



LIBYA

September 2022

TECHNICAL ASSISTANCE REPORT - REVIEW THE INSTALLATION/IMPLEMENTATION STATUS OF MODULES/FUNCTIONALITIES OF ASYCUDA WORLD AT LIBYAN CUSTOMS ADMINISTRATION

This report on State of Libya was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed in June 2022.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: <http://www.imf.org>
Price: \$18.00 per printed copy

International Monetary Fund
Washington, D.C.



TECHNICAL ASSISTANCE REPORT

LIBYA

Review the Installation/Implementation Status of
Modules/Functionalities of ASYCUDA World at
Libyan Customs Administration

JULY 2022

Prepared By

Artur Pilika



MEMBERS

Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia,
West Bank and Gaza, Yemen

PARTNERS

Germany, Netherlands, Switzerland, European Union, France

Table of Contents

Table of Contents	2
Acronyms and Abbreviations	3
Preface.....	4
I. Findings and the Emerging Issues	5
A. Background	5
B. General Assessment.....	5
C. Specific Findings and Remarks	6
D. Other Findings With Regards to the Customs Declaration Processing Module.....	8
II. Recommendations	9
Appendix I. List of Activities/Tasks for Further Development of the ASYCUDA World Prototype for Libyan Customs Administration	10

Acronyms and Abbreviations

ASYCUDA	Automated System for Customs Data
AW	ASYCUDA World
BU	Business Unit (Technical Term used in ASYCUDA World)
CD	Capacity Development
CPC	Customs Procedures Codes
IMF	International Monetary Fund
LCA	Libyan Customs Administration
METAC	Middle East Technical Assistance Center
SAD	Single Administrative Document
UNCTAD	United Nations Conference for Trade and Development

Preface

Middle East Technical Assistance Center (METAC) has arranged a two-phase capacity development (CD) for the Libyan Customs Administration (LCA) of the Libyan Ministry of Finance. The purpose of this mission is to assess the development status of the ASYCUDA World (AW) prototype piloted in the Port of Tripoli and identify areas of short-term CD support enabling LCA to fully exploit the AW functionalities. It will be followed by a study tour to promote peer learning and exchange of best practices in the field of customs in particular digitalization issues, through the METAC region.

In the first phase, a remote review was conducted by Artur Pilika, Fiscal Affairs Department (FAD) external expert, during the period of May 29 to June 2, 2022.

The review was conducted by connecting directly to the LCA AW server and exploring from the front-end the AW prototype. The consultant cordially thanks the Libyan customs authorities for their understanding and readiness to provide him with direct access to the AW server through the application interface.

Several meetings were held, using the Zoom platform, with senior-level customs managers from the LCA and Port of Tripoli, and the AW implementation team to discuss the preliminary findings and LCA concerns. Special thanks are extended to Mr. Djamel Bouhabel for his assistance with the organization of meetings with LCA officials and for his input in discussions.

I. Findings and the Emerging Issues

A. Background

1. **ASYCUDA World (AW) was officially launched in Tripoli more than a decade ago. Due to the political and military instability in the country, the system was partially deployed to its basic functionality.** In December 2021, there has been a tentative to resume the system and a limited upgrade and update was performed but could not address the concerns expressed by Libyan Customs Administration (LCA) with regards to the limitations of the system to handle the full range of customs procedures, including suspensive regimes like transit, temporary admission, bonded warehouses, and exemptions.
2. **With the consent of the LCA authorities, the expert was able to access the system with administrator's rights and verify from the front end the availability of installation or activation of various AW modules, functionalities, or features.** Here below is an outline of the most outstanding findings and issues that emerged during the review, which however was quick and rather superficial, given the time frame and the limitations imposed by the way of communication.

B. General Assessment

3. **LCA has a full installation of the standard United Nations Conference on Trade and Development (UNCTAD) AW package version 4.3.3, including some traces of a module that can be used on mobile devices.**
4. **The prototype that is being piloted at the Tripoli Port is very basic.** Although all the modules and functionalities that normally come with the standard UNCTAD AW package are installed¹, its functionality is limited only to processing of certain types of customs declarations.
5. **The level of development of the prototype has conditioned the level of the implementation of AW for LCA.** The system resumed on November 11, 2021, has been used modestly until March 3, 2022, and has not been used effectively, at least in the last three months². It seems that AW is not the primary Customs Declaration Processing System used for the revenue collection at customs.
6. **The system has been deployed only and prematurely at the Port of Tripoli Customs office, where is used not consistently to process import declarations of type IM4 (import for home use).** Other types of declarations like DR9 (direct release for perishable goods) haven't been submitted due to issues with the calculation of duties because of the missing references in the Taxation Rules and some issues of integrity with the Customs Procedures Codes (CPC) in the related reference tables.

¹ This is verified by the existence of the related "binders" in the server. Binders are some objects in the application that contain actions to be carried out on certain documents.

² There are only four declarations registered, and not processed further, for the whole month of May and only twelve for April 2022.

7. **LCA authorities are concerned about the present status of the AW prototype development and the issues experiencing with implementation. That is way they are** demanding support to develop their capacities to effectively implement the full range of AW functionalities.

C. Specific Findings and Remarks

ASYCUDA World Server and Application Version

8. **AW version 4.3.3 for LCA is installed on a remote server (Cloud) and can be reached from a public link provided on the LCA website <http://sabq.customs.ly>.** There is not any Virtual Private Network (VPN) or any other security layer that could control the routes and traffic to the server. Moreover, the official website itself is not secured as there is not any valid certificate of security installed.

National Configuration

9. **The current National Configuration File is created on November 7, 2021, when the prototype has been developed and seems to have set to default settings.** Although other types of declaration, rather than IMPORT (IM) or EXPORT (EX), are being used at LCA³, there are only two forms configured in the system, IM and EX. Both forms seem to have the default configuration of the fields⁴, although it is possible to create a specific configuration for each specific deceleration form, setting the fields accordingly to Mandatory, Optional or Prohibited.

Reference Tables

10. **Apart from the tariff table which contains a single column with basic rates⁵ of import duty, and a couple of reference tables that relates to various economic operators (like Companies), which have been updated in 2021, most of the parts of the system, including taxation rules, are as outdated as 2010 when the AW prototype was initially developed by UNCTAD.** All the declarations found in the system are of type IM4 and submitted at the office 11101 (Port of Tripoli). Some tables that relate to CPC seem to have issues with integrity as it is not possible to process certain types of declarations that are linked with those codes (like DR9 or even EX1).

Taxation Rules

11. **Referring to a list of codes found in one of the related reference tables, the taxation system at LCA seems to be rather complex, as there are more than 40 codes of taxes that could be potentially applied.** Despite that, there is a very limited number of taxation rules implemented in AW. There is only one taxation rule under the category “Tariff Column” which calculates the Custom Duty for Import (CDI). There are three other rules under the category “Item Rules” that calculate respectively three taxes⁶ which are applied at a specific flat rate throughout all the range of tariff headings. Under the category “Global Rules” there are two rules that apparently calculate certain charges or fees applied at the level of declaration⁷. In addition to all these, there is a set of rules under the category “Other-link” which are

³ Like DR, PA, PI, SA, TR and VH

⁴ It is curious how Box 15 of Single Administrative Document “Country of export” is set to “Optional” in the import declaration.

⁵ These should be the equivalent of the Most Favored Nation (MFN) rates.

⁶ Identified with the respective codes TCB, TCK and TRE.

⁷ TDM and TCS

used to apply certain measures related to “favorable tariff treatment”⁸ or “tariff preferential arrangements”⁹ that Libya may have concluded with other countries, in bilateral or multilateral base.

12. **None of the rules refers to any other type of declaration or procedure rather than “IM4”.** That is obviously the reason why the system “does not work” in the case of declaration of type “DR9” which relates to an import procedure and requires the normal application of all duties, taxes, charges, and fees as per a normal declaration “IM4”. Furthermore, due to the missing of such reference, the system cannot calculate the guaranty amount that may be required to secure the payable duties in case of certain suspensive regimes, like “IM5” and “IM7”.

13. **The model that has been implemented for the management of exemptions is very basic.** The exemptions are applied using Additional Codes in box 37(b) of the Single Administrative Document (SAD), but there are no additional controls that can restrict access to those codes to authorized companies and commodity codes only. AW is equipped with several features that can be used to build an effective management system for controlling the executions of legally granted exemptions. None of such features has been engaged in building the exemption control mechanism.

User Management

14. **Another element that indicates how basic is the level of the prototype, is the user management mechanism which is extremely simple.** It is not clear if there is an adequate policy or standard operating procedures (SOP) on the matter. All the active Business Units (BUs) are placed in a Single Customer Account (named ADMINLY) and permissions are assigned to the user profiles through that account. Such an approach makes the user management procedures difficult and not enough safe, and secure. However, there is a well-structured list of BUs that, although covering a limited number of functionalities, must be taken as a good example for further developing of that part of the system.

Cargo Manifest

15. **The manifest module, although simpler than the complex declaration processing module, where taxation rules and other measures on trade are involved, is not used at all.** However, the LCA officials have expressed their interest in having the manifest functionalities implemented. The module is almost ready for use. There might be a need for some small adjustments in “manifest standards” at “National Configuration” and a review of the process flow to determine “who is doing what”.

Transit

16. **Transit is another topic on the list of priorities for LCA.** Despite that, none of the transit-related functionalities is activated and could be seen in the Document Library even from a profile with administrator’s rights. However, the module is installed with both components National Transit, based on document T1, and international transit based on International Road Transport Union (IRU) TIR Carnet Implementation will require developing that part of the prototype almost from scratch with the definition of the process flow and various roles in it, developing the related BUs, introducing the guaranty accounts (if required), and other stuff.

⁸ These are measures that provide for a partial or total reduction of duties based on end-use of goods (known as “exemptions”).

⁹ These are measures that provide for reduction of duty rates based on that Libya may have concluded with other countries, in bilateral or multilateral base (Ruled of Origin).

D. Other Findings With Regards to the Customs Declaration Processing Module

Risk Management and Selectivity

17. **The Risk Management and Selectivity (RM&S) related functionalities do not constitute a specific module, but they are an integral part of the Customs Declaration Processing module¹⁰.** Besides the Inspection Act, all the other functionalities that relate to RM&S are “sleeping” and could not be seen in the Document Library even with administrator’s rights.

Control of Value

18. **The AW application is equipped with a powerful and comprehensive tool for the management of a Customs Valuation Database and control of value using Tariff Specification Codes to differentiate the identification of goods of the same kind that fall under the same tariff sub-heading but may have a different value per unit due to differences in brand, specifications, quality, etc.** The related module is installed but not activated.

Customs Warehousing and Other Suspensive Regimes

19. **The Customs Warehousing regime (“IM7”) is not in use.** Apart from the missing references in the taxation rules and the use of guaranty accounts, it seems that there is even a misunderstanding about the concept of “temporary storage” where goods are placed in authorized locations awaiting customs declaration with the bonded Customs Warehouses, where cleared goods are placed under the customs warehousing regime with suspension from payment of duties and taxes.

20. **The same applies to temporary regimes. The system cannot calculate duties and taxes that may be required to be secured with a guaranty, due to the missing reference to those types of declaration.** Furthermore, a feature that links the current declaration (that closes the temporary regime) with the previous declaration (that has previously opened the temporary regime) is not configured yet.

Payment Accounts

21. **The Accounting and Payment part is very basic. Only “CASH Declaration”¹¹ payment modes are allowed.** The payment by accounts (either PREPAYMENT or CREDIT) is not activated.

¹⁰ The technical reference for this module is “asybrk” implying “broker’s module”.

¹¹ This is the term used in AW when the exact assessed amount for a declaration is paid at the bank (either by cash or transfer) and the means of payment issued by the bank (the receipt) is acknowledged and recorded in AW by a customs cashier.

II. Recommendations

22. **It is recommended that LCA considers a total review of the prototype, which would include activation of other modules/functionalities such as transit, selectivity, control of value, payment, and guaranty accounts. This could be done** along with enhancement of the currently implemented functionalities that relate mostly with the customs declaration processing module, like national configuration, reference tables, taxation rules, clearance process flow, etc.
23. **To ensure effective implementation and sustainable functioning of the system, LCA needs to change the implementation strategy starting with simpler modules like cargo manifest and transit.** While they are not directly connected with revenue collection, they are the most effective means for putting goods under customs control and securing the revenue to be collected.
24. **CD through technical assistance and on-the-job training to the Functional Implementation team is needed.**¹²
25. **Annex 1: provides an outline list of activities and tasks that should be conducted or completed to enhance the development of AW prototype and make it suitable for effective implementation.**

¹² This team should be composed mostly with experts in customs techniques from various departments, supported by information technology specialists with good knowledge of customs concepts and processes.

Appendix I. List of Activities/Tasks for Further Development of the ASYCUDA World Prototype for Libyan Customs Administration

Objective: To identify short- and medium-term activities to be undertaken to enhance the development of the AW prototype to ensure sustainable implementation of AW for LCA.

Activity/Milestone	Task Ref.	Task Description
A.1 Review and update AW National Configuration	A.1.1	Review and update Manifest Standards.
	A.1.2	Review and update SAD Standards.
	A.1.3	Configure SAD fields for all types of declaration.
A.2 Verify the integrity of the Reference Tables and update them if necessary	A.2.1	Check the integrity of the CPC reference tables, which has caused problems with specific types of declaration.
A.3 Implement the AW Cargo Manifest module	A.3.1	Document the process flow and identify roles and functions for each step of the process.
	A.3.2	Develop the required BU for each role or function in the manifest processing.
	A.3.3	Review and update specific reference tables that relate to the manifest module (Carriers, Carriers' Agents, etc.).
	A.3.4	Test the functioning of the module and deploy for piloting at Tripoli Port.
	A.3.5	Roll out to other ports and airports.
A.4 Implement AW Transit Module	A.4.1	Document the process flow and identify roles and functions for each step of the process.
	A.4.2	Develop the required BU for each role or function in the manifest processing.
	A.4.3	Review and update specific reference tables that relate to the manifest module (Principals, Guaranty Accounts, etc.).
	A.4.4	Test the functioning of the module and deploy for piloting between Tripoli Port and a major Inland Customs Office (ILC).
	A.4.5	Roll out to all the other remaining offices.

Activity/Milestone	Task Ref.	Task Description
A.5 Enhance and consolidate the functionality of the Customs Declaration Processing module	A.5.1	Review the Taxation Rules to enable the AW to process any type of declaration in conformity with legislation, policies, and procedures in force.
	A.5.2	Complete the configurations and settings for use of other suspensive regimes (like warehousing, temporary admission, etc.)
	A.5.3	Enhance the use of guaranty accounts covering all the suspensive regimes.
	A.5.4	Introduce AW Risk Management mechanism and develop Selectivity Criteria to perform customs controls based on selectivity, including automatic assignment of the SAD declarations.
	A.5.5	Introduce AW Value Control for developing a Valuation Database and use it in accordance with WTO and WCO standards and requirements.
	A.5.6	Introduce use of the Payment Accounts as a mean of trade facilitation and prepare conditions for implementation of e-payment.
A.6 Enhance security of the system	A.6.1	Review and revise, if necessary, the network infrastructure and related aspects of security.
	A.6.2	Define and implement a new AW users management policy following a hierarchical model with parent-child Customer Accounts.