

Performance indicators and benchmarking

Ten Years of Experience



How the need appeared

- There were already methodologies
 - WCO's TRS
 - UN-ESCAP Time-Cost study
 - All Western administrations had a measurement system of some sort
 - But there was a need for an undisputed, holistic, methodology
- World Bank projects, among others, needed better monitoring in terms of results, both for infrastructure, technical assistance, and adjustment lending. Cost effectiveness of diminishing resources became essential.
- Multiple-donor involvement required some coordination

International environment

- Transition countries mostly – but the methodology was later extended to other countries.
- Supported by international instruments:
 - Harmonisation Convention implies indicators
 - Some measures (International Weight Certificate) are an indirect consequence of time measurement
 - Kyoto Convention sets benchmarks

The TTFSE approach

- Local
 - Usually linked to infrastructure development
 - But also along corridors
- National
 - Extrapolation of national level
 - Structural reforms
- Regional
 - Corridors (came later)
 - Benchmarking
- Established the notion of quantified triggers for disbursement
- To this day, the largest and most comprehensive set of data on border crossings.

The primary objectives

Quantification of results

- Targets
 - National level, as they turned out to be linked to
 - Local border post
- Triggers for disbursement
 - Negotiated with client
 - Annual review
 - Remedial action when off-track

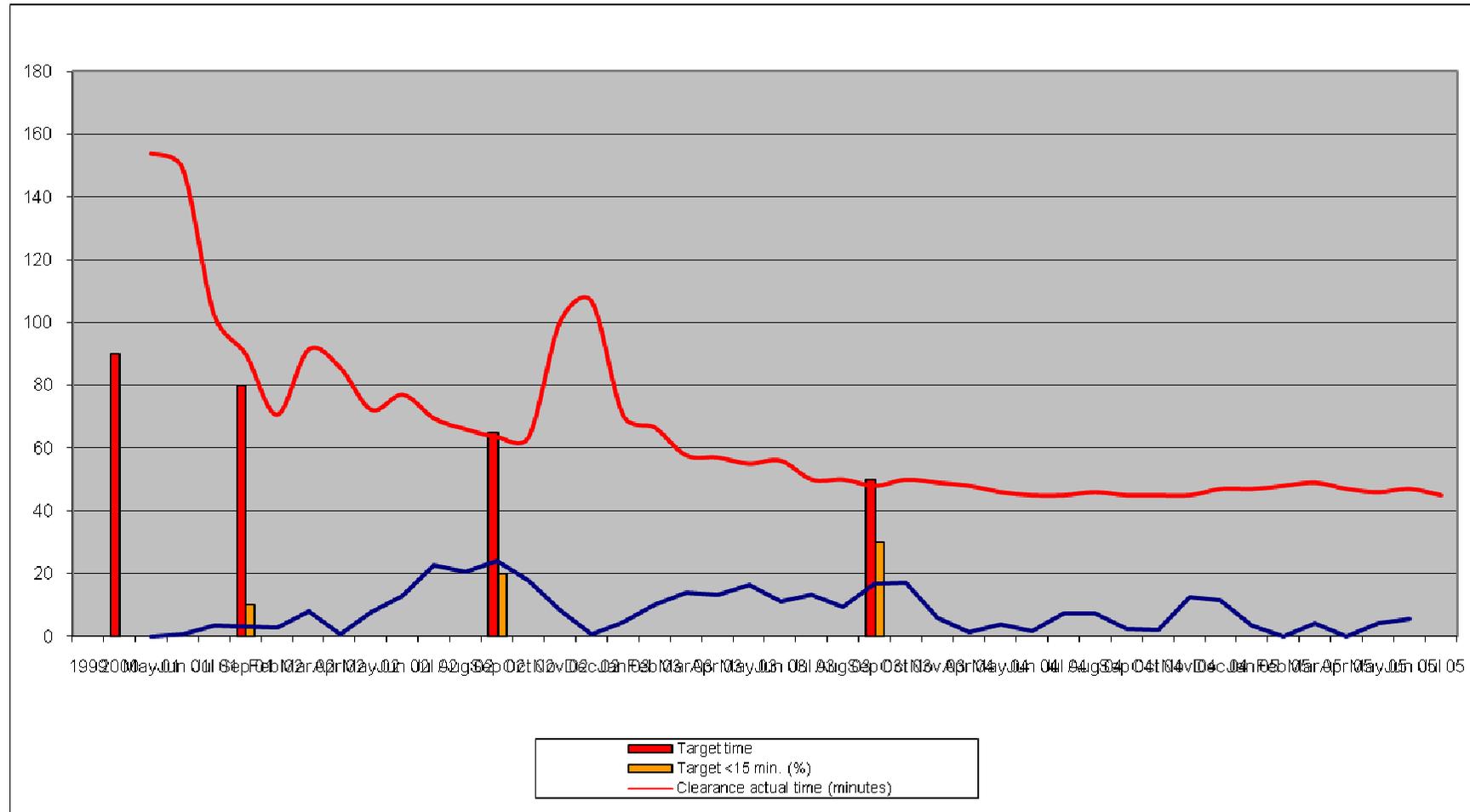
Need for a quick way of collecting indicators

- Had to be recurrent, therefore easy to collect
- Needed to be accepted both by the administration(s) and the private sector
- Had to factor ALL border agencies

This was not easy, and there were misunderstandings, mainly when baselines were established

- Local analysis came before national release

Findings: Targets were usually met



Targets were met...

...When time was the criteria

- Because all agencies worked together
- “What is measured gets managed”
- Increased awareness of extra-administrative issues (queues, dwell time)
- Systems were improved (parking fee structure)
- Station design needed improvement (off-lane checks, buffer zones)

What we found

It was not necessarily Customs that were to blame

Queue effect

One minute on average for ten travelers means:

$1+2+3+4+5+6+7+8+9+10 = 55$ minutes

and an average waiting time of 5:30 minutes

Role of other agencies

Savings

Countries	Beginning	Sep-02	Time saved	
Albania	245	142	103	42.04%
BiH-Fed	153.7	63.5	90.2	58.69%
BiH-RS	324.4	280	44.4	13.69%
Bulgaria	148.3	60	88.3	59.54%
Croatia	293.3	166.8	126.5	43.13%
Macedonia	196.1	177.9	18.2	9.28%
Romania	188.5	94	94.5	50.13%

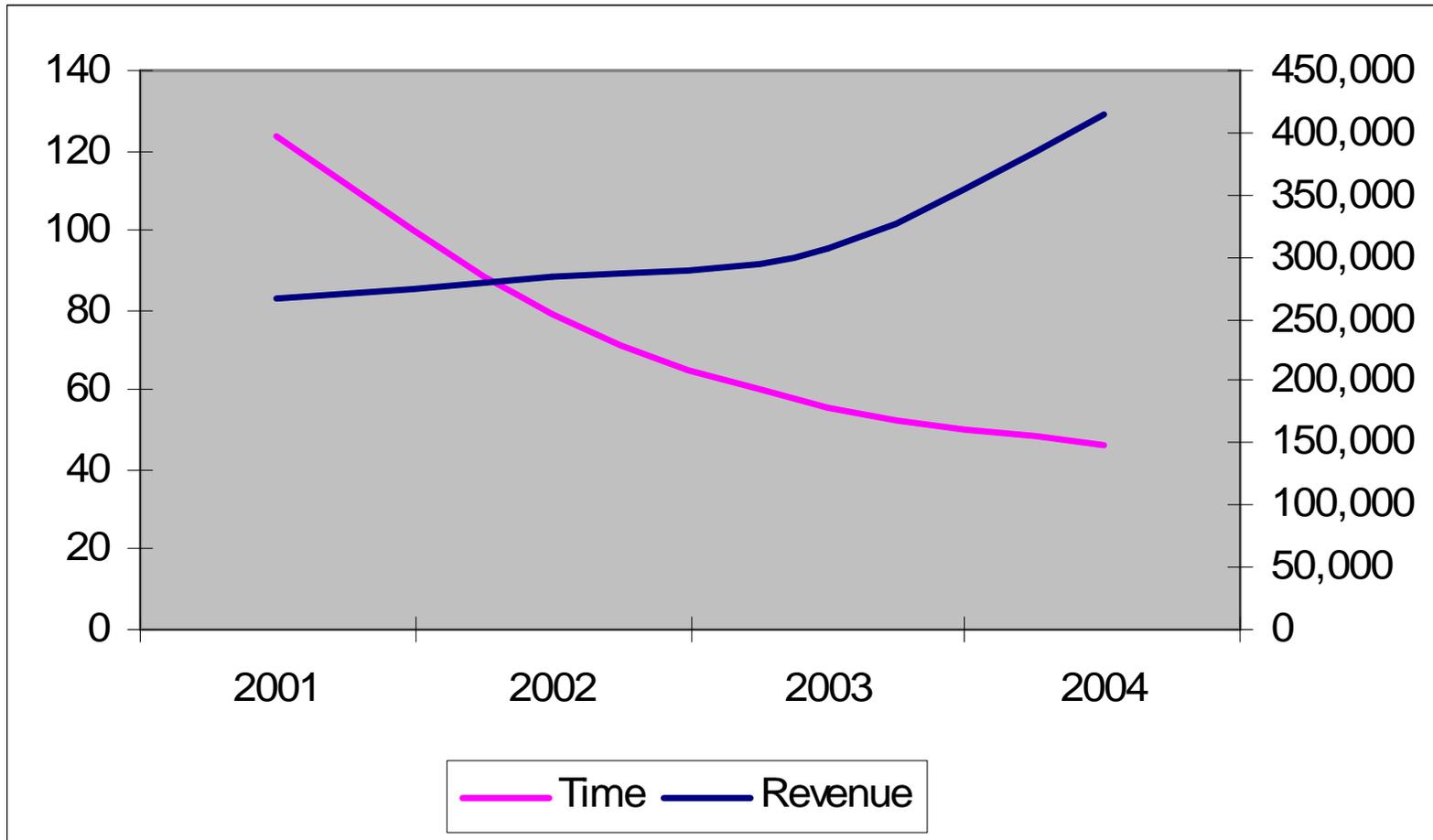
Savings to the economy

- Each idle truck has a cost of US\$ 15 per hour
- Multiply total number of trucks by time reduction

RESULT:

In SEE, approximately
US\$m 6.4 in 2003

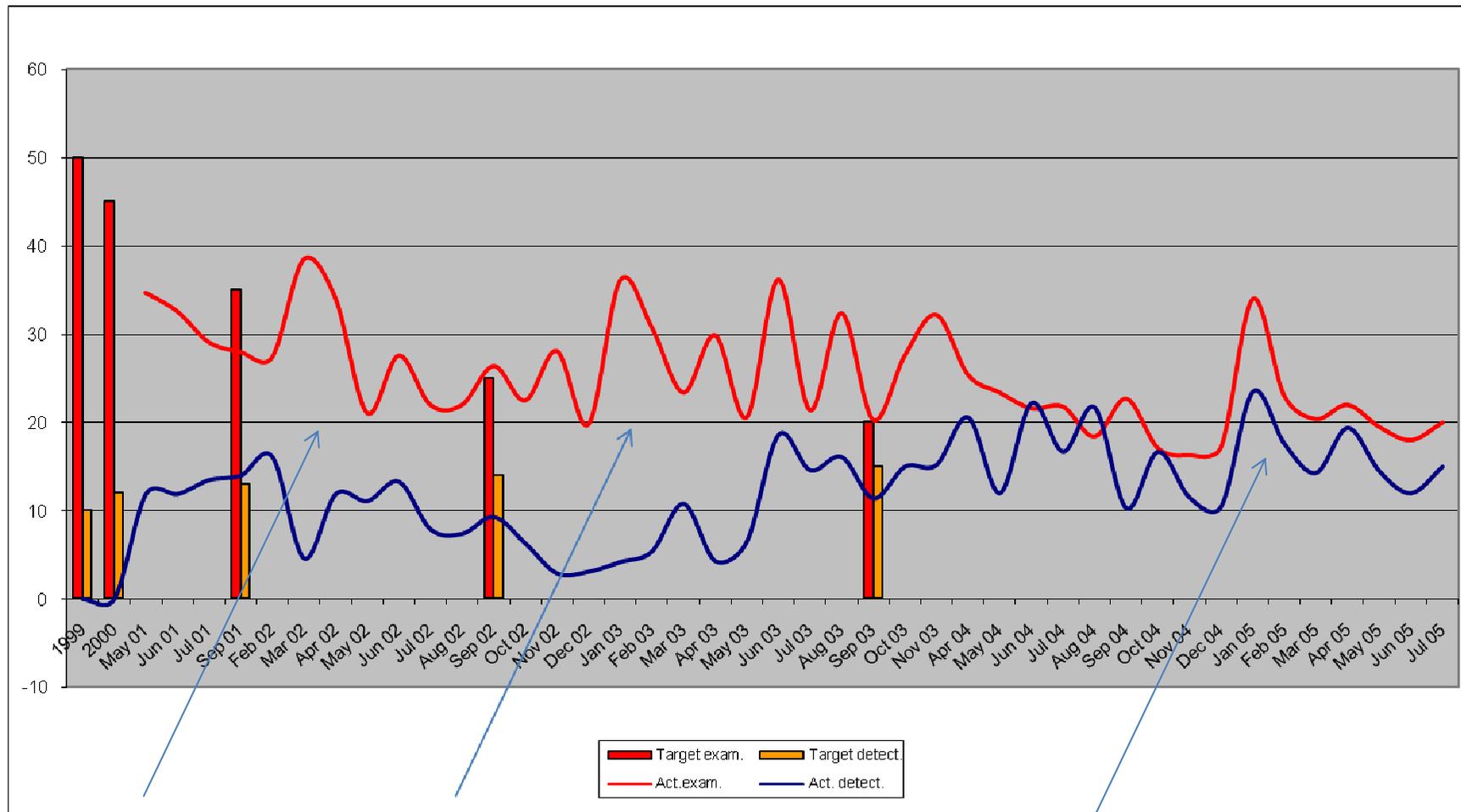
Consistent finding: When times go down, revenue goes up



Affected design and policy options

- Off-lane secondary checks
- Need for inter-agency consolidation
- The trade had a role to play
- Enforcement was very weak

But examination policies were the problem



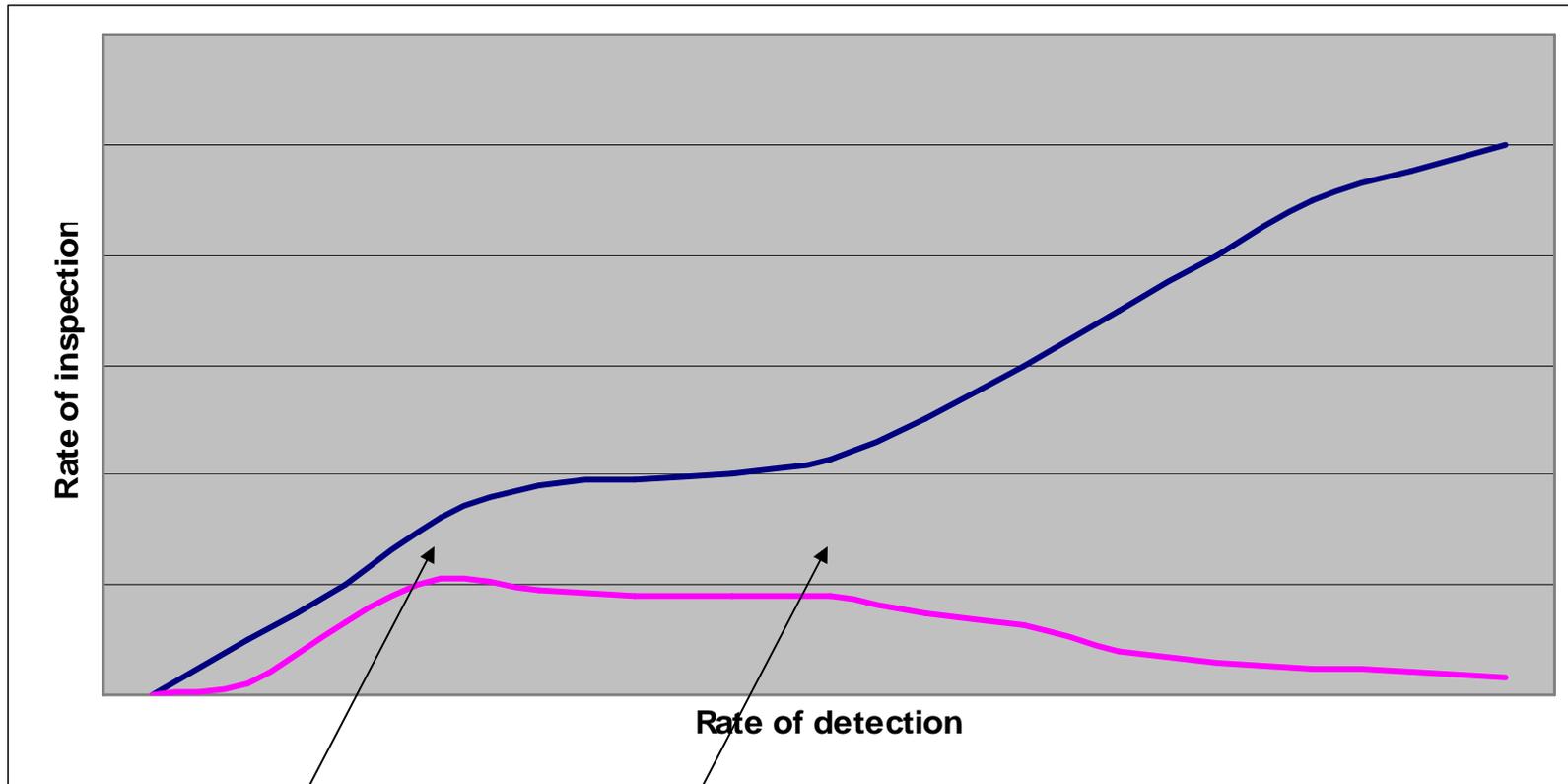
Examination policies

- Close to 100 percent inspection of some sort
- Difficult to set levels of detection although there are international standards

BUT

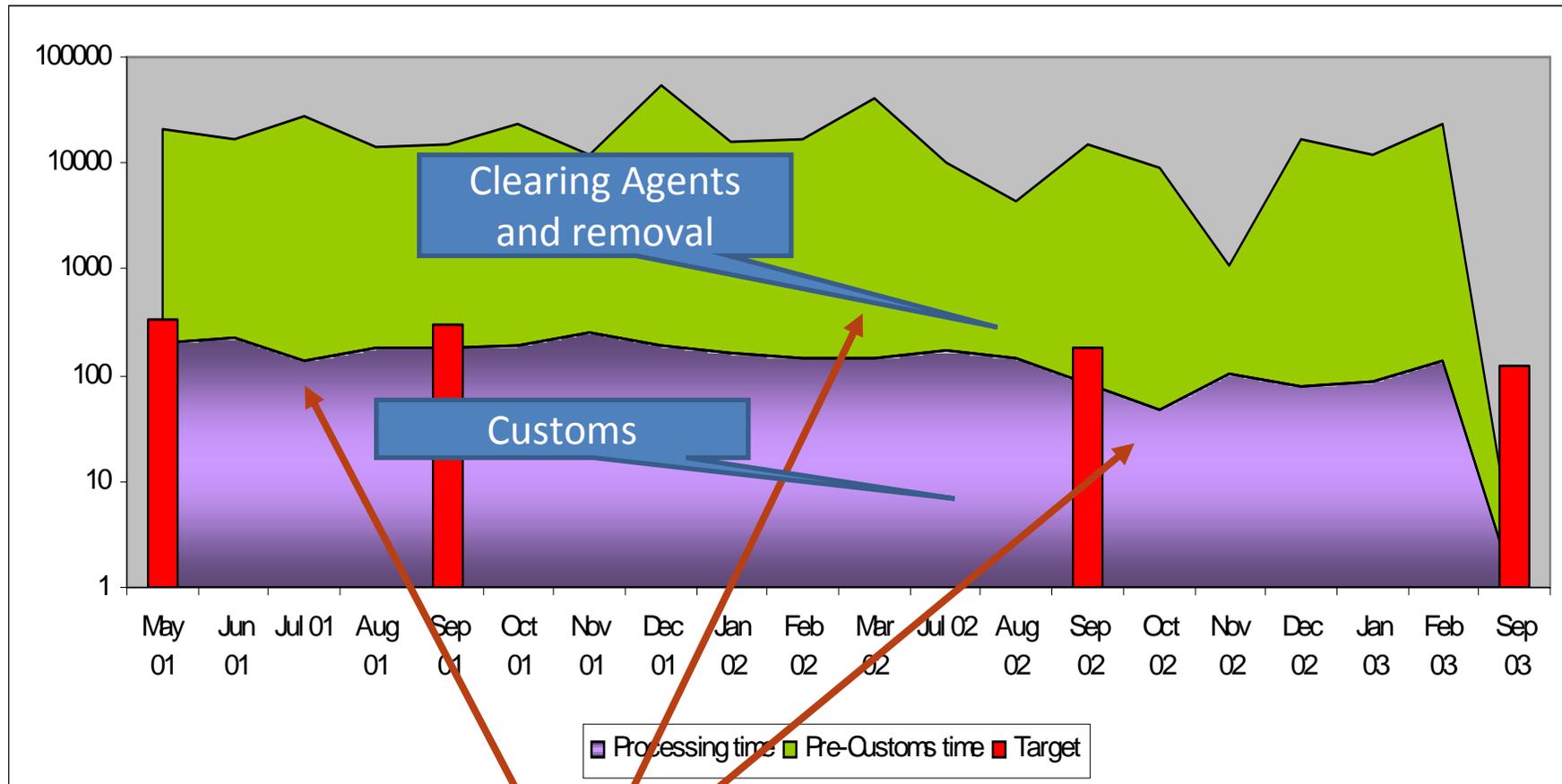
- Showed uselessness of routine examinations
- Allowed to calculate the marginal return on a detection
- Development of compliance models

A possible model

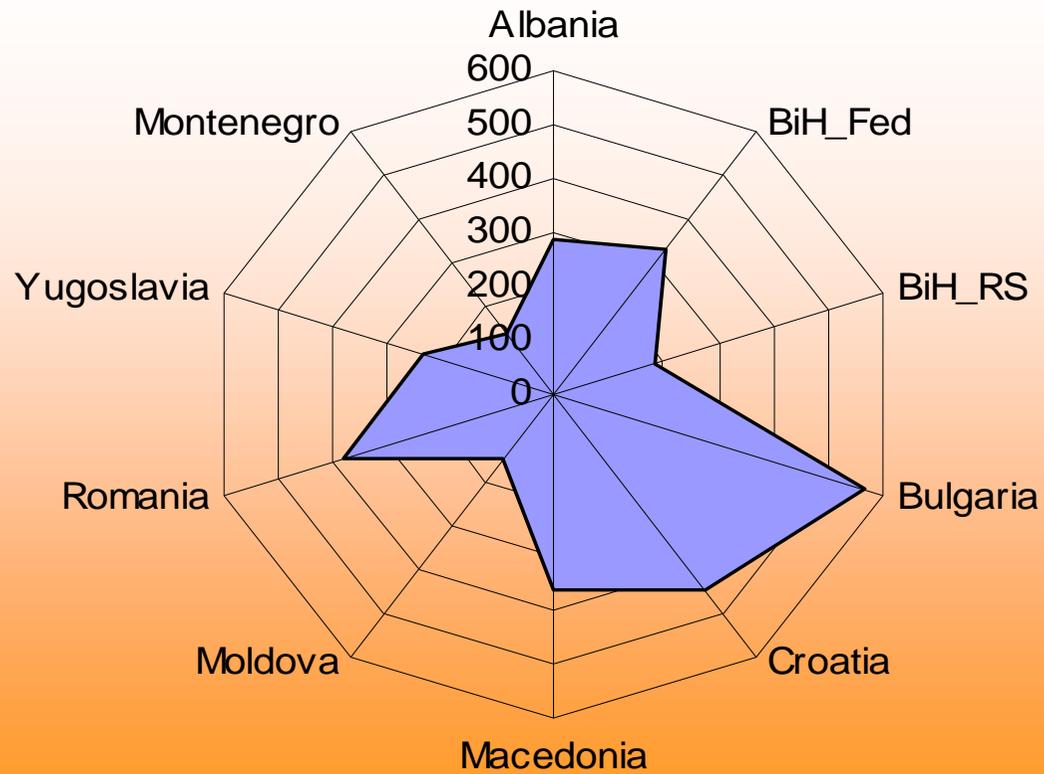


The optimal level of inspection is in the range of 20 to 40 percent

When Customs time goes down, private sector time tends to increase,



Regional comparisons



The way forward?

- Extension
 - New regions (North Africa, Caucasus, South and South East Asia, Southern Africa, Central Asia)
 - Incorporate corridors
 - Border markets in Central Asia
- Need to institutionalise
 - Built systematically into projects
 - International instrument (e.g., Harmonisation Convention)
- Reinforce benchmarks
- Use for infrastructure design

Thank you

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