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WCO Policy Research Brief – Performance Contracts for Customs Officers

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Abstract

The Annex of this WCO Policy Research Brief is a replication of the performance contract between the Cameroon Customs Director General and frontline Customs officers at the port of Doula, Cameroon. The performance contract contains the eight indicators that formed the basis of evaluation of Customs officer performance. The performance contracts experiment in Cameroon has resulted in further evidence that measurement and benchmarking using social scientific methodology can significantly contribute to the success of capacity building, reform, and modernization, and indeed is essential to that success.

Key words

Measurement, Performance Contracts, Cameroon Customs

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The Performance Contract presented in the Annex was elaborated by the women and men of Cameroon Customs. The WCO Policy Research Brief was written by Thomas Cantens and Robert Ireland of the WCO Research and Strategies Unit.

Disclaimer

The Performance Contract is published with the permission of Cameroon Customs. The specific parameters within Rating Scale are omitted for reasons of confidentiality. The views and opinions presented in this policy research brief are those of the authors and do not necessarily reflect the views or policies of the WCO or WCO Members.

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Introduction

Several WCO stakeholders have requested the publication of the formal performance contract text agreed to by the Cameroon Customs Director General (Ms. Minette Libom Li Likeng) and frontline Customs officers at the port of Doula, Cameroon. The Annex of this WCO Policy Research Brief is a replication of the performance contract¹ elaborated by Cameroon Customs and which contains the eight indicators that formed the basis of evaluation of Customs officer performance. The primary purpose of publishing the contract is to share with the global Customs community the model language and specific indicators that were used to closely monitor individual officers, and sustainably build the Customs administration's effectiveness and efficiency capacity.

The Cameroon Customs Performance Contracts Experiment

In 2007, Cameroon Customs deployed the United Nations Conference on Trade and Development's (UNCTAD) Automated System for Customs Data (ASYCUDA) as a major step in a strategic reform and modernisation initiative. ASYCUDA enabled the administration to systematically track the processing of each consignment and to measure multiple criteria, such as compliance with the deadline for recording consignee manifests (Cantens, Raballand, and Bilangna, 2010).

In 2010, as a continuation of the reform, Cameroon Customs introduced *performance contracts* signed by the Director General and frontline officers. The objective was to break down the asymmetry of information available to the leadership and staff by comprehensively measuring the actions and behaviours of Customs officers operating at two Douala port bureaus using indicators extracted from ASYCUDA. The results from this experiment continue to be encouraging. On matters such as revenue collection, anti-corruption, and trade facilitation, the participating Cameroon Customs bureaus generated better results after contracting than before and also better results than one counterfactual bureau on comparable topics (Ibid).

Conclusion

The results of the performance contracts experiment are further evidence that measurement and benchmarking using social scientific methodology can significantly contribute to the success of capacity building, reform, and modernization, and indeed is essential to that success. The launching pad for this is an automated Customs clearance system that can assist in more easily gathering and analyzing data. This initiative confirms that social scientific experiments can and should be tested in the Customs context. The experiment ensured that the indicators were not chosen arbitrarily or without lucid consideration of their relevance to the objectives of this particular Customs administration. Moreover, measurement should be tailored to the specific political, economic, and administrative conditions within both a Customs administration and the country itself.

¹ The Annex is translated into English from the original French.

**Performance Contract
between the Director-General of Cameroon Customs
and inspector XXX from the Douala Port I office**

1. Contracting parties

The contracting parties to this Contract are the Director-General of Cameroon Customs, hereinafter referred to as “the Director”, on the one hand, and inspector XXX, hereinafter referred to as “the inspector”, on the other.

2. Objectives of Cameroon Customs and of the performance contract

The future of Customs lies within a global context of growth in and diversification of trade flows. Whatever short-term developments may result from economic crisis, the globalization of economic flows, and in particular of trade in goods, is now a reality. It is this globalization that has formed the basis of world growth in recent years. This trend has been accompanied by economic opening-up, and the emergence both culturally and politically of new geographic zones, and has been beneficial in many ways.

Globalization of trade may, however, entail risks. Growth in world trade and new communications technologies may be factors in the development of fraud.

Customs administrations are confronted with what can appear to be a trade-off between trade facilitation and enforcement. Yet empirical studies have shown that, with better targeting of fraud and risks, trade facilitation and enforcement are not incompatible - on the contrary.

Cameroon Customs has been overhauling its structures, working methods, IT system and management style for a number of years now. Since 1 January 2007, full automation of procedures has allowed transparency and post-clearance control.

Cameroon Customs has, moreover, been collecting monthly performance indicators since 2008 to improve the effectiveness of checks and to facilitate trade. The process undertaken by Cameroon Customs is unique in having made *controlling the performance of the service* a key element of reform at a very early stage.

For the past few years, Cameroon Customs has been striving to improve the quality of service for users. A service culture is intended to permeate the entire service, from organization through to the expected behaviours of officers. Users must be able to recognize that processes have been facilitated and simplified with a more accessible, reactive administration which plays its full part in the country’s economic competitiveness.

The modernization of Customs clearance aims to make Cameroon Customs more efficient so as to offer a high-quality service to companies, improvement the effectiveness of checks and enhance the work of officers.

This approach implies:

- rationalizing the internal organization of Customs offices and procedures;
- defining and implementing an overhauled control chain by increasing the use of modern audit, risk analysis and targeting methods, and taking the level of reliability of operators into account;
- improving the professionalism of certain tasks, such as audit, procedure management, the supervision and implementation of controls, and informing users, thanks to a professional training plan geared to the new Customs clearance occupations.

This contract is part of this vision. It is an agreement specifying mutual obligations to achieve results, aiming to improve the efficiency of Cameroon Customs. It is designed above all as a *tool of dialogue* promoting problem-solving and creating the conditions for a dynamic of progress within Cameroon Customs.

3. Performance measurement and methods

In order to reconcile trade facilitation with effective enforcement, eight indicators have been drawn up (four per category) to form the basis of evaluation of the inspector's performance.

List of indicators

Objective 1: Accelerating clearance

Indicator 1: percentage of declarations assessed within 0 days

Indicator 2: percentage of declarations assessed within 5 days and more

Indicator 3: percentage of non-assessed declarations

Indicator 4: percentage of declarations in the yellow channel adjusted via an offsetting entry by the inspector who carried out the assessment out of the declarations

Objective 2: Improving the effectiveness of enforcement

Indicator 5: percentage of the amount of adjustments against the amounts of declarations entered in the system

Indicator 6: percentage of adjustments greater than X CFA francs against the total number of adjustments of declarations in the red channel

Indicator 7: percentage of adjustments less than Y CFA francs against the total number of adjustments of declarations in the red channel

Indicator 8: percentage of declarations rerouted from the yellow channel to the red channel which have been adjusted

Method of calculating inspector's performance

These indicators exist or have been recalculated monthly since January 2007, thus providing reliable basis indicators based on thousands of observations by each office. Median values have been calculated for all of these indicators (attached in annex to the performance contract).

The table below defines the rating allocated to each indicator based on the experience of the past three years. These will be used to calculate a composite indicator of performance.

This table will be revised every 3 months for all inspectors in the same office in order to take account of office performance trends.

The contract has been completed 100% if all the indicators reach level 3 (good).

The ratings are as follows:

- average (2) corresponds to the median or to performance less than $X_1\%$ above the median,
- poor (1) corresponds to a level of performance below the median,
- good (3) corresponds to a level of performance at least $X_1\%$ but less than $X_2\%$ above the median,
- very good (4) corresponds to a level of performance at least $X_2\%$ above the median,

The table below indicates the values corresponding to each category by indicator.

	Rating scale			
	Poor=1	Average=2	Good=3	Very good=4
Indicator 1	<p>(for confidentiality reasons, values are not included in the this paper)</p> <p>Average = median of the past years to median + $X_1\%$</p> <p>Poor = <median</p> <p>Good = median + $X_1\%$ to median + $X_2\%$</p> <p>Very good = Median + $X_2\%$</p>			
Indicator 2				
Indicator 3				
Indicator 4				
Indicator 5				
Indicator 6				
Indicator 7				
Indicator 8				

The table below shows the method of calculating the completion of the contract.

		Calculation of percentage of completion of contract	
	Rating by indicator	Level considered completion of contract	Percentage of completion of contract
Indicator 1		3	$C1 = A1/3$
Indicator 2		3	$C2 = A2/3$
Indicator 3		3	$C3 = A3/3$
Indicator 4		3	$C4 = A4/3$
Indicator 5		3	$C5 = A5/3$
Indicator 6		3	$C6 = A6/3$
Indicator 7		3	$C7 = A7/3$
Indicator 8		3	$C8 = A7/3$
Percentage of completion of contract			$C9 = \text{average}(C1:C8)$

4. Average resources

The directorate-general undertakes to:

- create a performance unit which must respond to any questions asked by the inspector about his evaluation and his performance contract as quickly as possible,
- train the inspector in the mechanisms of assessment of performance and, where applicable, to decide on additional training courses for the inspector,
- transmit to the inspector every 10 days his performance for each indicator and the evolution of his performance over the past three months,
- verify that declarations have been allocated equitably; this will be monitored by the directorate in charge of IT,
- handle specifically any disputes in the two offices to improve the speed of payment of contentious claims.

5. Payment and penalties

Payments

The directorate-general undertakes to:

- ensure a more individualized management of the inspector's career with the organization of an annual career review with the director-general intended to provide the inspector with information about his professional development prospects;
- mention the names of the office's three inspectors with the best average percentage of completion of the contract in the monthly journal and on the web site of the directorate-general of Customs;
- reward inspectors who have obtained at least an average 100% completion of the contract during the last quarter;
- reward the three best inspectors over the last quarter² and enter this reward in the inspector's personal file;
- finance additional training for the best three inspectors at the end of the semester.

² This one-off payment will not be linked to the collective performance incentive mechanisms.

Penalties

If the inspector does not achieve the minimum/maximum performances required over the course of one month (see table below for the required levels for each indicator), he will be issued with a warning.

If this occurs in two consecutive months, he will be called before the head of office and the head of sector.

If this occurs a third consecutive month or where his average performance has been below 100% in the third month, the inspector will be the subject of disciplinary action by the directorate-general which could go as far as transfer for disciplinary reasons, and this service status will be included in his personal file.

	Minimum or maximum level for each indicator	Level for each indicator
Indicator 1	minimum	X1%
Indicator 2	maximum	X2%
Indicator 3	maximum	X3%
Indicator 4	maximum	X4%
Indicator 5	minimum	X5%
Indicator 6	minimum	X6%
Indicator 7	maximum	X7%
Indicator 8	minimum	X8%

6. Term and revision of the contract

This contract is drawn up for a period of six months. At the end of 3 months, the indicators selected in the performance contract will be the subject of an audit to verify their reliability and their relevance.

An amendment to the contract may therefore be signed if the selected indicators or target values of performance are amended. Otherwise, the contract will be renewed for a period of six months.

Done at XXX, on XXX

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