller and the local buyer. In the event that customs considers that full competition does not exist, it can make adjustments to increase the price. The WTO Agreement prohibits price adjustments, with a few exceptions, and therefore the tax base on foreign trade could often be lower than under the BDV. The WTO Agreement is based on transaction value, and customs is responsible for verifying whether that value complies with the requisites established in the Agreement.
- 1.16 The Peruvian government had a commitment to introduce the Valuation Agreement on April 1, 1999. However, the authorities applied to the General Council of the WTO for an extension in order to better prepare themselves and allay the risk that customs revenues would drop owing to inadequate application of the agreement. The Council authorized a one-year extension and the government has promised to follow a plan approved by the WTO. The present program will support a set of

activities to help customs to ready itself to implement the Agreement within the deadline to which the government is committed. These activities form part of the plan approved by the WTO as a condition for granting the extension. Annex IV in the technical files provides more information on valuation methods and the work plan for their implementation.

- 1.17 **Inspection.** Inspection services had very good results in the early stages of the modernization process but made slower headway later on. The authorities wish to improve their performance and the proposed program will provide technical resources to develop and introduce risk analysis and promote investigations of declared values and audits of companies that engage in foreign trade.

**D. Government request**

- 1.18 The Ministry of Economic Affairs and Finance, at the request of the National Customs Superintendency, has asked the Bank for a new technical-cooperation loan. This operation is intended to respond to the needs explained in the preceding section on justification.

**E. Bank strategy**

- 1.19 The Bank's strategy in Peru for 1998-2000 as defined in the country paper focuses on the following strategic areas: (i) to assist the country in tasks that are essential for making headway in modernizing the economy, giving priority to support for the private sector and stage two of the structural reform process; (ii) to help create conditions that will enable the private sector to quicken the pace of job creation and to support the government in improving the coverage and quality of social services and in alleviating poverty; and (iii) to support modernization of the State. The proposed operation will contribute to modernization of the State and the economy by removing uncertainties for investors and doing away with unnecessary costs for the productive sectors.
- 1.20 The Bank is supporting the strengthening of customs systems in 13 Latin American countries. Its strategy in all of them is to promote the simplification and transparency of customs rules and procedures as a way of facilitating foreign trade operations and the competitiveness of the countries' productive sectors in a context of economic globalization. The lessons learned from the supervision and evaluation of these programs indicate that one of the key factors for success is institutional support and continuity in modernization programs. In Peru, both of these factors have been present during previous programs.



## **II. OBJECTIVES**

### **A. General objective**

- 2.1 The general objective of the technical-cooperation program is to continue to assist the National Customs Superintendency in consolidating and extending the quality level already achieved in customs services.

### **B. Specific objectives**

- 2.2 The specific objectives of the program are:
- a. To consolidate the quality assurance system in customs under ISO 9000 and extend certification to all customs offices and operating procedures.
  - b. To revise and strengthen the structure of the information systems and statistics area.
  - c. To implement the WTO Valuation Agreement, avoiding any risk of reduction in revenues as a consequence of its introduction.
  - d. To strengthen ex post inspection services to verify compliance with tax and other obligations relating to foreign trade operations.

### **C. Results**

- 2.3 The main results of the technical-cooperation program will be: (i) better rationalization of operations and modernization of processes; (ii) consolidation of the change in culture in customs, which is geared to efficiency and quality concerns; (iii) prevention of deviations or noncompliance with the procedures that have already been or will be introduced during the program to assure quality services; (iv) training for customs officials and private sector operators in applying the WTO Valuation Agreement; and (v) higher productivity of inspection activities in terms of revenue collection and verification of compliance with the rules governing foreign trade.

## **III. PROGRAM DESCRIPTION**

### **A. Components**

- 3.1 The program contains four components that correspond to the specific objectives: consolidation and extension of the quality system, rationalization and integration of all information systems in customs, implementation of the WTO Valuation Agreement, and strengthening of inspection services.

## **B. Activities**

3.2 Consolidation of the quality system in customs requires a series of activities to make it sustainable. Extending it to other customs systems and offices will require a repeat of tasks similar to the ones carried out during the previous technical-cooperation project. The main activities are summarized below.

- a. Prepare and revise documentation and examine the operation of the services with a view to the audit to be performed by the firm that will issue quality certification and, subsequently, perform semiannual audits to monitor the situation.
- b. Review and standardize the remaining customs systems not included in certification in stage one. This will include procedures for valuation, inspection, collection, processing of files and the refunds for taxes paid unduly or overpaid.
- c. Perform internal quality audits, turning them into a key instrument for the sustainability of the quality system in future.
- d. Provide more training for quality promoters and internal quality auditors.
- e. Integrate the quality system into customs' organizational and operating structure.
- f. Prepare the publications necessary to update the basic documentation for the quality system.

3.3 Standardization of most operating procedures, which was performed under the previous technical-cooperation project (1036/OC-PE), means that the computer applications that support them will have to be revised and adapted. Continued growth in the integrated customs management system (SIGAD) requires a detailed analysis to optimize its rationalization so that its efficiency will improve and it can adapt to the standards of the quality system. Activities will include the following:

- a. Contract a specialized firm to perform a systems audit and prepare a proposal to rationalize the configuration and operation of SIGAD.
- b. Adapt the merchandise valuation system (SIVAM) to include institutional standards and integrate it fully with the general customs information system.
- c. Update and, in some cases, prepare documentation for the subsystems and modules in SIGAD to adjust them to the standards of the quality system.
- d. Construct an easily-accessible data warehouse.

- 3.4 Given the performance of tax revenues in the last 18 months, the MEF wishes to take steps to train customs to successfully implement the new valuation method under the WTO Agreement. Activities will include the following:
- a. Organize and offer information and training courses in the new valuation methodology for customs officials and private operators (customs brokers).
  - b. Review the current valuation administration to determine the most efficient operating structure for applying the Valuation Agreement (centralized, decentralized or mixed).
  - c. Send at least six customs officials on study trips to countries that are successfully operating the Valuation Agreement.
  - d. Adapt the databank currently used for merchandise valuation (SIVAM) or develop a new one and, in either case, establish efficient procedures for its management and maintenance.
  - e. Integrate the databank on prices into the general automated customs management system (SIGAD) with respect to operation, access, and the use of fully homogeneous platforms.
- 3.5 The fourth component proposes to improve the performance and effectiveness of inspection services. Application of the new valuation method requires a customs administration trained to ensure equitable treatment, which can also carry out verification and/or investigation of the declared value of goods after import. The following activities will therefore be necessary:
- a. Provide the auditors of the Inspection Intendancy with specific training in verifying value after import, through the use of auditing techniques.
  - b. Develop techniques and methods for investigating the values declared but not corrected at the time of import when there are signs that they do not meet the requirements established in the WTO Agreement.
  - c. Introduce a mechanism to disseminate the decisions of the Tax Tribunal and other agencies regarding inspection activities, in order to improve efficiency and coordinate the criteria for action in future.
  - d. Develop risk analysis methods based on processing information from customs operations and statistical/mathematical models.
  - e. Send at least four officials to study customs administrations in countries with extensive experience in inspection.

### **C. Execution**

- 3.6 The executing agency will be the Ministry of Economic Affairs and Finance (MEF) and the National Customs Superintendency will be responsible for management and execution of program activities. Inside the MEF, the Sector Loan Coordination Unit will be responsible for administering the program and for contracting individual consultants, with the Bank's consent, observing the procedures established in the technical-cooperation agreement.
- 3.7 A national coordinator will be responsible for preparing the reports, identifying consultants, and preparing the consulting contracts and documents necessary for the procurement of goods paid for from loan proceeds. Within the first two months of execution, the coordinator will prepare the methodology to be used in the ex post evaluation of the operation.

### **D. Consulting services and logistical support**

- 3.8 The following consulting services will be needed for program activities: (i) up to seven months of **international** experts in quality systems, inspection and valuation; (ii) **local** consultants including a national coordinator for 15 months, experts in ISO 9000 for up to 30 months, different specialists in information systems for up to 87 months, and two experts in quality systems to train customs officials and brokers and maintain the quality system in the areas where it has already been introduced. The coordinator and the experts in ISO 9000 and quality systems, together with five customs officials, will form the Quality Secretariat, officially established under a Resolution of the National Customs Superintendency. At the end of the program, most of these experts will be hired by customs. The experts in information systems will be contracted to perform specific, urgent tasks that cannot be performed by the employees of the Systems Intendancy, although it has sufficient staff to cover the normal requirements of customs services. In general, the consultants in this area will not be hired by the Systems Intendancy after the program. The terms of reference for the consultants can be consulted in the technical files (Annex V).
- 3.9 The National Customs Superintendency undertakes to promptly assign the staff and provide the general support needed for this operation, as it has done for previous operations.

### **E. Procurement**

- 3.10 Procurements using loan proceeds will be carried out in accordance with Bank procedures. Local procedures will be used for goods worth less than US\$250,000 and international competitive bidding will be used above that threshold. None of the consulting services for the program will cost more than US\$100,000.

**F. Environmental impact**

- 3.11 CESI considered this operation at its meeting on September 10, 1999. Previous operations included measures to ensure compliance with the rules governing toxic materials, the historical and artistic heritage, and endangered species. These measures have been included in the automated system for validating customs declarations and operational control, which assures they will be complied with.

**G. Reports and monitoring**

- 3.12 The executing agency will present the following reports to the Bank: (i) the progress reports it is required to send to the WTO on introduction of the Valuation Agreement; (ii) the results of the quality audits performed during the program; (iii) the Systems Intendency audit report; (iv) a semiannual management report from the Inspection Intendency; and (v) the quality certification issued by the certification firm once the quality system financed under the previous technical-cooperation project (1036/OC-PE) has been fully implemented.
- 3.13 The executing agency will present the following financial statements to the Bank starting in the year in which program investments begin: (i) an annual statement within 120 days after the close of each calendar year; and (ii) a final financial statement within 90 days after disbursement in full. The reports will be audited by an independent firm of public accountants acceptable to the Bank.
- 3.14 The Bank's Country Office in Peru will monitor the program on the basis of the above-mentioned reports. In April 2000, the project team will evaluate implementation of the WTO Valuation Agreement, using the indicators contained in the logical framework.

**H. Cost and financing**

- 3.15 The total cost of the program is an estimated US\$1,650,000. The Bank will contribute US\$1 million from the Ordinary Capital, using the Single Currency Facility. The National Customs Superintendency will contribute US\$650,000. The budget is summarized below and given in detail in Annex II.

**Summarized budget**

<b>Category</b>	<b>Bank contribution</b>	<b>Local contribution</b>	<b>Total</b>
Consulting services	593,500	146,600	740,000
Training	71,000	30,000	101,000
Financial costs	10,000	8,000	18,000
General support		25,000	25,000
Equipment	282,000	400,000	682,000
Evaluation		20,000	20,000
Contingencies	43,500	20,400	63,900
<b>Total</b>	<b>1,000,000</b>	<b>650,000</b>	<b>1,650,000</b>

**I. Disbursements**

- 3.16 As a condition precedent to the first disbursement, evidence must be presented to the Bank that a special bank account has been opened to deposit the loan proceeds.
- 3.17 At the request of the MEF, a revolving fund will be established and periodically replenished upon presentation of disbursement requests by the beneficiary, including justification of the use of the funds. It is proposed that 10% of the Bank's contribution be used for the fund, inasmuch as the amount of the monthly payments to consultants may be equivalent to almost 5% of the Bank's contribution, which would require the fund to be replenished every 30 days.
- 3.18 To ensure the continuity and timeliness of activities, expenses incurred by customs after October 1, 1999, will be recognized. They will be reimbursed from the loan provided that Bank procedures have been following in the procurement of goods and services.
- 3.19 The execution period will be 12 months and the final disbursement will be made within 18 months, both counting from the date of the loan agreement.

**IV. BENEFITS AND RISKS**

**A. Benefits**

- 4.1 The main benefits from the new operation are: (i) consolidation of the improvements already made in the quality of customs services; (ii) introduction of a suitable structure in customs to sustain the quality system and ensure its continuity regardless of turnover in the directors of customs; (iii) prevention of the risk of a reduction in customs revenues when the WTO Valuation Agreement is introduced; and (iv) increased productivity and efficiency of customs inspection services through the development or fine tuning of risk analysis methods.

**B. Risks**

- 4.2 The operation does not involve any risks in view of government support for this and earlier technical-cooperation programs.
- 4.3 The theoretical risk that introduction of the WTO's valuation method might be postponed is allayed by the legal impossibility of obtaining further extensions and by the close monitoring that the WTO's Council is performing of compliance with the work plan that the Peruvian government agreed to carry out as a requirement for obtaining the one-year extension. Failure to comply will lead to sanctions by the international community.

**V. EVALUATION**

- 5.1 An evaluation will be performed of this program within six months after it is completed and of the program to implement the quality assurance system in customs (1036/OC-PE). It will be financed from the local counterpart and will assess whether the quality system effectively assures that quality levels in customs services and the benefits deriving from both programs are being maintained. The audit will focus on: (i) the performance of mechanisms to detect deviations from the quality procedures introduced; (ii) the benefits or improvements in operating costs for users and user satisfaction; and (iii) the efficiency with which human and financial resources were used under the two programs, measured against the benefits obtained. The evaluation will describe the lessons learned in executing this technical-cooperation program.

**LOGICAL FRAMEWORK**  
**CONSOLIDATION OF THE QUALITY SYSTEM IN CUSTOMS**  
**STRUCTURE AND OBJECTIVES**  
**(PE-0205)**

Summary	Indicators	Means of verification
ational Customs Superintendency in consolidating and quality system in customs services and to implement the organization's Customs Valuation Agreement.	Positive results of surveys of users of foreign trade services.  Theoretical revenues remain constant (as a minimum).	Surveys and ex post evaluation.  Statistical bulletins with information on re and imports.
olidate and expand the customs quality services based on ISO ndards.  the Peruvian government in complying with its commitments IO regarding customs valuation.  ase the productivity of customs inspection services.  ize and adapt the systems area to quality standards.	The quality level already achieved is maintained and is extended to other systems and services.  The WTO Customs Valuation Agreement is implemented on April 1, 2000.  The percentage of revenues collected in the first half of 2001 is higher than in the same period in 2000.  Systems audit report.	Semiannual audits and quality certification of the program.  Official communications to the WTO and by the project team  Management reports and SIGAD data.  Survey of comments and recommendation audit.
TS e the systems to that will be subject to quality certification. rate the Quality Secretariat into the organizational structure of  t the Systems Intendancy to the requisites of the quality	Approval of the manuals of procedures for the systems.  Restructuring of customs that includes the Quality Secretariat in the new structure.  Review and approval of systems manuals and documentation.	Resolution by the Superintendency approv restructuring of customs and the new proced



out the work plan agreed upon with the WTO to implement ation Agreement (training)	Execution of training courses and study trips.	Certificates issued to officials attending the and qualifications on personnel files.
op and operate the database to support customs valuation.	Integration of the database into the customs management system (SIGAD).	
op risk classification methods.	Tests of the methodology.	Effectiveness/number ratio. Number of co audited is higher by the end of the program 1999.
v and adapt the inspection manual to the requirements of the ystem.		
re and approve the customs inspection plan		
e and update systems documentation.	Systems documentation.	Review of documentation.
on technology equipment in statistics area.	Purchase of equipment and technology (data warehouse).	Ratio of use and statistical sample.

## PROCUREMENT PLAN

(PE-0205)

Main program procurements	Financing %		Method <sup>1</sup>	Prequalification <sup>2</sup>	Estimated date of p
	IDB	Local			Semester/ye
Services:  coordinator for US\$90,000.  g-term <b>local</b> consultants, all for less than US\$60,000 (ph 3.12).  aining consultants are all short term.	100%		DC		4/99
	100%		DC		4/99 and 200
Equipment and training  er equipment: high-capacity network servers 420,000 0 laser jet printers 50,000 computers 180,000 ent for distance learning eo and audio equipment 32,000	40%	60%	ICB		1/2000
			LCB		2/2000
			LCB		2/2000
	100%				1/2000
			DC		1/2000

ject contracting based on three quotations; ICB = international competitive bidding; LCB = local competitive bidding.

red in any case, in view of amounts and procurement methods involved.

**PROPOSED RESOLUTION**

**PERU. TECHNICAL COOPERATION LOAN FOR THE CONSOLIDATION OF  
THE QUALITY SYSTEM IN CUSTOMS**

The Board of Executive Directors

**RESOLVES:**

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with the Republic of Perú, and to adopt such other measures as may be pertinent for the execution of a technical cooperation loan for the Consolidation of the Quality System in Customs, described in Document PR-\_\_\_\_\_.
2. That up to the sum of US\$1,000,000 is authorized for the purposes of this resolution, chargeable to the Single Currency Facility resources of the Ordinary Capital of the Bank.
3. That the above-mentioned sum shall be provided on a reimbursable basis.