AMAN
Transparency Palestine

Study on:

Corruption Risk Management In the Operations of the Directorate General of Customs and Excise

Report No. 327

2026

AMAN
Transparency Palestine

Study on:

Corruption Risk Management In the Operations of the Directorate General of Customs and Excise

2026

The Coalition for Accountability and Integrity (AMAN) extends its appreciation to researcher Dr. Abdul Rahim Taha for preparing this Study, and to Dr. Azmi Sha'aibi and AMAN team for supervising, reviewing and editing this Study.

If case of citation, please indicate it as follows:
Coalition for Accountability and Integrity (AMAN). 2026. Corruption Risk Management in the Operations of the Directorate General of Customs and Excise Ramallah, Palestine.

This study was prepared with funding from the European Union, and the views expressed herein do not necessarily reflect the views of the European Union, which cannot be held responsible for them.

This project is funded by

EUROPEAN UNION

Table of Contents

Executive Summary:

Customs administrations play a critical role in achieving a state's economic policy objectives. In addition to serving as an instrument of fiscal policy through their contribution to public revenues, customs authorities can also be utilized as a tool of trade policy, given that customs tariffs constitute a component of import and export costs. Changes in tariff rates can directly influence the volume of a country's imports and exports. Accordingly, customs administrations perform two fundamental functions: first, the assessment and collection of customs revenues on behalf of the state treasury; and second, the protection of national borders against the smuggling of both regulated and prohibited goods.

Recognizing the strategic importance of customs operations, the Palestinian Ministry of Finance established the General Directorate of Customs and Excise as one of its essential directorates, reporting to the Commissioner General of Revenue. The Directorate's primary mandate is to administer and enforce customs laws and regulations, combat all forms of evasion and fraud affecting imports and public funds, encourage export-oriented industries and investment activities, and safeguard public revenues. As the authority responsible for collecting customs duties and excise taxes, it manages one of the most significant sources of public finance and the largest share of tax revenues.

This study aims to identify corruption risks within the operations of the Directorate General of Customs and Excise at the Ministry of Finance and Planning. It assesses these risks by measuring the likelihood of deviations in administrative decision-making alongside the potential impact of such deviations. The study further seeks to strengthen corruption risk controls through measures designed to prevent their occurrence or, at a minimum, mitigate their adverse consequences. This is approached through the development of practical and implementable interventions.

The scope of the study was limited to corruption risks associated with selected critical administrative and financial decisions undertaken by the General Directorate of Customs and Excise. These include decisions related to the registration and processing of customs declarations, as well as decisions concerning post-clearance audits conducted by the Customs Compliance Department.

The study reviewed the legislative and institutional framework governing the work of the General Directorate of Customs and Excise within the Ministry of Finance and Planning. It also examined the legal framework regulating customs activities, mapped the workflow for customs declaration registration and processing, and analyzed the workflow for post-clearance audit procedures within the Customs Compliance Department. Corruption risks were assessed across key decision points within the customs declaration process. The findings indicate that most corruption risks at these decision points are generally low in probability; however, should these risks materialize, their consequences would be significant.

The study reached several key conclusions. These include the full electronic automation of all customs declaration processing pathways within the General Directorate of Customs and Excise and the existence of a clear segregation of duties and authorities among personnel working in customs offices. At the same time, a number of structural challenges were identified, including the absence of Palestinian control over border crossings and entry points, which constrains the ability of Palestinian customs authorities to implement an independent and effective customs policy and limits their inspection and revenue collection capabilities. Additional challenges include limited field control across all governorates, particularly in Area C; outdated customs legislation that does not adequately reflect current developments and international best practices; insufficient staffing levels and capacity gaps in certain technical specializations; shortages of essential logistics and operational resources relative to workload demands; weak institutional integration and coordination between the Ministry of Finance and Planning and other relevant government entities; and the absence of an effective incentive and promotion system for customs personnel, negatively affecting motivation, performance development, and job stability.

Based on these findings, the study proposes several recommendations. The most important include updating and modernizing customs legislation in Palestine to align with both local realities and international standards; strengthening the General Directorate of Customs and Excise with an adequate number of qualified and experienced personnel; enhancing information technology systems and integrating artificial intelligence applications into customs operations; fully automating customs procedures to minimize human intervention wherever possible; establishing electronic interoperability between the General Directorate of Customs and Excise and relevant government entities; and implementing comprehensive electronic archiving of customs records and transactions to facilitate efficient retrieval for inspection and audit purposes. The study also recommends introducing periodic staff rotation within customs offices to reduce the risk of developing relationships that may give rise to actual or perceived conflicts of interest.

1. Introduction

Customs authorities play a vital role in advancing a country's economic policy objectives. Beyond their function as a key instrument of fiscal policy by generating revenue for the state treasury, they also serve as an important tool of trade policy. Customs duties form part of the cost of imported and exported goods and, as such, changes in tariff rates can influence the volume and flow of international trade. Accordingly, customs authorities perform two core functions. First, they assess and collect customs duties and other related revenues on behalf of the state treasury. Second, they safeguard the country's borders against the smuggling of goods, whether such goods are legally tradable commodities or items that are prohibited from importation, exportation, or circulation.

Considering the significant and strategic role of customs authorities, the Palestinian Ministry of Finance and Planning established the Directorate General of Customs and Excise as a key directorate within the Ministry. Reporting to the Revenue Commissioner General, the Directorate is responsible for administering and enforcing customs laws and regulations, and combating all forms of smuggling and fraud involving public revenues and funds. It also supports export-oriented industries and investment while safeguarding public revenues through the collection of customs and excise duties, which constitute a major source of government income and one of the largest contributors to tax revenues. In 2024, customs revenues reached approximately USD 4.6 billion.

Conducting studies on the management of institutional risks is one of the key functions of the Ministry of Finance and Planning (MoFP), particularly through its Directorate General of Customs and Excise. In this context, the AMAN Coalition plays a vital role in supporting the Ministry in conducting and guiding such studies to ensure meaningful and tangible results. This study aims to encourage the Ministry to develop and implement an effective action plan based on the assessment findings, thereby strengthening its institutional capacity to prevent and reduce corruption. These efforts aim to increase the trust of citizens and international donor agencies, while reinforcing integrity as a fundamental pillar of local development in Palestine.

2. Objectives of the Study:

• **Identify corruption risks in the work of the General Directorate of Customs and Excise at the Ministry of Finance and Planning** by providing a precise description of the (legal) administrative decision-making process and then envisioning opportunities for deviations from the proper course of administrative decisions.

• **Assess corruption risks** in the work of the General Directorate of Customs and Excise at the Ministry of Finance and Planning by measuring the likelihood of deviations occurring in administrative decisions, while simultaneously evaluating the level of impact produced by such deviations. The assessment shall be based on the opportunities and challenges arising from such deviations. The assessment shall be based on the opportunities and challenges surrounding the working conditions of the Directorate General of Customs and Excise.

• **Control corruption risks** by seeking to prevent their occurrence or, at a minimum, mitigate their negative effects. This shall be achieved through the design of a range of practical and implementable interventions.

This study contributes to creating an institutional work environment that is characterized by integrity and safeguarded against deviations that may arise at both the organizational and individual levels within the framework of the Directorate General of Customs and Excise at the Ministry of Finance and Planning, as one of the Ministry's key departments. This stems from the recognition that supporting national institutions in adopting transparent and accountable systems enhances the resilience of the Palestinian people and helps them confront political, economic, and social challenges in their journey toward building their independent state, with Jerusalem as its capital.

The importance of this study lies in its role as a practical tool for strengthening the integrity system and preventing corruption. It is not based on any prior assumption that corruption exists within the operations of the Directorate General of Customs and Excise at the Ministry of Finance. Rather, it follows a scientific methodology aimed at analyzing and assessing potential risks that may affect the implementation of certain procedures within the Directorate. The objective is to help address challenges and weaknesses that may exist in these procedures, protect employees from becoming involved in situations that could give rise to suspicions of corruption, and promote a culture of institutional integrity. In doing so, the study enables the General Administration of Customs and Excise to continue developing and performing its mandated role as effectively and efficiently as possible.

3. Limitations of the Study

The study is limited to the management of corruption risks associated with certain essential administrative and financial decisions that may be made by the Directorate General of Customs and Excise in the Ministry of Finance and Planning to fulfill its goals, which include mainly:

- Decisions related to the registration and regulation of the procedures of customs declarations.
- Decisions related to post-clearance audits by the Customs Compliance Department.

Accordingly, the study does not seek to:

- Investigate specific forms or incidents of corruption within the Directorate General of Customs and Excise of the Ministry of Finance and Planning.
- Assess public policies, programs, or strategies adopted by the Directorate General of Customs and Excise, except where such policies, programs, or strategies have a direct bearing on corruption prevention and the mitigation of corruption risks.
- Evaluate the overall institutional performance of the Directorate General of Customs and Excise. Rather, the study focuses on identifying, analyzing, and assessing potential corruption risks associated with selected key decisions made by the Directorate.
- Cover all decisions or procedures undertaken by the Directorate General of Customs and Excise. Given the diversity of these decisions in nature and impact, routine administrative, procedural, or internal regulatory decisions that do not have a direct financial or legal impact and do not create opportunities for corruption fall outside the scope of the assessment.
- Investigate actual cases of corruption or collect information relating to specific individuals. This limitation was clearly communicated to all interviewees and officials consulted during the study.
- Examine decisions related to vehicle customs duties or the granting of customs exemptions, as these issues have already been addressed in a recent study conducted by the Anti-Corruption Commission.

4. Methodological and Ethical Controls

The corruption risk management process aims to identify risks and determine the appropriate mechanisms for addressing them. It is an ongoing process that includes clearly defining objectives, measuring and assessing risks, designing prevention or mitigation measures, implementing those measures.

Corruption risk assessment studies, by their methodological nature, inherently involve a degree of uncertainty. The identification of corruption risks does not necessarily require conclusive evidence or confirmed indicators of actual corrupt practices. Rather, such studies are grounded in the systematic analysis and evaluation of the institutional, regulatory, and procedural environment governing the operations of the Directorate General of Customs and Excise within the Ministry of Finance. Their purpose is to identify potential weaknesses, gaps, or vulnerabilities in existing systems, procedures, and operational processes that may create opportunities for corruption or increase the likelihood of its occurrence. Accordingly, this study seeks to reduce uncertainty and enhance the reliability of its findings and the credibility of its conclusions through the application of the following methodological steps:

A. Assessment of Corruption Risks

The assessment of corruption risks affects the pathway of decisions made by applying the following steps:

• **Mapping the Decision-making Tree:** This step involves identifying the decision-making process at the Directorate General of Customs and Excise, as described above, including the authority responsible for issuing each decision and the mechanisms through which decisions are made.

• **Identifying Forms of Administrative Decision-Making Deviations:** This step requires identifying the various forms in which deviations in administrative decision-making may occur, particularly those that could indicate a risk of corrupt practices.

• **Assessing the Likelihood of Deviation:** This involves evaluating the probability that such deviations may occur. The assessment is based on an analysis of the factors and incentives that increase the likelihood of deviation, as well as an evaluation of the controls and safeguards that reduce the risk of administrative decisions being improperly influenced or distorted.

It should be noted that the drivers that influence deviations in decision-making may be social, political, economic, or financial in nature, or may relate to the nature of the work itself and the applicable organizational procedures. Conversely, the controls and safeguards that help prevent deviations in decision-making may include the Directorate General of Customs and Excise's overall anti-corruption policy; the internal checks and balances established within the Directorate General of Customs and Excise; policies governing disclosure and access to information; internal procedures and operational processes; oversight and accountability mechanisms; the enforcement of laws and regulations; the application of effective and dissuasive sanctions; and other relevant preventive measures.

B. Assessing the Impact of Deviation

After identifying the likelihood of such deviations occurring, the potential impact of those deviations must be assessed. This includes analyzing their adverse financial consequences for both the state and citizens, as well as the damage that corruption may cause to the reputation of the Ministry of

Finance, particularly the Directorate General of Customs and Excise, and to public confidence in the institution. It also includes consideration of the extent to which corruption may result in the erosion of citizens' rights or the violation of their individual freedoms.

The adverse impact may also affect the efficiency and effectiveness of the Directorate General of Customs and Excise, the quality of the services it provides, and the principles of competitiveness and equitable treatment of beneficiaries of its services. Furthermore, deviations in administrative decision-making may have broader implications for state sovereignty or the environment in Palestine. Assessing these impacts helps inform decisions regarding the oversight, control, and corrective measures required to address and mitigate identified risks.

The likelihood of deviation and its implications are expressed according to the following indicator

Very low	Low	Medium	High	Very high

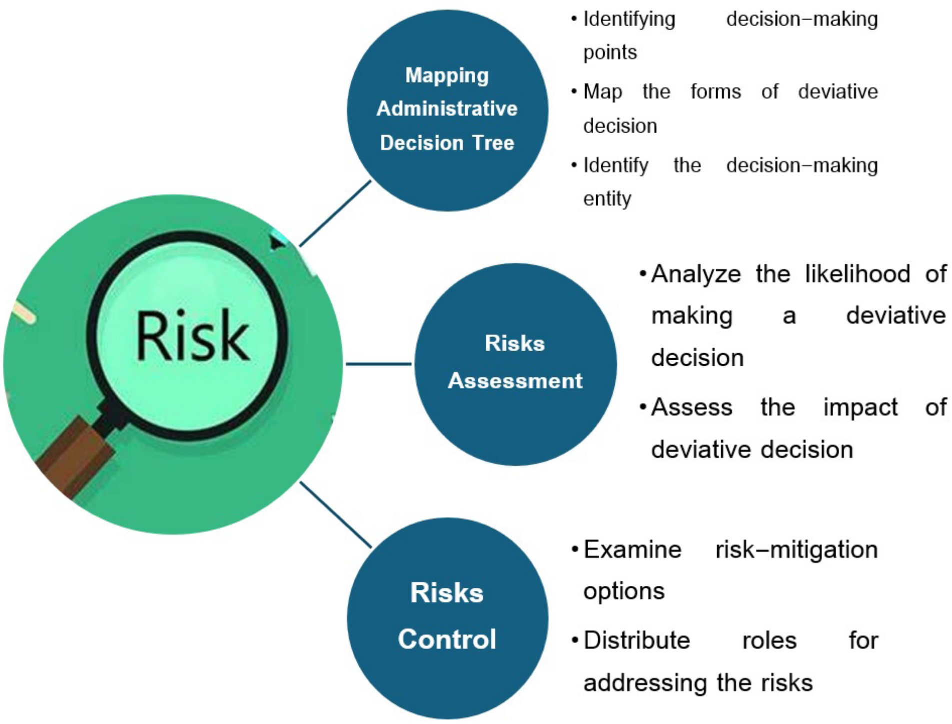
C. Controlling Corruption Risks:

The second step follows the completion of the corruption risk assessment and the evaluation of its potential consequences within the Directorate General of Customs and Excise. Its purpose is to prevent the occurrence of corrupt practices and/or mitigate their adverse effects. In this context, the researcher puts forward a set of recommendations centered on two main ideas:

- **Reducing the benefits that a corrupt individual may obtain by deviating from a proper administrative decision.**
- **Increasing the risks that a corrupt individual will face when engaging in acts of corruption.**

The following Figure (1) illustrates the steps followed in this study for assessing corruption risks and implementing measures to control them:

Figure (1): Steps for Assessing and Managing Corruption Risks



Methodologically, this study employs a range of scientific approaches and research methods commonly recognized in the field of social sciences. The analytical approach, encompassing both its inductive and deductive components, constitutes the principal methodology and is the most extensively used throughout the study. The descriptive approach is also utilized to describe the decision-making processes related to the work of the Directorate General of Customs and Excise within the Ministry of Finance. In addition, the study adopts a comparative approach, particularly in examining interventions that could be implemented to reduce opportunities for corruption and/or mitigate its adverse effects should corruption occur within the operations of the Directorate General of Customs and Excise.

The study draws on a variety of information sources, including a review of relevant literature, documents, legislation, strategies, studies, and reports. It also relies on the Guideline for Managing Corruption Risks in Palestinian Public Sector Institutions (2020) and the Toolkit for Assessing Corruption Risk Management in the Palestinian Public Sector (2020). In addition, interviews were conducted with stakeholders involved in the decisions selected for analysis in the study, and a workshop was held to discuss the first draft of the study with relevant stakeholders in order to enrich and strengthen the findings.

5. Study Concepts:

There are several concepts related to corruption risks that are addressed in this study and require clarification in order to eliminate any ambiguity or misunderstanding whenever they appear throughout the study. These concepts are as follows:

- **Corruption:**

Legislative approaches adopted by countries in defining corruption have varied considerably. While some countries have chosen to include a specific definition of corruption in their criminal laws, others have adopted a different approach by enumerating the criminal acts that constitute corruption offenses rather than providing a precise definition of corruption itself. This is the same legislative approach adopted by the Palestinian legislator in its criminal policy. The Palestinian Anti-Corruption Law No. (1) of 2005[1], as amended, identifies thirteen forms of corruption, namely: bribery as defined in the applicable penal laws; embezzlement as defined in the applicable penal laws; forgery and counterfeiting as defined in the applicable penal laws; abuse of office as defined in the applicable penal laws; breach of trust as defined in the applicable penal laws; negligence in the performance of official duties as defined in the applicable penal laws; money laundering arising from corruption offenses as defined in the applicable Anti-Money Laundering and Counter-Terrorism Financing Law; illicit enrichment; trading in influence; abuse of authority; acceptance of favoritism, nepotism, or mediation that nullifies a right or validates a wrongful act; and failure to declare or disclose investments, assets, or benefits that give rise to a conflict of interest where disclosure is required by law or regulation, and where such failure results in a direct or indirect personal benefit to the person withholding the information.

For the purposes of this study, a specific definition of corruption within the work of the Directorate General of Customs and Excise has been adopted. An act is considered corrupt if it involves the abuse of entrusted public authority for the purpose of achieving personal objectives. It should be noted that this definition is also consistent with the definition of corruption adopted by Transparency International. Furthermore, all forms of corruption identified under Palestinian national legislation share two common elements: the misuse of authority in violation of the law and the pursuit of personal gain (whether material or non-material) by the perpetrator of the corrupt act.

Accordingly, this study is limited to identifying and analyzing those improper administrative decisions that fall within the above definition of corruption. As a result, acts that merely constitute maladministration, or actions that do not involve an intention to obtain personal benefit, fall outside the scope of this study.

1 Article (1) of the Anti-Corruption Law No. (1) of 2005, as amended.

- **Corruption Risks:**

A set of procedures that involves identifying and analyzing risks associated with the occurrence of corruption within an institution or during the decision-making process, and assessing those risks in order to address them through the design of interventions and recommendations aimed at preventing corruption or mitigating its effects[2].

- **Deviated Administrative Decision:**

A decision that is made contrary to the public interest, deviates from the objective originally intended by the decision, and results in a distorted outcome[3].

- **Decision Points:**

All critical junctures at which a deviated decision resulting from a corrupt act may occur[4].

---

2 OECD.2020, OECD Public Integrity Handbook, OECD Publishing
3 UNDP. 2018. Conceptual Framework: Risk Assessment At Sectoral Level, P. 25
4 Ibid, p. 27

6. Legislative and Institutional Framework of the Operations of the Directorate General of Customs at Excise within the Ministry of Finance and Planning

6.1 Legislative Framework of the Directorate General of Customs and Excise

Based on Presidential Decree No. (1) of 1994 concerning the continued application of laws and regulations that were in force prior to June 5, 1967, the Directorate General of Customs and Excise carries out its functions in accordance with a number of inherited laws as well as legislation enacted during the Palestinian National Authority era, as follows:

- **Customs Law of 1929 and its Amendments:**
The application of this law is limited to the southern governorates. The law contains several chapters addressing a range of matters, including: customs administration; customs control, inspection of goods, and customs declarations; imports and prohibited or restricted goods; storage of goods in customs-licensed warehouses; exports and prohibited or restricted exports; customs duties and their calculation; customs duty refunds and temporary importation of goods; coastal trade; customs brokers; the powers of customs officers; confiscation and penalties; and the adjudication of customs cases.

- **Customs and Excise Law No. (1) of 1962:**
The application of this law is limited to the northern governorates. The law governs legal provisions relating to: customs duties; the transportation of goods by various means of transport, including land, air, sea, and rail; customs declarations; invoices and consignments; inspection of goods; customs zones and customs warehouses; domestic and international transit procedures; customs exemptions of various types; customs clearance of goods; free zones; customs evasion; customs courts; and penalties for violations of the law.

- **Investment Promotion Law No. (1) of 1998 and its Amendments:**
This law regulates the incentives granted to investors. Among these incentives are customs exemptions provided to specific investment projects as stipulated in Article (22) of the Law, as well as customs exemptions granted on certain categories of goods imported by specified entities, such as hotels and hospitals, as provided for in Article (35) of the Law.

- **Decree-Law No. (2) of 2016 Concerning the Customs Police:**
Under Article (2) of this Decree-Law, the Ministry of Finance and Planning serves as the technical and operational reference authority for the Customs Police.

- **Decree-Law No. (23) of 2018 Amending the Customs Law of 1929 and its Amendments and the Customs and Excise Law No. (1) of 1962 and its Amendments:**
The amendments introduced by this Decree-Law focus on two main areas: first, strengthening the penalties provided under both laws in order to enhance their deterrent effect; and second, establishing a Court of First Instance for Customs Cases, a Customs Court of Appeal, and a specialized prosecution office for customs-related offenses.

• Ministry of Finance Instructions No. (1) of 2011 on the Issuance of Customs Declarations and the Regulation of Direct Trader Input (DTI) into the Computerized Customs Procedures System (Tawasol):

These Instructions regulate the procedures that importers must follow in order to use the Tawasol system, the circumstances under which applications may be accepted or rejected by the Directorate General of Customs and Excise, importers' obligations with respect to customs declarations, and the classification, approval, and printing of customs declarations.

• The Paris Economic Protocol:

The Israeli occupation of the West Bank and Gaza Strip in 1967 played a significant role in shaping the customs system in the Palestinian territories. The territories were incorporated into a compulsory customs union with Israel. One of the principal features of this arrangement was that the customs tariff applied to imports into the occupied territories mirrored the tariff applied in Israel. However, Palestinian goods were not allowed to move freely either into Israel or to external markets[5]. Following the signing of the Paris Economic Protocol in 1994, this situation underwent a limited change, and the Palestinian-Israeli trade regime could thereafter be described as a hybrid of a customs union and a free trade area. Articles (2) through (18) of the Protocol regulate the customs arrangements between the Palestinian National Authority and Israel with respect to goods imported into the Palestinian territories through border crossings that remain entirely under Israeli control.

• Other Legislation:

In addition to the legislation outlined above, the legal framework includes the Tobacco Law No. (32) of 1952 and its amendments, and the amending Decree-Law No. (24) of 2018; the Intoxicating Liquors (Alcohol) Law No. (15) of 1953; and the Excise Tax on Domestic Products Law No. (16) of 1963, together with its amendments and the regulations issued pursuant thereto in 1985 and their amendments. The framework also includes a number of military orders.

6.2 Institutional Framework of the Directorate General of Customs and Excise:

In 1994, the Directorate General of Customs and Excise was established within the Palestinian Ministry of Finance and entrusted with the responsibility for regulating and collecting customs duties and excise taxes. Under the proposed organizational structure of the Ministry of Finance and Planning, the Directorate General of Customs and Excise reports to the Commissioner General of Revenue. However, under the organizational structure that has been in effect since 2007, it reports to the Director General of Customs, Excise, and Value Added Tax. The Directorate General of Customs and Excise comprises a number of departments and divisions, including: the Customs Tariff Department, Customs Valuation Department, Risk Management Department, Tobacco and Excise Department, Customs Exemptions Department, Customs Compliance Department, Rules of Origin Department, Vehicle Customs Department, Tawasol Department, and the Regional Offices. The Directorate General of Customs and Excise employs 153 staff members, distributed between the Ministry's headquarters and customs offices located throughout the northern governorates[6].

The Directorate General of Customs and Excise is considered one of the key directorates within the Ministry of Finance and Planning due to its significant and effective role in managing customs affairs. It represents an expression of sovereignty, a major source of public revenue, an instrument of fiscal policy, and a mechanism for implementing the trade and economic policies of the Palestinian National Authority.

---

5 Abu Salah, Hussein. 2013. Ibid. P. 2

6 Interview with Ms. Fahmiah Hajji, Director General of Customs and Excise, Ministry of Finance and Planning, on 2/5/2026

The Directorate General's vision is to become a more distinguished and modern customs administration that provides the highest quality services to all stakeholders. Its mission is to deliver distinguished tax and customs services that support inclusive growth and are aligned with local and international developments.

The Directorate General of Customs and Excise seeks to achieve the following objectives[7]:

- Encouraging investment and enhancing the competitiveness of industry in order to improve the efficiency of the national economy.
- Providing revenue to the public treasury of the Palestinian National Authority.
- Facilitating trade and commercial exchange between the Palestinian National Authority and other countries.
- Monitoring travelers, goods, and means of transport crossing the borders of the Palestinian National Authority, in accordance with the powers granted under applicable legislation.
- Protecting the national economy through combating smuggling in all its forms.
- Contributing to the protection of society and the environment from hazardous materials, in cooperation with all relevant authorities, particularly the Customs Police and the Police.
- Contributing to the monitoring of commercial activities in order to prevent unlawful practices, in accordance with applicable legislation.

For the purpose of achieving the above objectives, the Directorate General of Customs and Excise exercises a range of powers granted to it by law, including[8]

- Issuing Palestinian customs declarations following the completion of the necessary amendments and adjustments.
- Processing the customs clearance of new and used vehicles and collecting the duties and taxes due on them.
- Issuing EUR.1 certificates of origin for goods exported to Europe and Turkey.
- Managing and monitoring export and re-export declarations.
- Regulating and supervising the domestic tobacco sector, including the collection of duties on locally produced tobacco products and the licensing of tobacco and cigarette manufacturing facilities.
- Conducting customs oversight and control of travelers at the Karameh Border Crossing.
- Combating tax and customs evasion and smuggling, preparing customs evasion cases, and following up on all related legal and administrative procedures.
- Coordinating the entry of international grants and aid, and implementing all customs duty and fee exemptions.

7 Jarrar, Dh (Dhiyab), Dr., (2014, March). The Impact of Implementing the Computerized Customs Procedures Automation System on Palestinian Customs Performance. Journal of Financial Banking Research, (Issue 1), (P. 13). Palestinian Banking Institute.
8 Interview with Ms. Fahmiah Hajji, ibid.

7. Workflow Chart of the Directorate General of Customs and Excise

The Directorate General of Customs and Excise exercises numerous powers granted to it under the applicable legislation and, in the course of exercising those powers, makes a wide range of decisions. Each of these decisions passes through several procedural stages. However, such decisions, together with the procedures they entail, may be exposed to corruption risks arising from maladministration, abuse of authority, or the absence of adequate controls and safeguards. These risks can undermine the integrity and effectiveness of the Directorate General of Customs and Excise, erode the confidence of stakeholders and service users, and negatively affect public revenues and the public treasury.

Accordingly, managing corruption risks in this context requires the adoption of a comprehensive and systematic approach based on effective preventive and oversight tools aimed at the early identification of vulnerabilities and the reduction of opportunities for administrative and financial misconduct. Effective corruption risk management also requires promoting a culture of integrity within the Directorate General of Customs and Excise and strengthening robust internal and external oversight mechanisms that are aligned with best practices in governance and transparency and that enhance accountability at all levels.

This section focuses on examining and analyzing the most significant corruption risks that may affect selected areas of the Directorate General of Customs and Excise's operations, assessing potential weaknesses, and proposing the preventive and oversight measures necessary to mitigate such risks. The ultimate objective is to foster a more transparent and integrity-driven institutional environment and to ensure the sustainability of the vital and important role of the Directorate General of Customs and Excise.

7.1 Flowchart of procedures for customs declaration registration and regulation

In accordance with Articles (16, 27, 28, 29, 30, and 31) of the Customs and Excise Law No. (1) of 1962, and the provisions of the Ministry of Finance Instructions No. (1) of 2011 on the Issuance of Customs Declarations, the process for registering and processing customs declarations is carried out as follows[9]:

1. Due to the absence of Palestinian control over border crossings, the Israeli authorities are responsible for preparing customs declarations for goods imported by Palestinian traders based on the documents accompanying the imported goods (commercial invoice, certificate of origin, packing list, and bill of lading). The Israeli authorities electronically transfer these customs declarations to the Palestinian authorities approximately every 24 hours. The electronic version of the customs declaration transferred by the Israeli side cannot be amended, supplemented, deleted, or canceled.

2. The importer, or a person authorized by the importer, submits a declaration file to the regional customs offices, containing a number of documents, including: the Israeli customs declaration under which the goods were imported; commercial invoices relating to the imported goods together with their certificates of origin; the packing list; the bill of lading relating to the import transaction; copies of import licenses; and technical approvals issued by the competent ministries where required.

9 Interview with Mr. Esmat Sawalha, Director of Ramallah Customs District Office, 14/4/2026

This file must be submitted within 45 days from the date the goods are cleared through border crossings and entry points. The importer is required to retain all documents and records relating to commercial transactions for a minimum period of five years. The purpose of submitting these documents to the customs offices is to replace the Israeli customs declaration with a Palestinian customs declaration for submission to the Value Added Tax Directorate, as Israeli customs declarations are not accepted for VAT purposes and must therefore be replaced by Palestinian customs declarations.

3. A customs officer receives the file and conducts a preliminary review of the submitted documents, verifying their consistency with the Israeli customs declaration received electronically by the Palestinian side. The customs officer then registers the corresponding Palestinian customs declaration in the Tawasol system, assigns it a serial number, and records it electronically without printing it.

4. Once the Palestinian customs declaration has been registered in the Tawasol system, it is electronically classified into one of three channels, represented by three colors:

- **Red Channel:** Indicates that the customs declaration requires examination, detailed review, and verification. Declarations assigned to this channel fall outside the jurisdiction of the customs offices and are transferred to the Customs Compliance Department for examination, review, and assessment.
- **Green Channel:** Indicates preliminary acceptance of the declared value, subject to limited review.
- **Yellow Channel:** Indicates that the customs declaration requires re-examination, review, and valuation, but with a greater degree of scrutiny than declarations assigned to the Green Channel.

5. The classification of customs declarations into the three channels (Red, Yellow, and Green) is carried out electronically rather than manually by the customs electronic system. The electronic classification process is based on the Value Reference Standard, ministerial decisions, or specific commodity classifications. This standard is developed by the Risk Management Department in cooperation with the Valuation Department and the Tariff Department for the purpose of establishing benchmark values used in examinations and assessments to ensure the determination of fair, accurate, and acceptable customs values for customs clearance purposes[10]. The standard covers all imported goods falling within its scope and is periodically reviewed by the Risk Management Department in light of fluctuations in market values and prices. The Department continuously updates the standard and monitors customs offices to ensure compliance with the applicable reference standards during their operations[11].

6. After verification and assignment of Palestinian customs declaration numbers, all declarations are submitted to the Customs Office Director. Where a declaration has been classified as Green or Yellow, the Customs Office Director redistributes such declarations to customs officers for examination and valuation. Declarations assigned to the Red Channel are generally selected in advance through coordination between the Risk Management Department and the Customs Compliance Department, whereby high-risk importers or commodities are designated for the Red Channel and automatically referred to the Customs Compliance Department.

7. The customs officer (valuer) reviews the customs declaration and its supporting documents and verifies whether the declared values and prices of the imported goods are consistent with the Value Reference Standard. Upon completion of the review, the valuer prepares a report for each

---

10 Written interview with Ms. Alaa Adwan, Director of the Value Added Tax Department, Directorate General of Customs and Excise, 27/4/2026

11 Interview with Ms. Aysheh Shehadeh, Director of the Risks Department, Directorate General of Customs and Excise. 16/4/2026

customs declaration indicating the extent to which the declaration complies with or deviates from the Value Reference Standard. The report also identifies any value differences and specifies any additional amounts payable by the importer, where applicable.

8. The valuer submits the customs declaration, its supporting documents, and the completed report to the Customs Office Director for review and approval. The Director may either approve the report or provide comments and observations. In practice, the position of the Customs Office Director generally aligns with that of the valuer, since their authority to review and revalue customs declarations is based on the electronically automated Value Reference Standard incorporated into the customs system. Consequently, significant departures by the valuer from the Value Reference Standard are very rare.

9. The Customs Office Director returns the customs declaration, supporting documents, and the related report to the valuer who conducted the review in order to complete the procedures with the importing trader. If the valuer's report indicates that additional amounts are payable, the importer is notified of the difference. At this stage, the importer may take one of two positions:

- Approval of the Valuation Report: The importer accepts the valuation report and acknowledges the additional amounts resulting from the reassessment. The valuer then informs the Customs Office Director of the importer's acceptance of the revaluation. The valuer issues a payment receipt for the outstanding amount to be deposited into the Ministry of Finance's bank account. Once the importer deposits the amount, the payment appears electronically in the system. The Customs Office Director then authorizes the customs declaration, either personally or through the same valuer who conducted the valuation and moved it to the green channel, before entrusting another customs office employee to print the declaration.

- Objection to the Valuation Report: The importer submits an objection using a designated objection form available at the customs office. The customs office reviews the objection and may request supporting evidence from the importer, such as bank transfer records or other documentation demonstrating the validity of the objection. The customs office may also decide to conduct a field visit to the importer's premises through a committee composed of at least two customs office employees in order to inspect the goods, warehouses, and accounting records. If the customs office becomes satisfied that the objection is justified, the Palestinian customs declaration is printed and delivered to the importer. If the customs office rejects the objection, the importer is formally notified of the rejection. At that point, the importer may either accept the customs office's assessment and pay the amount resulting from the revaluation, after which the customs declaration is printed and delivered, or continue to challenge the assessment. If the importer maintains the objection and remains unconvinced by the customs office's decision, the customs office refers the objection to another department within the Directorate General of Customs and Excise, namely the Valuation Department, for a final determination.

10. Following payment of any amount resulting from the revaluation, the customs declaration and its supporting documents are transferred to another employee within the customs office for the printing and issuance of the Palestinian customs declaration. The printing officer cannot print the customs declaration unless its classification has been changed from Yellow to Green. Accordingly, if the classification has not been changed from Yellow to Green by either the Customs Office Director or the valuer, the printing officer must refer the matter back to them in order to obtain the reclassification. Once the classification has been changed, the printing officer prints the Palestinian customs declaration and delivers it to the importer or the importer's authorized representative.

It should be noted that, pursuant to Ministry of Finance Instructions No. (1) of 2011 concerning the issuance of customs declarations and the regulation of Direct Trader Input (DTI) within the computerized customs procedures system, the Directorate General of Customs and Excise has, on a pilot basis, granted certain large companies and selected auditing firms authorization to enter customs declaration data and supporting documentation directly into the system and to print Palestinian customs declarations themselves where the declarations have been classified within the Green Channel. In such cases, there is no need to visit customs offices. However, where a declaration is classified within the Yellow Channel, the declaration must first undergo the necessary procedures, as described above, to change its classification from Yellow to Green before the Palestinian customs declaration may be printed[12].

7.2 Workflow Map for Post-Clearance Audit Procedures within the Customs Compliance Department

The Customs Compliance Department within the Directorate General of Customs and Excise is responsible for conducting post-clearance audits of customs declarations. Customs compliance refers to determining the extent to which importers comply with customs laws, regulations, and instructions, and verifying the accuracy of declarations and their consistency with the information declared by the importer, to reduce customs evasion.

The Customs Compliance Department conducts post-clearance audits through one of the following methods[13]:

a. Sector-Based Audits: At the beginning of each year, the Department develops an audit plan identifying the sector or sectors that will be subject to audit during that year for purposes of reviewing the customs declarations associated with those sectors. The sectors targeted for audit are selected based on several criteria, including the volume of imports within the sector, the level of consumer demand, the degree of risk associated with the sector, and the country of origin of the imported goods.

b. Audits Based on Specific Information Relating to an Importer: The Department may conduct audits of customs declarations where it receives specific information concerning the trader associated with those declarations. Such cases may include situations where undervalued invoices belonging to a trader have been detected, where goods belonging to a trader have been seized by the Customs Police without supporting invoices, or where the Department develops concerns regarding specific invoices submitted by a particular trader. In such circumstances, the customs declarations submitted by that trader are subjected to post-clearance audit.

c. Audits of Customs Declarations Commonly Assigned to the Yellow Channel:
In many cases, audits are conducted on customs declarations that are initially assigned to the Yellow Channel. In such instances, coordination takes place between the customs offices and the Customs Compliance Department to reclassify those declarations into the Red Channel, where they become subject to post-clearance audit procedures.

d. Auditing customs declarations classified as red channel declarations whose review authority exceeds the powers of the Customs Offices. A customs declaration may be assigned in red classifications for different reasons:

---

12 Interview with Ms. Aysheh Shehadh, Director of the Risks Department, Directorate General of Customs and Excise. 16/4/2026
13 Interview with Ms. Nora Al-Lulu, Director of Customs Compliance Department, Directorate General of Customs and Excise. 14/4/2026

1) the declared value being significantly lower than the indicative value standard adopted by the Directorate General of Customs. 2) The declarant has a prior history of manipulating customs declarations. 3) The customs declaration contains multiple categories of goods. 4) The imported goods covered by the declaration originate from several countries. All customs declarations intended for clearance through the red channel are referred to the red channel through prior request and coordination between the Customs Compliance Department and the Risk Management Directorate. These declarations are then audited either by the Customs Compliance Department itself or through one of the three customs centers distributed across the northern, central, and southern areas of the West Bank, all of which operate under the supervision of the Customs Compliance Department.

The post-clearance audit process for customs declarations passes through several stages, as follows:

1. Preparatory Stage:
During this stage, information about the importer is collected from various sources, including the customs electronic system (Tawasol) to identify the importer's goods, specifications, country of origin, and declared values; the importer's bank transfer records; the importer's file with the Value Added Tax Department; the importer's documents and financial statements filed with the Income Tax Department; records held by the Ministry of National Economy; the internet; social media platforms; and other relevant sources.

2. Field Visit Stage:
After collecting information on the importer, the Customs Compliance Department determines whether a field visit is necessary. In most cases, a field visit is conducted to inspect the company's premises, warehouses, goods, accounting system, inventory records, and any documents and records related to import operations. For this purpose, an inspection and audit memorandum is prepared and signed by the Department Director. A committee consisting of two to four employees from the Department is then formed to conduct the field visit. At the conclusion of the visit, a written report documenting the findings is prepared, signed by all members of the committee, and submitted to the Director of the Customs Compliance Department.

3. Audit and Examination Stage:
The audit and examination may be conducted either directly by the Customs Compliance Department or through one of its three affiliated customs centers. During this stage, the accuracy of the importer's declared customs value and tariff classification is reviewed against the nature of the imported goods, and any potential customs evasion is assessed. If the value declared in the customs declaration is consistent with both the Value Reference Standard and the importer's financial transfer records, no further action is required. However, if customs evasion is identified, whether through undervaluation of the customs declaration or manipulation of tariff classification, the importer is issued a financial assessment for the resulting differences and is granted a period of two weeks either to pay the assessed amount or to file an objection.

4. Objection to the Financial Assessment:
If the importer objects to the financial assessment, the objection must be submitted on a designated form to the Customs Compliance Department and accompanied by all supporting documentation. The Department reviews the objection in light of the evidence submitted to establish its validity. If the Department is satisfied with the supporting evidence, the objection is accepted and the resulting financial differences are canceled. However, if the Department is not convinced of the validity of the objection based on the information available to it, and the importer maintains the objection, the importer's file is referred to the Ministry's Legal Department as a preliminary step toward transferring the case to the Public Prosecution and the courts for investigation and prosecution on charges of customs evasion[14].

---

14 , Directorate General of Customs and Excise. The Procedural Manual of Customs and Excise of 2013. P. 9

8. Assessment of Corruption Risks in the Work of the Directorate General of Customs and Excise

Assessing corruption risks within the Directorate General of Customs and Excise constitutes a key step in strengthening institutional governance. This assessment focuses on two categories of procedures, namely: the procedures for registering and processing customs declarations at customs offices, and the post-clearance audit procedures carried out by the Customs Compliance Department, as follows:

8.1 Assessment of Corruption Risks in Customs Declaration Registration and Processing Procedures

A thorough assessment of corruption risks in customs declaration registration and processing requires identifying potential forms and manifestations of deviations in administrative decisions made during these procedures, based on the workflow map of the relevant decision-making processes. This is followed by an analysis of the likelihood of the anticipated deviation occurring on the one hand, and the potential adverse consequences of such deviation if it were to occur on the other.

1. Decision Point: Registration of the Customs Declaration

A deviation at the customs declaration registration may primarily stem from data manipulation, specifically regarding the misclassification of goods or the falsification of declared values. Such manipulation could involve understating the value of imported goods, reducing the quantity of items declared, or changing their classification in order to exempt the importer from paying the customs duties due, in exchange for a financial benefit received from the importer.

The study considers the likelihood of such a deviation to be very low, bordering on non-existent, because the customs declaration is transferred electronically from the Israeli authorities to the Palestinian authorities, and the information contained therein cannot be altered or manipulated due to its automated nature. The customs officer responsible for processing the declaration does not manually enter the data; rather, the officer's role is limited to verifying that the documents submitted by the importer correspond to the electronically transmitted information contained in the customs declaration received from the Israeli side, and assigning the corresponding Palestinian customs declaration number.

Very low	**Low**	**Medium**	**High**	**Very high**

As for the impact of such a deviation, should it occur, it would be very high due to its adverse effects on the integrity, governance, and institutional reputation of the Directorate General of Customs and Excise. It would also undermine the confidence of traders and importers in the Directorate, create an environment conducive to corruption and the misuse of public resources, and result in the loss of public revenues by depriving the Treasury of funds that are legally due and collectible under applicable laws and regulations.

Very low	**Low**	**Medium**	**High**	**Very high**

2. Decision Point: Classification of the Customs Declaration (Red, Yellow, Green)

A deviation at the customs declaration classification stage may occur through manipulation of the classification process by assigning a declaration to the Green Channel, which is subject to only limited examination and review, instead of assigning it to the Yellow or Red Channels, which require significantly more thorough and detailed scrutiny. Such manipulation could occur through influence or pressure exerted on a customs officer to alter the classification, or through the payment of a bribe or the provision of another benefit to the customs officer in exchange for manipulating the classification of the customs declaration.

The study considers the likelihood of such a deviation to be very low, as the classification of customs declarations into the Green, Yellow, and Red Channels is not performed manually by customs officers. Rather, the customs declaration is classified through the electronic system used by the Directorate General of Customs and Excise. The system relies on the Value Reference Standard, which is developed by another department within the Directorate General of Customs and Excise, namely the Risk Management Department, based on information provided by the Valuation Department, rather than by the customs offices themselves. This standard is automated within the customs electronic system and is subject to periodic review to reflect fluctuations in the market prices of goods, whether upward or downward.

Very low	**Low**	**Medium**	**High**	**Very high**

Regarding the impact of such a deviation, should it occur, it would be high, as it could lead to the deliberate loss of public revenues by creating significant opportunities for customs evasion. It would also undermine the confidence of traders and importers in the Directorate General of Customs and Excise, damage its institutional reputation, and compromise the principle of fair competition. This is because only certain importers would be subject to re-examination and revaluation of their customs declarations, resulting in additional financial assessments, while others would be improperly exempted from such scrutiny and the corresponding financial obligations.

Very low	**Low**	**Medium**	**High**	**Very high**

3. Decision Point: Re-examination and Review of the Customs Declaration

A deviation at this stage may occur if the customs office intake officer fails to subject a customs declaration to examination and review, regardless of the classification assigned to the declaration (Red, Yellow, or Green). Such a deviation may result from undue influence or pressure exerted on the officer, the payment of a bribe or other benefit in exchange for bypassing the review process, or the officer’s lack of knowledge or insufficient competence.

The study considers the likelihood of such a deviation to be very low, as the authority of the intake officer is limited to verifying that the documents submitted by the importer correspond to the customs declaration received electronically from the Israeli authorities. The officer does not exercise all powers relating to the customs declaration, as there is a clear separation of duties. Following the verification process, the intake officer is required to forward all verified customs declarations, regardless of their electronic classification (Yellow or Green), to the Customs Office Director. The Director then reviews the customs declaration in light of the supporting documents and distributes the declarations to customs officers (valuers) for examination, review, and revaluation where there is a clear discrepancy between the declared value and the Value Reference Standard applied by the Directorate General of Customs and Excise.

In addition, customs declarations classified as Red fall outside the authority of the customs office for examination and valuation purposes. Customs offices are required to refer all Red Channel declarations to the Customs Compliance Department for examination, review, and revaluation, in coordination and cooperation with the Ministry's Risk Management Department.

Very low	Low	Medium	High	Very high

Should this deviation occur, it would have a high impact due to its adverse effects on the integrity framework, governance standards, and institutional reputation of the Directorate General of Customs and Excise. It would also undermine the confidence of traders and importers in the Directorate and foster an environment conducive to various forms of corruption. In addition, it could result in the loss of public revenues by depriving the public treasury of funds that are legally due under the applicable laws and regulations.

Very low	Low	Medium	High	Very high

4. Customs Declaration's Revaluation and Audit Decision Point

The deviation may occur when the customs officer (valuator) responsible for verifying and auditing a customs declaration fails to conduct the revaluation and audit diligently. This may take the form of an overly lenient assessment that exempts the importer from paying the appropriate fiscal dues, or an excessively strict revaluation that imposes unjustified fiscal differences inconsistent with the value declared by the importer. Such deviations may also arise when the officer disregards applicable rules, lacks the competence required to perform the audit effectively, or is subjected to external influence aimed at affecting the outcome of the assessment through wasta, nepotism, favoritism, or bribery.

The study considers the likelihood of this deviation to be low because the authority granted to the officer during the inspection and valuation process is not absolute. Rather, the officer exercises discretionary authority within specific controls, including the obligation to take into account the indicative value benchmark when conducting the inspection and revaluation. In addition, the officer responsible for the inspection and valuation may consult another officer when ambiguities arise during the assessment process. Furthermore, the officer conducting the inspection and valuation is ultimately required to prepare a report detailing the results of the inspection and revaluation. This report is then submitted to the Director of the Customs Office together with the customs declaration and its supporting documents. The Director reviews the report and either approves it if it is deemed accurate or returns it to the officer for correction of any observations or deficiencies identified during the review. Moreover, if the Risk Management Department of the Directorate General of Customs and Excise observes undue leniency in valuation reports or detects unusually low values in certain customs declarations, it may request that the file or customs declaration be referred to the Customs Compliance Department for further review and re-audit[15].

Very low	Low	Medium	High	Very high

15 Interview with Ms. Aysheh Shehadeh, Director of The Risks Department, Directorate General Fo Customs and Excise. 16/4/2026

Should such a deviation occur, it would have serious consequences (very high impact) as it could create opportunities for customs evasion and result in the deliberate loss of public funds. It would also undermine traders' and importers' confidence in the Directorate General of Customs and Excise, damage its institutional reputation, and compromise the principle of fair competition. This could occur through the selective application of customs procedures. Under such an approach, some customs declarations would be subjected to re-examination and re-evaluation, resulting in additional financial assessments for certain importers. Meanwhile, other importers in comparable circumstances would not be subject to the same procedures or corresponding financial obligations.

Very low	Low	Medium	High	Very high

5. Customs Declaration Printing Decision Point

Such a deviation may occur when the customs officer responsible for processing the customs declaration prints and clears a Palestinian customs declaration even though it has been classified under the yellow channel. This may happen if the officer is not aware of the applicable rules and procedures, lacks the necessary competence to perform the task properly, is subjected to external pressure or influence, or receives an improper benefit in exchange for acting in this manner.

The study considers the likelihood of such a deviation to be low for several reasons, most notably the segregation of duties among the officers involved in the customs clearance process. The officer responsible for entering and matching the customs declaration is different from the officer who conducts the re-examination and revaluation, and both are separate from the officer responsible for printing the declaration. In addition, the officer responsible for printing the declaration cannot do so unless the declaration's classification is changed from the yellow channel to the green channel. The authority to amend the channel classification rests with the Director of the Customs Office or another duly authorized officer delegated to perform this function. Furthermore, clearance can only proceed where no financial differences have been identified, or where any financial differences resulting from the revaluation process have been paid by the importer into the Single Treasury Account and the payment has been duly recorded in the Customs Office electronic system. These control measures significantly reduce the likelihood of unauthorized clearance and provide multiple layers of oversight throughout the process.

Very low	Low	Medium	High	Very high

Should this deviation occur, its impact would be very high, owing to its significant adverse effects on the integrity, governance, and institutional reputation of the Directorate General of Customs and Excise. It would undermine the confidence of traders and importers in the institution, create an enabling environment for various forms of corruption, and lead to the loss of public revenue by depriving the State Treasury of funds that it is legally entitled to collect. Such a deviation would also weaken accountability mechanisms and erode public trust in the fairness and transparency of customs procedures.

Very low	Low	Medium	High	Very high

8.2 Corruption Risk Assessment of Audit Procedures within the Customs Compliance Department

1. Decision Point: Selection of a Specific Sector for Post-Clearance Audit

Potential deviation may occur through the exclusion of a particular sector from audit activities, thereby avoiding the post-clearance audit of customs declarations related to that sector. Conversely, deviation may also arise through an excessive focus on a particular sector by subjecting its customs declarations to repeated audits. Such actions may result from external pressures or influences, the pursuit of personal benefits or undue advantages, or the existence of wasta, favoritism, patronage, or preferential treatment in decisions regarding the inclusion or exclusion of a sector from audit activities.

The study considers the likelihood of this deviation to be very low, primarily because the selection of sectors for audit is based on an annual audit plan developed by the Customs Compliance Department with the participation of all its staff and, as well as in coordination with the Risk Management Directorate. The selection process is therefore not determined by a single employee. Furthermore, sectors are not selected randomly; rather, they are chosen in accordance with defined criteria established by the Department, including the volume of imports within the sector, the level of demand for goods associated with the sector, the degree of risk posed by the sector, and the country of origin of the imported goods concerned.

Very low	**Low**	**Medium**	**High**	**Very high**

Should this deviation occur, its impact would be high, given its adverse implications for the institutional reputation of the Directorate General of Customs and Excise and its potential to undermine the principle of fair competition among importers. Moreover, such a deviation may create an enabling environment for various forms of corruption. It may also result in the loss of public revenue by excluding certain sectors from audit activities or by applying lenient scrutiny to the customs declarations associated with those sectors, thereby allowing the parties concerned to avoid paying financial discrepancies and outstanding amounts legally due to the public treasury.

Very low	**Low**	**Medium**	**High**	**Very high**

2. Decision Point: Selection of a Customs Declaration for Post-Clearance Audit

Potential deviation may arise through the inclusion or exclusion of a customs declaration submitted by a particular importer from post-clearance audit procedures. Such deviation may result from external pressures or influence, the exercise of favoritism, patronage, or preferential treatment, or the receipt of an undue benefit or other advantage by the employee responsible for making the audit selection decision.

The study considers the likelihood of this deviation to be low. This assessment is based on the fact that the selection of specific customs declarations for post-clearance audit is governed by established criteria and limited to defined circumstances. These include customs declarations classified as Red Channel cases that fall beyond the authority of customs offices; declarations that are repeatedly classified as Yellow Channel cases; cases involving importers for whom the Customs Compliance Department possesses information indicating potential customs evasion; and declarations associated with sectors identified by the Customs Compliance Department for post-clearance audit. In such cases, all declarations subject to post-clearance audit are electronically routed through the system to the Red Channel, thereby reducing the degree of individual discretion in the selection process.

Very low	Low	Medium	High	Very high

Should this deviation occur, its impact would be high, owing to its detrimental effect on the reputation of the Directorate General of Customs and Excise and its potential to erode importers' confidence in the integrity and impartiality of its operations. Furthermore, such a deviation could result in the loss of public funds and deprive the public treasury of revenues that would otherwise be collected, as customs declarations containing financial discrepancies may go unaudited, thereby allowing importers to avoid the payment of amounts lawfully due to the Treasury.

Very low	Low	Medium	High	Very high

3. Decision Point: Manipulation of Post-Clearance Audit Results

A potential deviation may arise where an importer is exempted from the financial liabilities identified through post-clearance audit activities, or where such liabilities are reduced without proper justification. Such deviation may result from external interference, favoritism, patronage, or preferential treatment, or from the provision of an undue benefit or bribe to the employee responsible for the audit process.

The study considers the likelihood of this deviation to be low, given the multiple procedures and stages involved in the audit process and the participation of several employees throughout its execution. Furthermore, field visits conducted to examine the importer's records and operations are not carried out by a single employee; rather, a committee composed of between two and four officials is appointed for this purpose. Upon completion of the visit, the committee prepares a report signed by all members and submits it to the Director of the Department for review.

In cases where an importer objects to the financial discrepancies identified through the audit and the Customs Compliance Department finds the objection unsubstantiated, the matter is referred to another unit, namely the Valuation Department within the Directorate General of Customs and Excise. Additional verification measures may also be undertaken, including obtaining access to the importer's financial transfer records from the relevant authorities. If the importer remains dissatisfied with the outcome reached by the Valuation Department following its review of the objection, the case file is referred to the Legal Department of the Ministry of Finance in preparation for investigation and subsequent proceedings before the competent prosecution and judicial authorities. Accordingly, there is a clear separation of responsibilities among the entities involved, and both the audit findings and any objections thereto are subject to multiple layers of review and oversight, thereby limiting opportunities for manipulation of audit outcomes.

Very low	Low	Medium	High	Very high

Should this deviation occur, its impact would be significant (high), given its adverse effects on the reputation of the Directorate General of Customs and Excise and its potential to undermine importers' confidence in the integrity and fairness of the customs administration. Furthermore, such a deviation could result in the loss of public funds and deprive the public treasury of revenues rightfully due, as financial discrepancies contained in customs declarations may go undetected or uncollected, thereby allowing importers to evade payment of amounts legally owed to the Treasury.

Very low	Low	Medium	High	Very high

9. Addressing Corruption Risks in the Procedures of the Directorate General of Customs and Excise (Customs Declaration Registration and Processing Procedures and Audit Procedures within the Customs Compliance Department)

Addressing corruption risks in the registration and processing of customs declarations at customs offices, as well as in post-clearance audit procedures undertaken by the Customs Compliance Department, requires a combination of legal, technological, and administrative measures. This is premised on the understanding that corruption risks arise from a complex process rather than from isolated individual conduct. Key measures include the following:

from isolated individual conduct. Key measures include the following:

1. The full automation of all customs declaration processing stages (a measure that is currently in place), replacing the previously manual processing system in order to minimize human intervention to the greatest extent possible.

2. The electronic classification of customs declarations into Green, Yellow, and Red channels for audit and reassessment purposes, with classification determined through the automated reference value criteria embedded within the information system used by the Directorate General of Customs and Excise.

3. The publication of the criteria used to establish the reference value benchmark, thereby enhancing transparency and predictability in customs administration.

4. The application of the Four-Eyes Principle, whereby each customs declaration is subject to review by at least two officials. This serves both to reduce the risk of individual manipulation and to align customs procedures with a risk management standard and best international practices.

5. The limitation of discretionary authority exercised by customs officials through the establishment of clear rules, controls, and criteria governing the exercise of such discretion, recognizing that unchecked discretionary powers may create opportunities for corruption.

6. The segregation of duties and authorities among customs personnel to prevent any single employee from exercising end-to-end control over the customs process.

7. The subjection of customs declaration assessment processes to internal and external oversight and audit, including review by the General Directorate of Control and Audit within the Ministry of Finance and Planning and external scrutiny by the State Audit and Administrative Control Bureau.

8. The engagement of the private sector, chambers of commerce, and subject-matter experts in the evaluation of customs performance, both to strengthen transparency and accountability and to contribute practical solutions to operational challenges encountered in customs administration.

Conclusion

This study sought to assess potential corruption risks within the operations of the Directorate General of Customs and Excise, focusing on two key areas: the registration and processing of customs declarations and the post-clearance audit of customs declarations. To this end, the study examined the workflow and procedures governing each of these areas in order to identify critical decision points, analyze potential deviations that may arise during the decision-making process, and assess both the likelihood of their occurrence and the adverse consequences that could result. To achieve the study's objectives and collect the necessary information, a descriptive-analytical approach was employed. In addition, the study utilized semi-structured interviews as a primary data collection tool, targeting a number of employees of the Directorate General of Customs and Excise across different organizational and functional levels. Based on the analysis conducted, the study arrived at a set of findings and recommendations, which are presented below.

Findings:

1. Full electronic automation of all processing stages through which a customs declaration passes within the Directorate General of Customs and Excise.

2. Segregation of duties and authorities among customs office personnel. No single employee exercises control over all stages of customs declaration processing. Instead, each declaration passes through multiple stages and is handled by several employees, each vested with clearly defined responsibilities that are exercised through the customs electronic system.

3. The Directorate General of Customs and Excise comprises several specialized units that support the work of customs offices, including the Risk Management Department, the Valuation Department, and the Customs Compliance Department. The functions of these units complement one another to enhance the accuracy and fairness of customs declaration assessments, contribute to the prevention of customs evasion, and strengthen mutual oversight within the customs administration.

4. The absence of Palestinian control over border crossings and entry points constrains the ability of Palestinian Customs to implement an independent and effective customs policy and limits its capacity to exercise oversight and revenue collection functions.

5. Due to its control over border crossings, the Israeli side exercises control over the processing of customs declarations for goods imported into the Palestinian market. This situation creates the possibility of manipulation of information contained in customs declarations, including the nature, quantity, and value of imported goods, prior to the transfer of declaration data to the Palestinian authorities.

6. Limited field-level control across all governorates, particularly in Area C, weakens oversight of taxpayers and facilitates evasion and smuggling activities, thereby adversely affecting customs revenues collected for the public treasury.

7. The withholding of customs revenues and the imposition of unjustified deductions negatively affect fiscal stability and undermine the ability of the customs administration to plan effectively and carry out its functions.

8. The customs legislative framework is outdated and does not adequately reflect contemporary developments or international best practices. The Directorate General of Customs and Excise continues to operate under laws that have been in force for decades, while updated customs legislation responsive to evolving developments in the field has yet to be enacted.

9. Judicial proceedings and the resolution of customs disputes are often subject to significant delays, both at the level of the Public Prosecution and before the Customs Court.

10. The customs administration faces both quantitative and qualitative human resource constraints, including insufficient staffing levels in relation to workload, skills gaps in certain specialized areas, and shortages in the logistical resources and essential equipment necessary for the efficient performance of its functions.

11. Institutional coordination and integration between the Ministry of Finance and Planning and relevant government entities remain limited, including the Ministry of National Economy and the Ministry of Transport and Communications. In addition, the absence of full electronic interoperability among these entities restricts the effectiveness of law enforcement and information sharing. It should be noted, however, that the Directorate General of Customs and Excise has provided these institutions with access to a communication platform that enables them to view information relevant to their respective mandates.

12. There is no clearly defined administrative organizational structure within the Ministry of Finance and Planning that clearly delineates centers of responsibility, staff authorities, and decision-making points.

13. The absence of an effective system of incentives and promotions for employees of the Directorate General of Customs and Excise adversely affects employee motivation, professional development, performance enhancement, and job stability.

Recommendations:

1. Modernize and update the customs legislation currently in force in Palestine to ensure its alignment with the Palestinian context and realities, while also reflecting international standards and the rapid global developments in the customs field.

2. Revise and update the Directorate General of Customs and Excise Procedures Manual (2013) and make it publicly accessible through available publication channels, both to enhance transparency and to promote the principle of the right to access information.

3. Strengthen the organizational and administrative structure of the Ministry of Finance and Planning by clearly defining lines of responsibility, specifying the authorities assigned to different organizational levels, and ensuring an appropriate separation between operational functions related to customs declarations and oversight and audit functions.

4. Provide the Directorate General of Customs and Excise with an adequate number of qualified and experienced personnel commensurate with its workload. This should be complemented by continuous professional training programs to enhance staff competencies and skills, as well as the development of an effective system of incentives, allowances, and promotions that strengthens employee performance, motivation, and job stability.

5. Deliver specialized training to customs personnel on the Amended Anti-Corruption Law No. (1) of 2005 and its supporting regulations, particularly those relating to gifts, disclosure of conflicts of interest, whistleblower and witness protection, and financial disclosure requirements, in order to strengthen awareness and reduce employees' exposure to corruption risks in the course of their duties.

6. Enhance and further develop information technology systems, expand the use of artificial intelligence applications in customs administration, and automate customs procedures to the greatest extent possible in order to minimize discretionary human intervention.

7. Establish and strengthen electronic interoperability between the Directorate General of Customs and Excise and relevant government entities, including the Ministry of Economy, Ministry of Industry, Ministry of Transport and Communications, Ministry of Agriculture, and the Palestinian Standards Institution. Such integration would facilitate law enforcement while improving the efficiency of information sharing and exchange among these entities.

8. Implement comprehensive electronic archiving of all customs declarations, records, and transactions to facilitate efficient retrieval for examination, verification, and audit purposes.

9. Adopt a policy of periodic staff rotation within customs offices to mitigate the risk of developing relationships that may give rise to actual, perceived, or potential conflicts of interest.

References

A. Legislation

1) Customs Law of 1929, as amended.
2) Customs and Excise Law No. (1) of 1962.
3) Investment Promotion Law No. (1) of 1998, as amended.
4) Anti-Corruption Law No. (1) of 2005, as amended.
5) Decree-Law No. (2) of 2016 on the Customs Police.
6) Decree-Law No. (23) of 2018 Amending the Customs Law of 1929, as amended, and the Customs and Excise Law No. (1) of 1962, as amended.
7) Minister of Finance Instructions No. (1) of 2011 Concerning the Issuance of Customs Declarations and the Regulation of Direct Trader Input (DTI) on the Computerized Customs Procedures System (Tawasol).
8) Paris Economic Protocol.

B. Studies and Manuals

1) Abu Salah, H. (2013). The fairness of customs policy on goods and products in Palestine (Master's thesis). An-Najah National University.
2) Directorate General of Customs and Excise. (2013). Customs and Excise Procedures Manual.
3) Jarrar, Dh. (2014). The impact of the computerized customs procedures automation system on Palestinian customs performance. Journal of Financial and Banking Research, Palestinian Banking Institute, (1).
4) United Nations Development Programme (UNDP). (2018). Conceptual framework guide for corruption risk assessment.

C. Interviews

1) Adwan, A. Personal interview, Director of the Valuation Department, Directorate General of Customs and Excise.
2) Hajji, F. Personal interview, Director General of Customs and Excise, Ministry of Finance and Planning.
3) Loulou, N. Personal interview, Director of the Customs Compliance Department, Directorate General of Customs and Excise.
4) Shahada, A. Personal interview, Director of the Risk Management Department, Directorate General of Customs and Excise.
5) Sawalha, I. Personal interview, Director of the Ramallah Customs Office.

AMAN
Transparency Palestine

AMAN was established in 2000 as a civil society organization that seeks to combat corruption and promote integrity, transparency and accountability in the Palestinian society. The Coalition was first formed by an initiative from a number of civil society organizations working in the field of democracy, human rights and good governance. In 2006, the Coalition was accredited as a national chapter for Transparency International.

AMAN is a Palestinian think tank and a specialized body providing knowledge on corruption at the local and regional level through producing specialized reports and studies. The periodic publications include: The annual Integrity and Anti-Corruption Report, the annual Palestinian Integrity Index and the National Integrity System studies and reports, in addition to the Coalition's continued contributions to produce reports and studies on the status of corruption in the Arab region.

As part of the global anti-corruption movement - and of international alliances and partnerships with relevant specialized coalitions and organizations - AMAN plays a key role in the transfer and contextualization of necessary international knowledge and tools to combat corruption in all sectors.

Website: www.aman-palestine.org
Email : info@aman-palestine.org
/AmanCoalition

Ramallah, Irsal St, Remawi Building , 1st floor
Tel : 2989506 2(970+) 2974949 2 (970+)
Fax : 2974948 2 (970)
Gaza-Southern Rimal - Habboush St. - Sub of Martyrs St. Dream
Tel : 082884767
Fax : 082884766

This project is funded by
EUROPEAN UNION