



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

REPUBLIC OF TAJIKISTAN

Customs Diagnostic and Needs Assessment Mission

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FISCAL AFFAIRS DEPARTMENT

High-Level Summary Technical Assistance Report

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: In December 2022, the IMF's Fiscal Affairs Department (FAD) and the Caucasus, Central Asia and Mongolia Regional Capacity Development Center (CCAMTAC) initiated CD assistance to formulate a Medium-Term Revenue Strategy (MTRS) at the request of the Minister of Finance (MOF). This initial phase identified essential tax administration reforms to support the future MTRS, with a recommendation to include customs reform as a critical component of the strategy.

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Background

FAD organized this HQ customs diagnostic and needs assessment mission in response to the authorities' request for capacity development. The mission assessed the progress of customs reform, identified challenges, and evaluated the need for capacity development (CD) in the medium-term (FY25-29). The mission was delivered in Dushanbe, Tajikistan, from December 12 to 25, 2024.

At the end of 2023, the authorities adopted a Medium-Term State Revenue Program (MTSRP) to cover two phases along with an action plan for the first phase. Spanning from 2024 to 2029, the program aims to increase revenue and foster social and economic development. It envisions significant improvements in tax performance through reforms in tax and customs administration, alongside tax policy reforms and legislative initiatives. Tajikistan Customs Service (TCS) is also implementing a customs medium-term modernization program for 2020-2024. This mission assessed the progress of the customs reforms and provided high-level recommendations to further support the reform program and align it with the MTSRP goals for increased revenue in the customs workstream.

Summary of Findings

The main achievements of the TCS modernization include an upgrade in the infrastructure of border crossing points, legal modernization to comply with requirements of international conventions such as the WCO Kyoto Convention and the WCO Trade Facilitation Agreement, as well as implementation of a more modern Customs IT processing system, the ASYCUDA World. Other achievements are the introduction of risk management in 2022, the Post-Clearance Audit (PCA) program and the Authorized Economic Operators scheme. A follow-up strategic plan for 2025 through 2029 has also been prepared and will be soon adopted by the government.

Despite progress, TCS faces numerous challenges mostly related to building up the capacity, (human, operational and technical), to better mitigate risks, foster higher trade compliance, keep the balance between facilitation and enforcement, provide better service to trade and help competitiveness for the Tajik trade operators.

Key areas for modernization and capacity building related to revenue protection and contribution to MTSRP are improvement of the risk management framework, capacity building in information analysis and data analytics, extension of the PCA program, better management and control of exemptions and special economic zones (SEZ), streamlining and standardization of procedures for smooth automation and capacity building for maintaining and using the ASYCUDA system at its full potential.

Summary of Recommendations

The mission key recommendations:

TCS should improve governance of the modernization reform by setting up a Reform Commission and a Project Management Unit which will monitor and report on the reform progress.

Improvement also is needed in the TCS' Human Resources Management, especially by introducing a modern staff performance appraisal system based on objectives which are linked with strategic modernization goals.

TCS should prepare and start issuing advance rulings on tariff classification and the origin of goods as a trade facilitation element.

The risk management framework and governance require improvement. Reviewing and improving the procedures and rules of proceedings of the Risk Management Commission is necessary to ensure the risk policies and framework are properly implemented. TCS should also enhance information analysis, and data analytics for better intelligence products, as well as involve all technical and enforcement departments in risk management, the latter must propose risk indicators and post-clearance audit targets for their respective areas of responsibility.

Taking advantage of ASYCUDA implementation, TCS could improve the declaration processing process to streamline the selection of cargo by activating the risk management module at the instance that customs declarations are accepted by the system and automatically registered.

With the ASYCUDA system, the customs regimes and exemptions are properly managed. Introduction of the pre-authorization procedure for exemptions will remove reliance on the decisions of operational staff and management will be in a centralized automated fashion.

TCS should extend the PCA program to cover the auditing of more companies especially within the SEZ. Furthermore, the PCA department must prepare an annual audit plan based on the risk categorization of the companies.