



Brussels, 7 September 2015.

LATEST DEVELOPMENTS ON PERFORMANCE MEASUREMENT

(Item IV a) on the Agenda)

I. Background

1. At its 72nd Session in December 2014, the Policy Commission discussed performance measurement and agreed that the Vice-Chairs should be asked to conduct an initial survey of their regional Members' experience of performance measurement, and come up with a basic set of performance indicators that had proved useful to Members in the region.
2. With this in mind, the Secretariat conducted some preliminary work to assist the regions, having produced a one-page performance measurement framework, named 'Achieving Excellence in Customs (AEC)', to be filled out by each WCO Member in order to help it chart its own progress in achieving Customs excellence. The AEC consists of 20 first-layer indicators depicting the four primary areas of work covered by the WCO and contained in the Strategic Plan, namely Trade Facilitation and Security; Fair and Effective Revenue Collection; Protection of Society; and Institutional and Human Resource Development (see Annex I hereto). In the area of Trade Facilitation and Security, the following eight indicators are identified in the AEC:
 - Revised Kyoto Convention
 - SAFE Framework of Standards
 - Time Release Study
 - Electronic Declarations
 - Data Model
 - Coordinated Border Management (CBM)
 - Authorized Economic Operator (AEO)
 - Single Window
3. At the 207th/208th Sessions of the Permanent Technical Committee (PTC) held from 3 to 6 March 2015, the AEC was introduced by the Secretariat. Delegates acknowledged the usefulness of the performance measurement framework in showing management the "big picture" and made a number of suggestions and comments to improve the AEC. The PTC took note of delegates' comments and suggestions on performance measurement.

4. The AEC and its technical guidance (see Annexes I and II hereto) were discussed at the June 2015 Policy Commission. A number of delegates expressed their support for the AEC exercise and the first layer of indicators, noting that the AEC data would be useful when communicating with Ministers. In general, delegates were of the view that the AEC data would not be published as its purpose was to help Members excel, and not to compare or rank them.
5. In conclusion, the Policy Commission took note of the progress in respect of the AEC performance measurement framework and endorsed the first layer of indicators. The Policy Commission instructed the Secretariat to continue working on the AEC framework, including the possible aggregation of the collected data. It also agreed that the AEC data would not be published or lead to a ranking of countries.

II. Usage and communication of the AEC data

6. At the last session of the Policy Commission, delegates agreed that Customs' performance would not be published or lead to a ranking of countries. At the same time, the Policy Commission also tasked the Secretariat to consider the possible aggregation of the collected data. In order to perform the tasks assigned by the Policy Commission and to make the AEC functional, the Secretariat has developed several options for collection of data, aggregation and publication of the collected data with their possible merits and demerits, as follows.

(a) Collection of data from Members

Option 1: Members submit their self-assessment of the AEC to the WCO Secretariat

The submission of Members' self-assessment does not place too great an administrative burden on Members or the Secretariat, making periodic submission of data possible. However, it should be noted that Members' self-assessment involves a high-risk of disequilibrium of data in cases where Members exaggerate or understate their performance. The WCO may develop an online platform to encourage Members to submit their self-assessment data.

Option 2: The Secretariat or designated experts assess Members' performance with respect to the AEC framework, in cooperation with the Member

This option ensures greater accuracy of AEC data. However, in comparison with Option 1, it places a significant administrative burden on both Members and the Secretariat. Periodic assessment is not feasible and the number of assessed Members under this option might be small. To implement this option, there are several sub-options including:

- (i) setting up the AEC as a WCO project;
- (ii) establishing a specific team in the WCO Secretariat; and
- (iii) training officers from Members that want to contribute to the AEC as contact points.

Option 3: Members do not submit AEC data to the WCO Secretariat

Although there is no risk of disequilibrium of data or of an administrative burden, Members would not gain the benefits presented in '(b) Aggregation and publication of collected data' set out below. This option would not be an obstacle to comparisons conducted by Members themselves.

(b) Aggregation and publication of collected data

Option 1: The Secretariat aggregates collected data and publishes a summary, such as an average score, for each indicator

Under this option, individual Members could gain some insight into where their self-assessment capacity lies on the continuum of average Member AEC self-assessed capacity. The aggregated data would also be beneficial in terms of refining technical guidance of performance indicators and developing the overall direction of the WCO strategy. To implement this option, it is necessary to further discuss the scope of aggregated data and access management.

A concern about this option is that it could lead to ranking Members' "scores", without taking account of the environment in which Customs operates.

Option 2: The Secretariat aggregates the collected data but does not publish a summary

Under this option, Members cannot determine their current status or position on the continuum of average Member AEC self-assessed capacity. However, it would still be useful for the Secretariat to assess potential needs for technical assistance and capacity building.

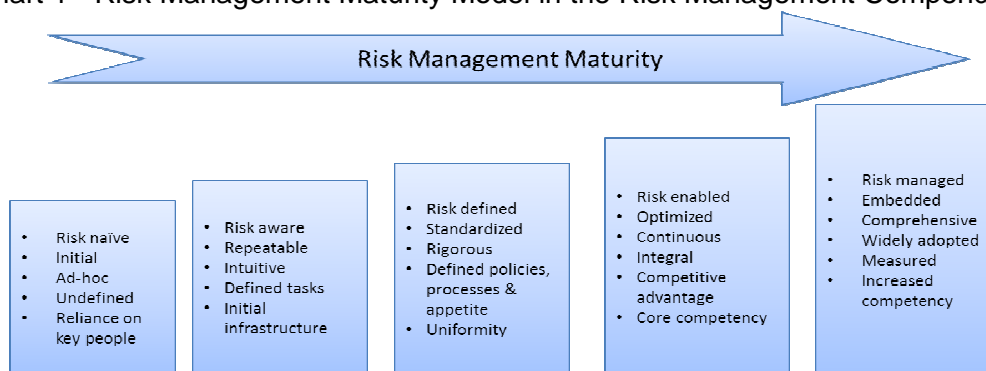
Option 3: The Secretariat aggregates the collected data and publishes information on the performance of individual Members

This option has been ruled out by the last Policy Commission because it may lead to a ranking of countries.

III. Maturity Model and the second layer

7. Doc. SP0519, a working paper prepared for the last session of the Policy Commission, mentions that the AEC performance measurement framework will be backed up by a second layer which could be developed as a Maturity Model, including necessary elements and steps to be taken, or as a development guide or simple set of detailed indicators.
8. To some degree, the first layer of AEC indicators is based on the Maturity Model as Members will be requested to assess their performance with reference to three levels which are 'implemented', 'under development' and 'still to be done'. Moreover, a Maturity Model can be found in an existing WCO tool, given that the Risk Management Compendium introduces the concept of 'Risk Management Maturity' that helps Customs administrations to continuously develop their risk management practices. The following chart is an example of Risk Management Maturity embedded in the Risk Management Compendium.

Chart 1 - Risk Management Maturity Model in the Risk Management Compendium



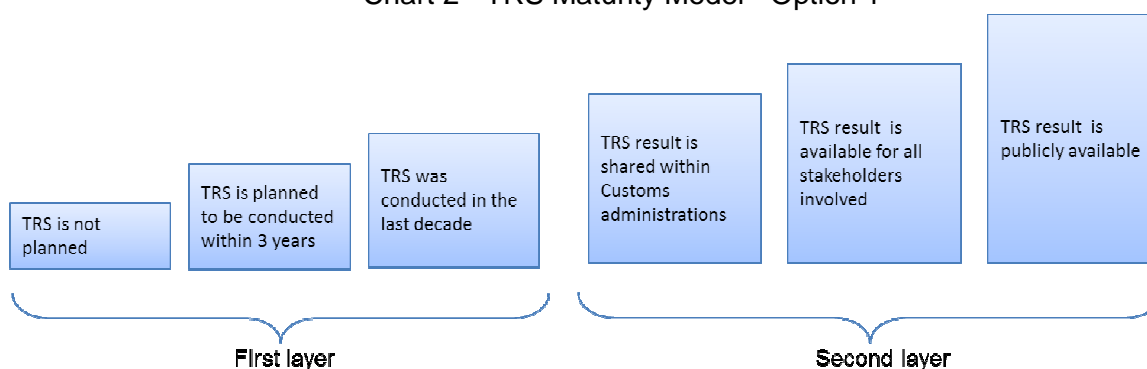
9. There is still ambiguity surrounding the concept of a second layer. Without a clear and common understanding of the functions of a second layer, the AEC performance measurement framework cannot be implemented properly. Considering the first-layer indicators and the existing Maturity Model as part of a WCO tool, the Secretariat has prepared the following three options for a second layer.

Option 1: A set of high-level indicators going beyond the first layer of AEC indicators

Under this option, the second layer comprises higher-level indicators than the first. For example, the first layer of AEC indicators requires Members to assess the implementation of the Time Release Study (TRS). In the second layer, we may request a higher-level TRS, such as publication of the TRS result.

This option implies that around 20 new high-level indicators are to be developed in addition to the original 20 indicators. It expands the scope of the AEC and may involve other important areas which were not involved in the original 20 indicators. However, there is a risk that the AEC will be too complicated for Ministers or other decision-makers who are the key users of the AEC.

Chart 2 - TRS Maturity Model - Option 1

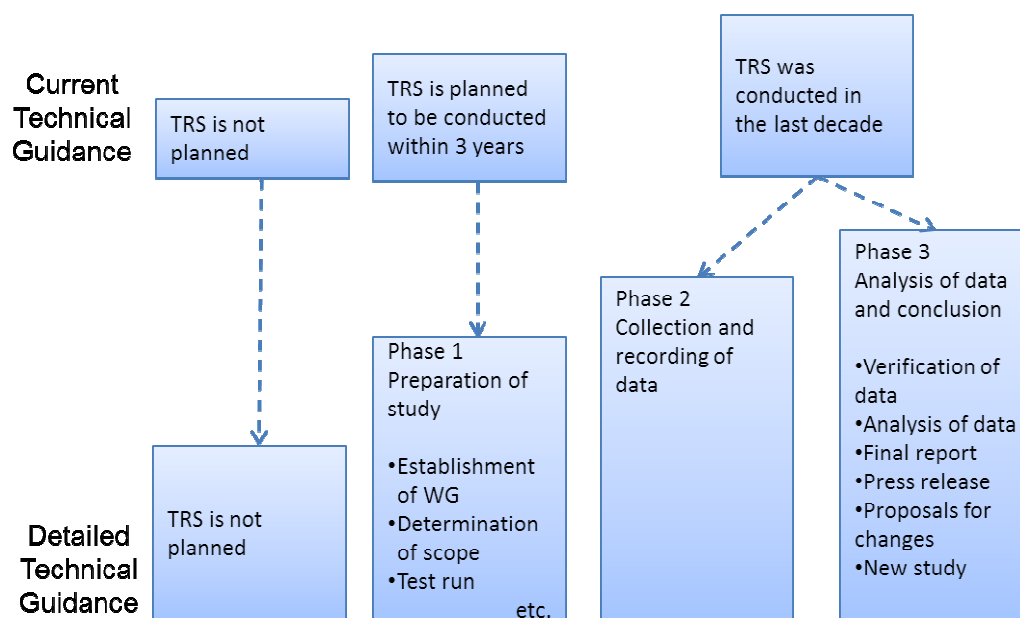


Option 2: Detailed technical guidance for each AEC first-layer indicator

There will be no additional high-level indicators under this option, however detailed technical guidance will be developed based on existing WCO tools and instruments. For instance, the TRS Guide introduces three phases for conducting the TRS, namely Preparation of the Study, Collection and Recording of Data, and Analysis of Data and Conclusion. The detailed guidance relating to the AEC indicator for TRS may follow

those three phases. Chart 3 describes the scope and concept of detailed guidance for TRS indicators. The development of detailed technical guidance is a very effective means of preventing subjective and inaccurate self-assessment by Members.

Chart 3 TRS Maturity Model - Option 2



Option 3: Set of high-level indicators going beyond the AEC first-layer indicators, with detailed technical guidance

A combination of Option 1 and Option 2 might be possible. This would make the AEC performance measurement framework more comprehensive, but also more complicated. It naturally takes time and resources to develop high-level indicators and supplement them with detailed technical guidance.

IV. Action required

10. The PTC is required to examine the options for the usage and communication of AEC data as well as possible second-layer indicators. It is invited to identify an appropriate combination of the above-mentioned options.
11. The deliberations during the PTC will be presented at the next Policy Commission and other technical committees for further discussion.

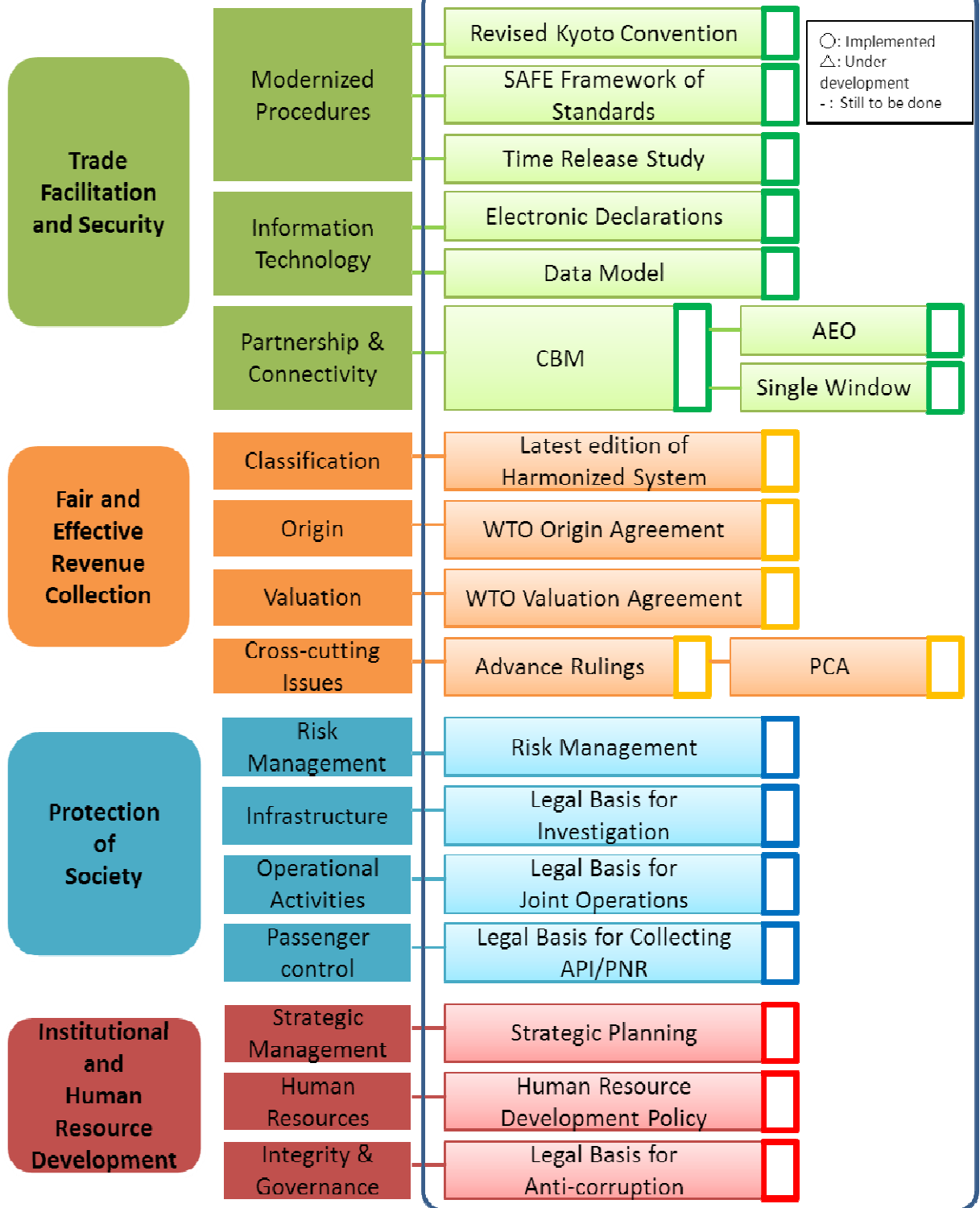
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Achieving Excellence in Customs

Country: **XXXX**

20 Indicators



Note: Each indicator is to be evaluated and the respective box is to be filled in with either ○: Implemented, △: Under development, or -: Still to be done.

TECHNICAL GUIDANCE

TRADE FACILITATION AND SECURITY

Priority Area	Items	Criteria	WCO Tools	Assessment
Modernized Procedures	Revised Kyoto Convention	Have you ratified the Revised Kyoto Convention? O: Ratified Δ: Ratification process underway —: Other	<ul style="list-style-type: none"> RKC 	
	SAFE Framework of Standards	Number of Standards in SAFE Framework that your Customs legislation complies with O: From 12 to 17 Δ: From 5 to 11 —: Less than 5	<ul style="list-style-type: none"> SAFE 	
	Time Release Study	Have you conducted the Time Release Study (TRS) in line with the WCO TRS Guide? O: Customs administration has conducted a TRS in the last decade Δ: Customs administration is planning to conduct a TRS within 3 years —: Other	<ul style="list-style-type: none"> TRS Guide 	
Information Technology	Electronic Declarations	Does your Customs legislation allow the submission of all Customs declarations by electronic means? O: All Customs declarations can be submitted electronically (except in cases where the declarant does not have the necessary electronic device) Δ: Some Customs declarations must be submitted manually —: Other	<ul style="list-style-type: none"> RKC Single Window Compendium Data Model Recommendation on Dematerialization 	
	Data Model	Is your information system in conformance with the WCO Data Model? O: Your system is categorized into “S” by the WCO Data Model Status Report Δ: Your system is categorized into “P” by the WCO Data Model Status Report —: Other	<ul style="list-style-type: none"> Data Model 	

Priority Area	Items	Criteria	WCO Tools	Assessment
Partnership & Connectivity	Coordinated Border Management	<p>Number of consultations with other border regulatory agencies (CBRAs) per year, and % of CBRAs involved in the regular meeting</p> <p>O: More than twice a year AND more than 75% of CBRAs are members of the meeting</p> <p>Δ: More than twice a year OR more than 75% of CBRAs are members of the meeting</p> <p>—: Other</p>	<ul style="list-style-type: none"> ▪ RKC ▪ SAFE ▪ CBM Compendium 	
	Single Window	<p>Do you have a Single Window system?</p> <p>O: Yes, Δ: Under development, —: Other</p> <p><i>* Single Window is defined as a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once</i></p>	<ul style="list-style-type: none"> ▪ SAFE ▪ Single Window Compendium ▪ Data Model 	
	AEO	<p>Have you adopted, or do you maintain, an AEO programme?</p> <p>O: Yes, Δ: Under development, —: Other</p>	<ul style="list-style-type: none"> ▪ SAFE ▪ AEO Compendium ▪ AEO Implementation Guidance 	

FAIR AND EFFECTIVE REVENUE COLLECTION

Priority Area	Items	Criteria	WCO Tools	Assessment
Classification	Latest edition of the Harmonized System	<p>Is your country a Contracting Party to the HS Convention? O: Yes Δ: Ratification process underway —: Other If Yes, are you applying the latest edition of the HS in your national Customs Tariff and Statistical Nomenclature? O: Yes (HS 2012 Edition), Δ: Under development, —: Other</p>	Revenue Package Schedule of Tools and Instruments * Topic 3 Harmonized System	
Origin	WTO Origin Agreement	<p>Have you implemented the WTO Agreement on Rules of Origin? O: Yes, Δ: Under development, —: Other</p>	Revenue Package Schedule of Tools and Instruments * Topic 4 Origin	
Valuation	WTO Valuation Agreement	<p>Have you implemented the WTO Valuation Agreement? O: Yes, Δ: Under development, —: Other</p>	Revenue Package Schedule of Tools and Instruments * Topic 2 Customs Valuation	
Cross-cutting Issues	Advance Rulings	<p>Does a system exist for economic operators to request an advance ruling on tariff classification, origin of goods and Customs valuation? O: Yes, Δ: Under development, —: Other <i>OR (more specific)</i> Does a system exist for economic operators to request an advance ruling on : - Classification : O: Yes, Δ: Under development, —: Other - Origin : O: Yes, Δ: Under development, —: Other - Valuation : O: Yes, Δ: Under development, —: Other</p>	Technical Guidelines on Advance Rulings for Classification, Origin and Valuation	
	Post-Clearance Audits	<p>Do you have a post-clearance audit (PCA) system? O: Yes, Δ: Under development, —: Other</p>	Diagnostic Tool on Post-Clearance Audit (PCA) and Infrastructure PCA Guidelines, Volumes 1 and 2	

* Note: The Revenue Package Schedule of Tools and Instruments provides an overview of all WCO tools available for the three topics concerned.

PROTECTION OF SOCIETY

Priority Area	Items	Criteria	WCO Tools	Assessment
Risk Management	Conveyances, Cargo, Passenger (API/PNR)	<p>Risk management system for all Customs control activities [for Conveyances, Cargo, Passenger (API/PNR)]</p> <p>O: We have an intelligence function and unit inside Customs, which supports risk management and profile-building and liaises with other national intelligence authorities in relation to building a picture about the risk environment.</p> <p>Δ: We do not have a specific intelligence function and unit within Customs but information is collected from the front-line by the risk management division to inform risk assessment and targeting.</p> <p>—: We do not have an intelligence function inside Customs and information is not collected by the risk management division to support risk assessment and targeting.</p>	WCO Risk Management Compendium	
Networks and Technology	Control Infrastructure	<p>Does your Customs administration deploy NII equipment, surveillance technologies and verification kits as part of the Customs control process?</p> <p>O: Yes, we deploy NII equipment, a wide-range of surveillance technologies, have on-site detection kits for several commodities and have laboratorial support available to our front-line control efforts.</p> <p>Δ: We rely on other stakeholders and partner agency equipment for screening, have some on-site detection kits available to front-line staff, but do not have laboratorial support available for sample checking.</p> <p>—: We do not have NII equipment, surveillance technologies, on-site detection equipment or a laboratory to support our control efforts.</p>		

Priority Area	Items	Criteria	WCO Tools	Assessment
	Partnerships	<p>Have you established Customs mutual assistance agreements (CMAAs) with other Customs administrations and MoUs or other cooperation arrangements with your border management and law enforcement partners?</p> <p>O: Yes, we have established more than 30 CMAAs and have established more than 5 arrangements with our national border management and law enforcement partners. Δ: Yes, we have established more than 10 CMAAs and have established 1-4 arrangements with our national border management and law enforcement partners. —: We have established less than 10 CMAAs and have no established arrangements with our national border management and law enforcement partners.</p>	Nairobi Convention Model Bilateral Agreement	
Operational Activities	Enforcement Capacity	<p>What type of enforcement powers does your Administration have?</p> <p>O: We have the legal right to detain, seize and forfeit suspected shipments. Δ: We have the legal right to detain and seize suspected shipments. —: We have the right to detain suspected shipments.</p>	Customs Compendium of Operational Practices and Seizures (COPES)	
Investigations	Post-Border Control Capacity	<p>Do you have the legal authority and capacity to conduct criminal and civil investigations for post-border control enforcement?</p> <p>O: Customs has criminal and civil (administrative) investigative authority for Customs offences or does not have investigative authority, but has official mechanisms of cooperation in place with competent investigative authorities. Δ: Customs refers criminal and civil (administrative) activity to the competent authority on a case-by-case basis. —: Other.</p>		

INSTITUTIONAL AND HUMAN RESOURCE DEVELOPMENT

Priority Area	Items	Criteria	WCO Tools	Assess ment
Strategic Management	Strategic Planning	<p>Do you have a Strategic Plan that is comprehensive and integrated with government mandate?</p> <p>O: Vision, role and objectives of Customs directly correlated to government mandate, clearly stated and understood by staff and stakeholders, regularly reviewed and contains relevant performance measurement indicators.</p> <p>Δ: Vision, role and objectives of Customs indirectly related to government mandate, clearly stated but not widely understood by staff and stakeholders, not reviewed annually and does not contain performance measurement indicators.</p> <p>—: Vision, role and objectives of Customs not linked to government or other border policies or no Strategic Plan in place, not clearly stated and cannot be said to be understood by all staff and stakeholders, is not regularly reviewed or contains no performance measurement indicators.</p>	The WCO Diagnostic Framework, Section 1 and CB Development Compendium provide detailed explanations of sound strategic planning.	
Human Resources	Human Resource Development Policy	<p>Do you have holistic human resource management policies and practices?</p> <p>O: Customs outcomes are delivered under clear HR/HRD plans and resources are deployed effectively and uniformly under strong leadership; workforce planning, monitoring and delivery is sophisticated, holistic and supports all levels of Customs.</p> <p>Δ: Customs outcomes are delivered under a single general HR plan and resources are deployed unpredictably, decision making occurs only at very high levels within the organization, some workforce planning but not integrated or covering all levels of the organization.</p> <p>—: Customs outcomes are delivered under workplace action plans, resources are deployed capriciously under discretionary decisions made at only very high levels within the organization, no material evidence of workforce planning, monitoring or delivery.</p>	The WCO Framework and Principles for Customs Professionalism and WCO People Development Diagnostic Tool.	

Priority Area	Items	Criteria	WCO Tools	Assessment
Integrity & Governance	Legal Basis for Anti-Corruption	<p>Do you have national legislation for dealing with corrupt behaviour?</p> <p>O: Specific legislation exists to deal with active and passive forms of corruption, provides sanctions and penalties, outlines rules for the investigation and prosecution of corruption charges and specifies the powers of the institutions in charge of enforcing anti-corruption regulations.</p> <p>Δ: General civil and criminal legislation deals with corruption.</p> <p>—: No specific legislation exists to deal with anti-corruption.</p>	Legislation should be measured against the Arusha Declaration - regulatory framework, as well as the WCO Integrity Development Guide and Model Code of Ethics and Conduct.	