

Terms of Reference

Post Title:	Expert to Conduct a Study on the Customs Revenues in the Arab Customs Union
National or International Consultants:	International Consultant
Duration:	4 Months
Location:	Home Based – with possible travel
Project:	Strengthening Arab Economic Integration for Sustainable Development

CONTEXT/BACKGROUND

The project supports modernization and reform of trade and trade-related policies by Pan Arab Free Trade Area (PAFTA) Member States as part of deepening Arab economic integration towards the establishment of the Arab Customs Union (ACU) through gradual upgrading of performance of PAFTA. Built upon the initial progress of the Executive Program towards development of the ACU, undertaken in recent years, project activities aim at strengthening the capacity and capability of Arab policy makers at the regional level, and include specific interventions to support target countries as appropriate.

The objective of the study is to assist Member States in their Arab Customs Union (ACU) negotiation process, and to provide an evaluation and full analysis of the issues, being subject to negotiations by Members, relating to suitable mechanisms of revenue collection, transfer of collected revenue and those of revenue distribution (i.e., through adopted formulas or prescribed set up) among Member States. The study also targets development of policy recommendations on the said mechanisms within an integrated environment for the ACU. As characteristics to a Customs Union (CU), flows of goods, capital and factors of production circulate without any impediment within the countries being members of the CU.

Goods being imported from non-Members into the CU could be subject to a common tariff in force, and application of trade policies and measures uniformly in the CU. This study will look into a number of aspects and features of the Common External Tariff (CET), directly and indirectly, as a pillar to achieve detail understanding of revenues to be collected by Member States. It will also investigate operational modalities of collection, mechanisms of administration of collected revenue, and of its re-allocation/distribution for policy making purposes.

Outputs of the study will be used as a basis for the ACU negotiations and agreement, among Member States, on mechanisms of management of revenue collected in support of sustainable and inclusive economic growth in Member States.

The areas to be covered by the study include the following among others:

- Provision of highlights on the role of the External Common Tariff (CET) and its importance in determining mechanisms of the revenue collection and formula of revenue sharing;
- Conduct of assessment of the objectives and rationale for agreement mechanisms of management of revenue collected, including specific modalities of distribution or re-allocation of revenues collected on international trade into Member States within the ACU framework;
- Development of the objectives of mechanisms of the proposed revenue collection and sharing formula including its distributive mechanisms;
- Overview of the links between the proposed revenue collection mechanism and sharing formula on one hand, and the key national policy objectives of the Member States on the other hand.

SCOPE OF WORK AND DELIVERABLES

The deliverables and outcomes of the study would consist of key findings from practical experiences and research resulting from a detailed and comprehensive analysis undertaken by the expert. It includes, among other issues, an assessment of the economic and fiscal impacts of the ACU (in hypothetical scenarios) on the Customs revenues and other fiscal challenges that might be encountered by Member States when the ACU comes into operation. To that end, it is essential to present facts and operational information, in a structured manner, with evidence-based analysis to substantiate policy recommendations and suggestions of holistic directions.

Particular focus would be on the definition of the customs revenues concept within the customs union framework (specifically the ACU), and preparation of CET scenario (in simulation mode with assumptions from economic analysis perspectives) with identified mechanisms of the proposed collection of revenues, and formula of sharing of pooled revenue, once collected. That will also include main features, characteristics, ability of smooth implementation in an effective manner; outcomes of the study would also consider concrete modalities of assistance to Member States in their negotiations and addressing the main challenges in implementation.

In achieving the objectives of the study, the expert will establish clear work methodologies that enable a fact-based analysis and evidence-supported assessment. In this pursuance, operational modality of the conduct of the analysis and major outlines of development shall be agreed upon in advance to its effective implementation. Moreover, the assignment targets a throughout review of collection and administration of revenues within the ACU, including the Customs revenues, in particular, detailed mechanisms of revenue collection, re-allocation and distribution should be addressed in support of completion of negotiations and activation of the ACU.

The expert will meet and consult with relevant officials and stakeholders in Member States and the League of Arab States (LAS) Secretariat to discuss issues identified in the Terms of Reference and to gather

statistical data and more economic/fiscal information in function of requirements for the study. The assignment should include an analysis of the scope of interaction and, to which extent trade and fiscal policies are effective for the purpose of deepening economic integration and what re-adjustments need to be undertaken by Member States in heading towards the ACU. Upgrading the framework and performance of PAFTA could be a part of this analysis.

The expert will review pertinent experiences of other Customs unions in several trade groups such as GCC, of EU, ECA, COMESA, among others and adapted into the ACU to serve the purpose of the study. Good practices should also be analyzed in support of policy making related to the ACU. The expert will coordinate with LAS Technical Secretariat who will liaise with Member States and facilitate visits, as well as provide statistical information and data required related to the study.

The study should address the following technical issues:

- Possible impacts of the CET on the Customs revenues in the Member States;
- Possible impacts of the CET on the VAT (value added tax), and the excise;
- Possible impacts of CET on the tax regime and national revenues rather than Customs revenues and VAT;
- Concept of public revenue and administration of collected revenue within the ACU environment;
- Analysis of the statistics of customs revenues on the basis of data being provided by individual Member States, as well as budgets and taxations of the last three years for detail understanding of trade and economic structure (i.e... industry, agriculture);
- Analysis of Customs revenues, refunds, drawbacks and para-fiscal revenues that are collected by Customs authority in each Member State in the last three years;
- Impacts of the overlapping memberships by any Arab country as it participates or is member to more than one regional, or bilateral trade arrangement;
- Technical analysis for the migration of the tariff nomenclature under PAFTA towards the CET of ACU.

EXPECTED OUTPUTS AND DELIVERABLES

<i>Deliverables/Outputs</i>	<i>Estimated Duration to Complete</i>	<i>Review and Approvals Required</i>
Output 1: Prepare the Inception Report and Consultation The Inception Report should include the following requirements among others: <ul style="list-style-type: none"> - Detailed work plan and study schedule; - Economic modelling design that will be used to determine how CET implementations affect 	30 days following contract signature	Strengthening Arab Economic Integration for Sustainable Development Chief Technical Advisor

<p>Customs revenues, including in particular, preparation of models applicable in the CET simulation exercise;</p> <ul style="list-style-type: none"> - Technical backgrounds to be used in the design and identification of mechanisms of collection of revenues, distribution/re-allocation of collected revenue and use of these resources, once available; - Data and statistics collection, processing (including an interviewer plan, a data collection plan and a survey instrumentation) and identification of data sources; - Presentation of the scope and methodological aspects to Member States and LAS Technical Secretariat. 		
<p>Output 2: Draft the Report Outlines of the Analysis</p> <p>Draft Outlines of the Report should be presented to Member States and include the following:</p> <ul style="list-style-type: none"> - Structure of the report; - Key basis of the analysis of aspects related to design and identification of mechanisms of collection of revenues, distribution/re-allocation of collected revenue and use of these resources, once available; - Updates on the status of collection of information and data for analysis under the study; - Summary of the work completed from the start of the exercise. 	<p>20 days following the successful completion of Output 1</p>	<p>Strengthening Arab Economic Integration for Sustainable Development Chief Technical Advisor</p>
<p>Output 3: Technical Report and Consultations with Members</p> <p>Within the agreed time table, the expert will complete the draft technical report from the outlines, specified in Deliverable 2 above, and should include the following:</p> <ul style="list-style-type: none"> - Findings and results of the simulation exercise of possible trade and fiscal effects of the CET for the ACU, including detailed analysis of the migration of the current tariff nomenclature, under PAFTA, towards the ACU CET; - Technical proposal of mechanisms of revenues collection within the ACU, including its effective implementation; 	<p>40 days following the successful completion of Output 2</p>	<p>Strengthening Arab Economic Integration for Sustainable Development Chief Technical Advisor</p>

<ul style="list-style-type: none"> - Technical proposal regarding mechanisms of re-allocation/distribution and management of revenues within the ACU, including its effective implementation; - Overview of Customs revenues, VAT, and the excise within the ACU; - Tax regime and national revenues rather than those generated from indirect taxation within the ACU; - Overview of technical options of alignment of features of tariff nomenclatures (of specific trade agreements) to the CET of the ACU. 		
<p>Output 4: Final Report</p> <p>The expert is expected to submit the Final Report to Member States, which comprises of the following components, among others:</p> <ul style="list-style-type: none"> - Detailed description of the methodology used; - Technical findings of the sensitivity analysis/study of simulation scenario of the CET for the Arab Customs Union and explanations of possible trade and fiscal effects of the CET for the ACU; - Results of analysis and suggestions for technical proposal of mechanisms of revenue collection within the ACU including its effective implementation; - Technical proposal of mechanisms of re-allocation/distribution and management of revenues within the ACU; - Proposal of policy recommendations; - Proposal of areas in which Member States may need further support in strengthening their capacity and capability in policy making in deepening Arab economic integration. 	<p>30 days following successful completion of Output 3</p>	<p>Strengthening Arab Economic Integration for Sustainable Development Chief Technical Advisor</p>

INSTITUTIONAL ARRANGEMENT

- The individual is required to exhibit his or her commitment to this assignment with UNDP-RBAS;
- S/He shall perform tasks under the general guidance of the and direct supervision of the Strengthening Arab Economic Integration for Sustainable Development Chief Technical Advisor (CTA). The supervision will include approvals/acceptance of the outputs as identified in previous sections;
- The individual is expected to liaise and collaborate in the course of performing the work with

- other consultants, suppliers and UN colleagues;
- The individual is required to maintain close communication with the UNDP-RBAS on regular and needed basis at any period throughout the assignment in order to monitor progress. In the event of any delay, s/he will inform UNDP promptly so that decisions and remedial action may be taken accordingly. Delays that would affect the flow of the collaborative work and the delivery of outputs on schedule will lead to termination of contract; and
- Should UNDP deem it necessary, it reserves the right to commission additional inputs, reviews or revisions, as needed to ensure the quality and relevance of the work.

DURATION OF THE WORK

The duration of this assignment is expected be four (4) months.

For the deliverable, the expert should expect about a week's lead time to review outputs, give comments, certify approval/acceptance of outputs, etc.

DUTY STATION

This is a home-based assignment.

TRAVEL PLAN

Part of this assignment may require the individual to travel. In such cases, UNDP will cover travel costs in accordance with corporate rules and regulations.

QUALIFICATIONS OF THE SUCCESSFUL INDIVIDUAL CONTRACTOR

I. Academic Qualification:

- Master's Degree or equivalent in international trade, business administration, economics, trade and development or related field.

II. Years of Experience:

- At least 15 years of practical experience in international trade and customs unions affairs;
- Demonstrated experience in performing similar assignments, in the Arab region is an asset.

III. Technical experience:

- Proven experience in a professional background in economics, trade policy and economic and trade data analysis;
- Extensive experiences in public finance (revenue) and taxation systems preferably in Arab region.
- Exposure to customs procedures and tax systems at international level is a highly-valued

asset;

- Extensive expertise in the customs unions administration field, such as customs revenues collection, revenue sharing and payment mechanisms, import/export processing procedures, and compliance with international rules and enforcement, as well as knowledge regarding the best international/regional practices in customs unions administration in order to provide guidance on the legislative aspects of revenue administration, in addition to strategic planning and organizational and trade-related issues;
- Expertise in quantitative and qualitative data collection, analysis and statistical methodologies, in particular within governmental fiscal statistics, as well as compilation and dissemination of fiscal and trade data of one or more countries supported by experience in the areas of fiscal policy and trade policy analysis;
- Knowledge in the compilation and dissemination of balance of payments and investment schemes statistics, conducting surveys, trade and fiscal data collection, and compilation of foreign direct investment statistics, as well as an understanding of the effective use of information technology in customs administrations and modern tax is also required;
- Ability to perform economic researches and summarize findings in a concise and professional format;
- Experience in the development of trade and fiscal analysis;
- Experience in developing and implementing economic researches, impact assessment studies with a particular focus on those related to arrangements of a customs union;
- In-depth understanding of customs revenues administration and economic and fiscal impact on customs revenues within a customs union framework.

IV. Language Requirements

- Fluency in written and spoken English and Arabic is required. French is an asset.

V. Key Competencies:

o *Corporate*

- Demonstrates integrity and fairness, by modeling the UN/UNDP's values and ethical standards;
- Promotes the vision, mission and strategic goals of UNDP;
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability;
- Knowledge of Arab region (Arab economies and trade) and institutional environment is a must.

o *Functional*

- Background knowledge about the SDGs, United Nations and UNDP;
- Strong analytical and synthesis skills;
- Ability to work independently and achieve quality results with limited supervision and within tight schedules;
- Strong quantitative and qualitative research skills;
- Excellent writing, editing and oral communications skills;
- Strong analytical and synthesis skills, as well as presentation and drafting skills;
- Good teamwork and interpersonal skills;
- Flexibility and ability to handle multiple tasks and work under pressure;
- Excellent computer skills especially Word, Excel and Power Point.

- *Leadership*
 - Demonstrated ability to think strategically and to provide credible leadership;
 - Demonstrated intellectual leadership and ability to integrate knowledge with broader strategic overview and corporate vision;
 - Demonstrated flexibility in leadership by performing and/or overseeing the analysis/resolution of complex issues;
 - Ability to conceptualize and convey strategic vision from the spectrum of development experience.
- *Managing Relationships*
 - Demonstrated well developed people management and organizational management skills;
 - Excellent negotiating and networking skills with strong partnerships in academia, technical organizations and as a recognized expert in the practice area.
- *Managing Complexity*
 - Ability to address global development issues;
 - Demonstrated substantive leadership and ability to integrate knowledge with broader strategic, policy and operational objectives.
- *Knowledge Management and Learning*
 - Ability to strongly promote and build knowledge products;
 - Promotes knowledge management in UNDP and a learning environment in the office through leadership and personal example;
 - Seeks and applies knowledge, information and best practices from within and outside of UNDP;
 - Provides constructive coaching and feedback;
 - Demonstrates a strong capacity for innovation and creativity in providing strategic policy advice and direction.
- *Judgment/Decision-Making*
 - Mature judgment and initiative;
 - Proven ability to provide strategic direction to the project implementation process;
 - Independent judgment and discretion in advising on handling major policy issues and challenges, uses diplomacy and tact to achieve result.

SCOPE OF PRICE PROPOSAL AND SCHEDULE OF PAYMENTS

All proposals must be expressed in a lump sum amount. This amount must be “all-inclusive”. Please note that the terms “all-inclusive” implies that all costs (professional fees, travel costs, living allowances, communications, consumables, etc.) that could possibly be incurred are already factored into the final amounts submitted in the proposal.

The contractor will be paid an all-inclusive Deliverables/Outputs based lump sum amounts over the assignment period, subject to the submission of Certification of Payment (CoP) duly certified and

confirmation of satisfactory performance of achieved work (deliverables/outputs) in line with the schedule of payments table hereunder:

<i>Milestone</i>	<i>Estimated Due Date</i>	<i>Payment</i>
<u>Milestone 1:</u> After successful delivery of Output 1.	30 working days following contract signature	Up to 25% of total contract amount disbursed following the satisfactory delivery of Output 1
<u>Milestone 2:</u> After successful delivery of Output 2.	20 working days following successful completion of Output 1	Up to 20% of total contract amount disbursed following the satisfactory delivery of Output 2
<u>Milestone 3:</u> After successful delivery of Output 3.	40 working days following successful completion of Output 2	Up to 30% of total contract amount disbursed following the satisfactory delivery of Output 3
<u>Milestone 4:</u> After successful delivery of Output 4.	30 working days following successful completion of Output 3	Up to 25% of total contract amount disbursed following the satisfactory delivery of Output 4