WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES
Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

PERMANENT TECHNICAL
COMMITTEE
-
215ᵗʰ/216ᵗʰ
Sessions
-
3 – 7 April 2016

PC0467E1a

Brussels, 13 March 2016.

PERFORMANCE MEASUREMENT

(Item III (b) on the Agenda)

I. Background

1.   At its 72nd Session in December 2014, the Policy Commission acknowledged the importance of performance measurement in the Customs context and the need for the WCO to take up this matter in terms of providing guidance on the possible content and parameters of Customs performance indicators. The Secretariat subsequently developed the Achieving Excellence in Customs (AEC) performance measurement tool. The AEC form is appended hereto at Annex I.

2.   The AEC tool consists of 20 indicators depicting the four categories in the WCO Strategic Plan, namely Trade Facilitation and Security; Fair and Effective Revenue Collection; Protection of Society; and Institutional and Human Resource Development.

3.   In particular, the purpose of the AEC is to help administrations develop their narratives for explaining the progress of Customs modernization, based on WCO instruments and tools, to political leaders as well as external and internal stakeholders. Moreover, the AEC was designed to assist administrations with their planning and to help Directors General to engage with national decision-makers about the support they might require in implementing WCO instruments.

4.   The Policy Commission decided, at its 74th Session in December 2015, that the AEC would be used for self-assessment only and not for purposes of ranking administrations. The Policy Commission also decided that the Secretariat could aggregate collected data and publish a summary, such as an average score, for each indicator. Individual Members could thus gain some insight into where their self-assessed capacity lies on the continuum of the average self-assessed capacity.

5.   At the 211th/212th Sessions of the PTC, draft technical guidance for self-assessment on eight indicators for trade facilitation and security was discussed. The technical guidance supports Members in assessing their performance within the AEC

framework in an objective manner. The technical guidance on eight indicators for trade facilitation and security is appended hereto at Annex II.

6.   The WCO Secretary General wrote to WCO Members on 1 February 2016 requesting submission of their completed AEC form. As of 10 October 2016, 106 Members (58.9 %) had completed the preliminary AEC survey.

II. Outcome of discussions at the 76th Policy Commission

7.   While many Members offered support to the work being conducted by the WCO on Performance Measurement, various suggestions were presented during discussions.

8.   In relation to the work of other International Organizations (IOs) that also conduct performance measurement surveys, it was suggested that the WCO seek to enhance dialogue. While recognizing that it would be difficult to influence survey methodology from other IOs, particularly the ones that have a different perspective and approach to performance measurement, it was considered that a close dialogue could prove useful in terms of gaining a better understanding of each other's methods and objectives.

9.   Another recommendation put forward relates to the need to put more emphasis on integrity, as it represents one the main issues for the private sector. It was recommended that this aspect of the human resource process be reinforced within the AEC framework.

10.   The issue of monitoring progress made by member administrations was raised. It was suggested that AEC surveys be conducted regularly rather than occasionally. This would allow the WCO to have up-to-date information on improvements and progress made during a specific period of time.

11.   The link between performance measurement and the organizational structures and functions of Customs was discussed, recognizing that Customs administrations worldwide operate under different ministries, have different organizational formats, missions, powers and subsequently challenges. It was suggested that a comparative study focusing on the key Customs business processes could prove useful, using as basis the WCO Secretariat document on essential Customs characteristics, produced as part of the Customs-Tax cooperation initiative.

12.   The cooperation with private sector was deemed as critical in performance measurement. It was suggested that the issue of business sector compliance measurement, viewed as part of the broader question of Customs-Private sector cooperation, be incorporated into the AEC tool in some way. First, however, a definition of all the key areas of cooperation with the private sector had to be done both from a Customs perspective and from a business standpoint.

13.   To conclude, it was emphasized that it wasn't enough to measure performance to be able to perform better, but it was important to communicate on the improved performance.

2.

III. Action required

14.   The PTC is invited to take note of the outcome of discussions held at the 76th PC meeting on performance measurement.
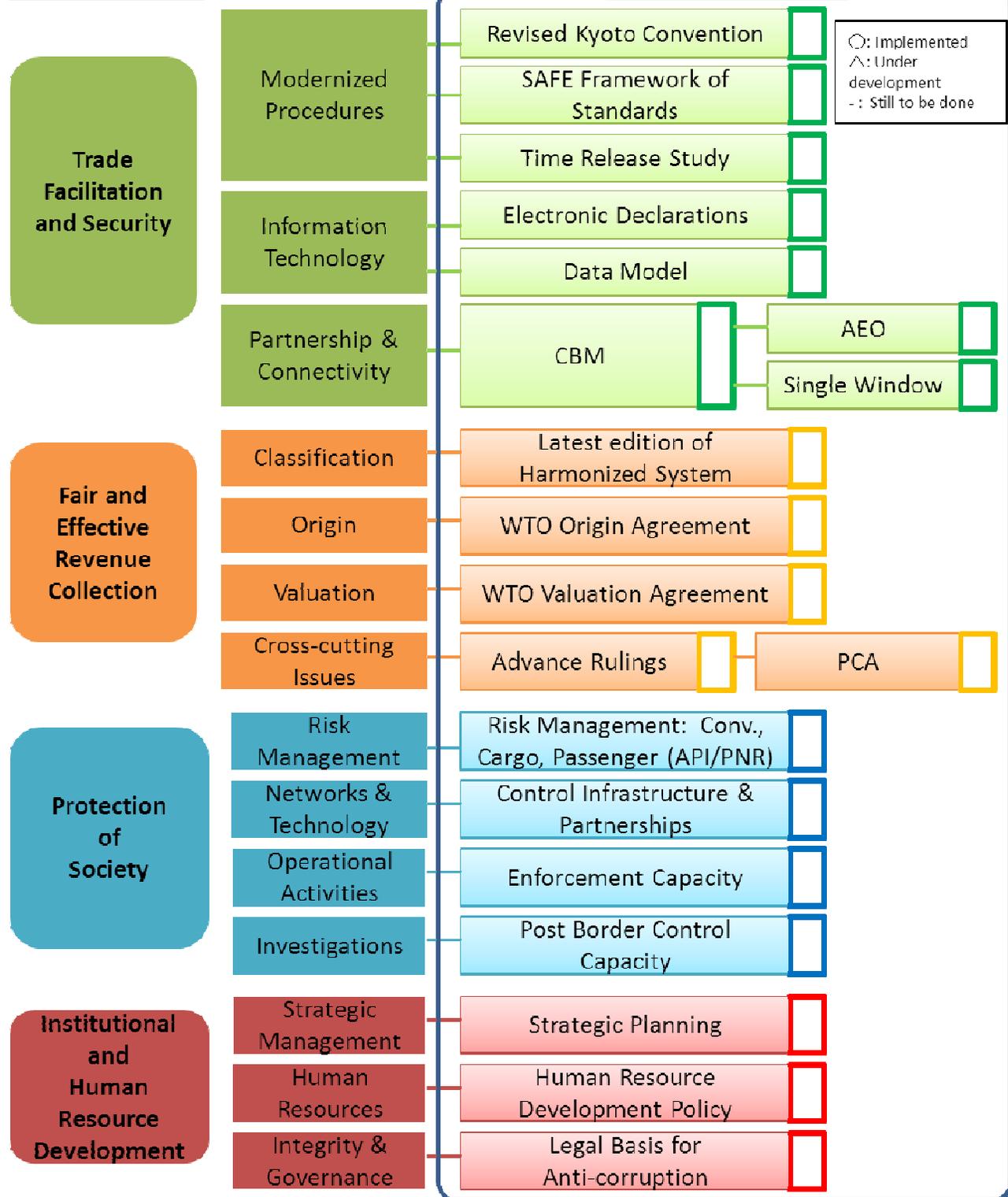
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Achieving Excellence in Customs

Country: XXXX

20 Indicators

○: Implemented
△: Under development
- : Still to be done

Trade Facilitation and Security

- Modernized Procedures
  - Revised Kyoto Convention
  - SAFE Framework of Standards
  - Time Release Study
- Information Technology
  - Electronic Declarations
  - Data Model
- Partnership & Connectivity
  - CBM
    - AEO
    - Single Window

Fair and Effective Revenue Collection

- Classification
  - Latest edition of Harmonized System
- Origin
  - WTO Origin Agreement
- Valuation
  - WTO Valuation Agreement
- Cross-cutting Issues
  - Advance Rulings
    - PCA

Protection of Society

- Risk Management
  - Risk Management: Conv., Cargo, Passenger (API/PNR)
- Networks & Technology
  - Control Infrastructure & Partnerships
- Operational Activities
  - Enforcement Capacity
- Investigations
  - Post Border Control Capacity

Institutional and Human Resource Development

- Strategic Management
  - Strategic Planning
- Human Resources
  - Human Resource Development Policy
- Integrity & Governance
  - Legal Basis for Anti-corruption

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 for the Achieving Excellence in Customs framework
(Trade Facilitation and Security)**

Revised Kyoto Convention

> **Have you ratified the Revised Kyoto Convention (RKC)?**
>
> **O: Ratified, △: Ratification process underway, －: Other**

Your Customs administration is categorized as **'Ratified'** in the following cases :
- Your government has acceded to the RKC
- Your government has signed the RKC without reservation of ratification
- Your government has deposited an instrument of ratification after signing it, subject to ratification
- Your government has ratified the RKC but has not deposited an instrument of accession

Your Customs administration is categorized as **'Ratification process underway'** in the following cases :
- Your government has signed the RKC with reservation of ratification
- Your government has made an official decision on accession to the RKC. This may include a decision of a cabinet meeting or Prime Minister/Foreign Minister. A decision within the Customs administration is not sufficient to be classified in this category.

If your Customs administration is not categorized as 'Ratified' or 'Ratification process underway', it should be categorized as **'Other'**.

(Supporting WCO tools for self-assessment)

- Text of the RKC
- RKC Checklist for Self-Assessment
  - General Annex
  - Specific Annexes

SAFE Framework of Standards

Number of Standards in the SAFE Framework with which your Customs legislation complies **O: From 20 to 27, △: From 10 to 19, －: Less than 10**

The following table shows Standards in the SAFE Framework. You need to check how many Standards your Customs administration or government meets. You are encouraged to check the SAFE Framework of Standards and read the technical specifications for implementation of each Standard in order to understand them.

You do not have to check Standard 11 (Development of cooperative arrangements or protocols) of Pillar 3. This Standard should be implemented by the WCO on behalf of its Members.

(Supporting WCO tools for self-assessment)
- SAFE Framework of Standards
- SAFE Package

Time Release Study

> **Have you conducted a Time Release Study (TRS) in line with the WCO TRS Guide?**
>
> **O: Customs administration has conducted a TRS in the last decade**
> **△: Customs administration is planning to conduct a TRS within 3 years**
> **－: Other**

The Time Release Study (TRS) Guide provides guidance to Customs administrations on how to measure the effectiveness of operational procedures that are carried out by Customs and other regulatory actors in the standard processing of imports and exports and in transit movements.

If your Customs administration has conducted a study on average release times in line with the TRS Guide, your self-assessment may be categorized as 'O'.

If you have conducted a study on average release times based on other methodologies, you may NOT categorize your administration as 'O'.

The TRS Guide describes three phases of the study which are Preparation of the Study, Collection and Recording of Data, Analysis of Data and Conclusions. Finalization of the Study Report, which normally includes findings and recommendations for improvement, is the last step of a TRS. If you have not finalized such a report, you cannot categorize your administration as 'O'.

If your Customs administration has initiated one of following actions in Phase 1 (Preparation of the Study), you may put '△'. The TRS Guide provides a detailed explanation of each action :
- Establishment of a Working Group
- Determination of Scope and Design of the Study
- Planning and Methodology
- Detailed Drawing Plan
- Sampling
- Test-Run

Your Customs administration is encouraged to publish TRS results on a regular basis. This provides transparency for business and others regarding customs performance in trade facilitation.

(Supporting WCO tools for self-assessment)

- Time Release Study Guide

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)**
> **△: Some Customs declarations must be submitted manually**
> **－: Other**

Customs declaration means good declarations as well all cargo declarations. The RKC defines them as follows :

- "Goods declaration" means a statement made in the manner prescribed by the Customs, by which the persons concerned indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require for its application (Chapter 2, General Annex).
- "Cargo declaration" means information submitted prior to or on arrival or departure of a means of transport for commercial use that provides the particulars required by the Customs relating to cargo brought to or removed from the Customs territory (Chapter 1, Specific Annex A).

The scope of Customs declarations normally includes declarations for importation, exportation, transit, temporary admission and advance cargo declaration. Applications for other procedures, such as application forms for Authorized Economic Operator status and request forms for advance rulings, are not included in its scope.

Customs declarations include supporting documents such as the invoice and manifest. If your Customs administration requires a declarant to present a supporting document in hard copy, you may NOT categorize such a process as an electronic declaration.

If your Customs system allows your administration electronic access to a repository of declarants and to verify the necessary information without submission of data, you may categorize such a process as an electronic declaration.

(Supporting WCO tools for self-assessment)
- Revised Kyoto Convention
- Single Window Compendium
- Data Model
- Recommendation on Dematerialization

Data Model

> **Is your information system in conformity with the WCO Data Model?**
>
> **O: Your system is categorized as "S" by the WCO Data Model Status Report**
> **△: Your system is categorized as "P" or "M" by the WCO Data Model Status Report**
> **－: Your system is categorized as "NA" by the WCO Data Model Status Report**

The WCO Data Model Status Report (Global adoption of the WCO Data Model) has been regularly updated, based on information received at various WCO meetings and from surveys carried out by the WCO :

The Report categorizes the status as follows :
- S : Information systems used by the Member have been checked for conformity. Tables showing conformity with the WCO Data Model have been shared with the WCO Secretariat
- P : Projects involving the use of the WCO Data Model are underway or have been completed
- M : Mappings of data elements in national Information Systems with the WCO Data Model have been produced and (in some cases) shared with the WCO Secretariat
- NA : Information regarding conformity with the WCO Data Model is not available

If new developments have taken place in your national Customs IT system, please inform the Secretariat (Tejo.Kusuma@wcoomd.org) accordingly so that the new status can be reflected in the list of the WCO Data Model Status Report.

(Supporting WCO tools for self-assessment)
- Global Adoption of WCO Data Model

Coordinated Border Management (CBM)

Number of consultations with other cross-border regulatory agencies (CBRAs) per year, and percentage of CBRAs involved in regular meetings.

O: More than twice a year AND more than 75% of CBRAs are involved in the meeting
△: More than twice a year OR more than 75% of CBRAs are involved in the meeting
－: Other

To conduct self-assessment under this criterion, your Customs administration needs to identify how many CBRAs are working at borders.

CBRAs means government agencies which have a legal mandate to regulate cross-border movements. There are many CBRAs which cooperate with Customs to facilitate trade. They may include but are not limited to transport authorities, immigration, interior authorities (e.g. police), agricultural authorities, licensing authorities and health authorities. The example provided by Finland may help to identify CBRAs in your government.

'Consultation' and 'regular meeting' in the criteria implies that informal consultation or meeting with CBRAs is not enough. Effective organization is key to CBM and a formal structure must be established to facilitate the planning and decision-making process. The CBM Compendium provides technical details on organization and structure in CBM.

Article 23 of the WTO Trade Facilitation Agreement (TFA) requires the establishment of a National Committee on Trade Facilitation (NCTF). It is expected that NCTFs may play a prominent role in CBM. The WCO Guide on NCTFs shares relevant information on WCO Members' experiences and their roles in NCTFs.

(Supporting WCO tools for self-assessment)
- CBM Compendium
- NCTF Guidance
- SAFE Framework of Standards

Authorized Economic Operator (AEO)

Have you adopted, or do you maintain, an AEO Programme?

O: Yes, △: Under development, ー: Other

The SAFE Framework incorporates the concept of the Authorized Economic Operator (AEO) Programme and provides baseline technical guidance for the implementation of AEO Programmes at the global level between a WCO Member and the international trade community.

Standard 1 of Pillar 2 of the SAFE Framework states that "*Authorized Economic Operators involved in the international trade supply chain will engage in a self-assessment process measured against pre-determined security standards and best practices to ensure that their internal policies and procedures provide adequate safeguards against compromise of their supply chains until cargo is released from Customs control at destination.*"

The Standard implies that the AEO Programme, among other criteria, should have pre-determined security standards. In this regard, a programme which does not meet security standards cannot be categorized as an AEO Programme.

A Customs compliance programme can generally be considered as focusing on compliance with traditional areas of Customs requirements, such as the payment of Customs duties, and can also be considered as a trade facilitation programme based on the RKC's authorized persons provisions. A Customs compliance programme is not an AEO Programme due to a lack of security standards.

The AEO Compendium is regularly updated to track the development of existing AEO Programmes, AEO Programmes in the process of being launched, and Customs compliance programmes. If your Programme is listed in the section – "AEO Programme to be launched", you may assess your status as "**Under development**".

If you want to update your AEO status, you are encouraged to contact the WCO Compliance and Facilitation Directorate via WCOAEOCompendium@wcoomd.org.

(Supporting WCO tools for self-assessment)

- SAFE Framework of Standards
- AEO Compendium
- AEO Implementation Guidance

Single Window

Do you have a Single Window system?

O: Yes, △: Under development, ─: Other

A 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 be submitted only once.

If you system does not handle business processes or regulations managed by other Cross-border Regulatory Agencies (CBRAs), you may not define it as a Single Window. A Web portal which provides links to systems owned by other CBRAs is not enough to be defined as a Single Window because such a Web portal cannot take precedence over CBRA business processes or regulations.

Although involving all business processes of all of CBRAs is desirable, involving one or two CBRA business processes is enough to answer **'Yes'** under this criterion.

Chapter 5 of the Single Window Compendium (Volume 1) elaborates the concrete steps that should be taken in order to launch the Single Window initiative. According to that Chapter, achieving a political mandate and creating empowered organizations are important initial steps for establishing a Single Window. If your administration or another relevant agency receives a political mandate from government or when a consultative body for a Single Window is established, you may assess your status as **"Under development"**. Consultation processes prior to achieving a political mandate and creating empowered organizations are not enough.

(Supporting WCO tools for self-assessment)

- Single Window Compendium
- Data Model
- CBM Compendium
- SAFE Framework of Standards

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