

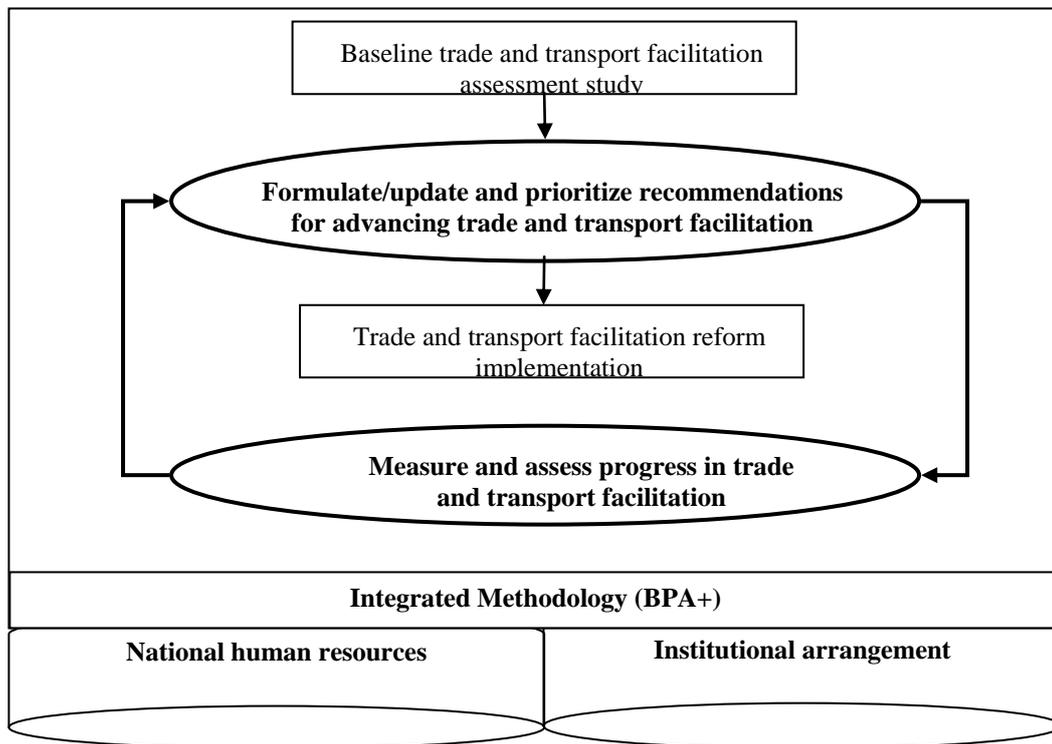
1. Characteristics of a National Integrated and Sustainable Trade and Transport Facilitation Monitoring Mechanism (TTFMM)

1.1. Overview of TTFMM

Core functions

TTFMM aims to support overall implementation of trade and transport facilitation reform and has two inter-related functions: (a) to formulate, update and prioritize recommendations for trade and transport facilitation; (b) to measure and assess progress in trade and transport facilitation. As shown in figure 1, once an initial set of recommendations has been formulated and prioritized for implementation, typically through a first (baseline) assessment study, progress in trade and transport facilitation is measured and assessed on a regular basis. The regular assessments provide the information needed to update or formulate new recommendations to ensure the trade facilitation reform remains relevant and is implemented as effectively as possible.

Figure 1. Key Functions and Components of TTFMM



Key outputs

The key outputs of TTFMM can be categorized as (1) performance indicators; (2) process and procedure descriptions; and (3) recommendations for improvement. Examples of typical outputs generated by TTFMM are shown in table 1.

Relevant data and information collected by TTFMM are saved in two formats: (1) national database and (2) annual report. National database records all data mentioned in Table 1

whilst annual report provides in-depth analysis of key issues on trade and transport facilitation.

As shown in figure 1, the monitoring system outputs are delivered, respectively, (a) using an integrated “whole-of-supply chain” methodology based on international standards and practices, (b) through a multi-stakeholder institutional arrangement, and (c) on the basis of national human resources available and/or to be developed.

Table 1. Typical Outputs of TTFMM

Performance indicators	<ul style="list-style-type: none"> • Time, cost and number of documents needed to complete the various activities in import/export/transit process (e.g., “obtain import license”) for selected/strategic products; • Average time taken from the arrival of the goods to their release (by Customs) and breakdowns of each operation between arrival and release • Average time and cost involved in moving a shipment along a specified route/corridor • Reliability of costs and times of key activities in import/export/transit process • Physical inspection rates for import/export/transit
Process and procedure description and analysis	<ul style="list-style-type: none"> • Use case and activity diagrams (i.e., standardized process and procedures maps); Time-procedures chart; and Time/Cost -distance charts • Process descriptions, including a list of agencies and stakeholders involved as well as a list of , trade forms and documents and related laws, rules and regulations; • Relevant laws, rules and regulations; and • A list of identified bottlenecks
Recommendations	<ul style="list-style-type: none"> • An analysis of the bottlenecks and identification of possible solutions to address them • Actionable and prioritized list of recommendations for implementation

1.2. Integrated Methodology: Business Process Analysis Plus

It is now well recognized that a “whole-of-supply-chain” approach to trade and transport facilitation is key to making progress in reducing the time and cost of trade transactions.⁴ On that basis, it is important that TTFMM is developed to assess trade and transport facilitation progress and generate recommendations for further improvement covering the entire set of trade processes/procedures (including those related to transport and payment). There is a need to integrate various methodologies and tools to achieve its purpose and to ensure maximum reliability of data and information generated by it. To the extent possible, it should use methodologies based on international standards – such as Unified Modeling Language (UML) to map trade procedures – so that relevant outputs of TTFMM may be more easily shared with relevant trade or transit partners, e.g., as part of a collaboration to facilitate trade and transport along a given subregional corridor.

In that context, a Business Process Analysis Plus (BPA+) approach is proposed, which is built on the UNNExT Business Process Analysis methodology,⁵ supplemented by ESCAP

⁴ For example, refer to the UN/CEFACT international supply chain (Buy-Ship-Pay) model.

⁵ http://www.unescap.org/tid/unnext/tools/business_process.asp.

Time-Cost-Distance (TCD) and WCO Time Release Studies (TRS) methodologies. Indeed, while BPA was initially designed to document and evaluate an import/export process at a given point in time, its relative simplicity, combined with the fact that it specifically includes measuring the time and cost of the complete range of procedures as one of the main output of the analysis, makes it suitable as the basis /core of a trade facilitation monitoring and improvement system. TCD and TRS methodologies, which focus on a subset of procedures covered by BPA (See Figure 2) and provide for alternative data collection methods,⁶ would be used to verify and supplement the data and outputs from the standard BPA.⁷ A comparison of the three methodologies is provided in Annex 1.

Figure 2. Trade and Transport Procedures Covered by BPA, TCD and TRS Methods

Trade-related procedures before cargo movement	Cargo origin		Border crossing point		Border crossing point		Cargo destination	Trade-related procedures after cargo arrival
			TRS		TRS			
TCD								
BPA								

Source: developed by the authors

Another difference between BPA and other two methodologies (TRS and TCD) lies in that BPA not only provides indicators but also provides a ‘standard’⁸ method for analyzing trade procedures and diagnosing trade barriers; while the other two methods mainly provide indicators. This further justifies the usefulness and strength of BPA+ which not only provides comprehensive set of indicators (encompassing all indicators yielded by BPA, TRS and TCD) but also uses a standard analytical method to identify trade barriers.

Depending on each country’s specific need and context, other trade facilitation assessment and monitoring methods may also be integrated into TTFMM.

1.3. Sustainability of TTFMM

As TTFMM aims to support and guide continuous improvements in trade facilitation over the long-term, it is essential to design it with sustainability in mind. Anchoring it with a multi-agency / multi-stakeholder institutional arrangement and taking steps to ensure that its outputs can be delivered using national human resources will be crucial to its sustainability.

1.3.1. Institutional Arrangement

Institutionalizing TTFMM is a prerequisite to ensuring its sustainability. To this end, an executive body is required to be established. In principle, the executive body should

⁶ BPA data is typically based on key informant interviews verified through stakeholder consultation(s), while TCD is often based on accumulation of information provided by drivers moving single shipments along a selected route, and TRS is based on time forms filled by Customs officers (or electronic time stamps when available) for a sample of shipments/customs declarations.

⁷ TCD and TRS form two pillars of the Corridor Performance Measurement and Monitoring (CPMM) initiative implemented by ADB in CAREC countries as part of its trade and transport facilitation programme in that region.

⁸ In a BPA analysis, all analysts are required to develop ‘Use Case’ and ‘Activity’ diagrams together with description of trade process and procedure. This indeed provides a standard analytical method.

comprise representatives of all stakeholders related to trade and transport facilitation. As such, the executive body should be the – or under the - National Trade and Transport Facilitation Committee (NTTFC) or similar institution, if already in place. In fact, operation of TTFMM should be a core function of such Committee because TTFMM will provide the information needed to make decisions and drive the trade facilitation reform. If such a national Committee or institution is not in place, an inter-agency trade facilitation performance assessment and monitoring Committee could be initiated by/under the trade facilitation lead agency – to be eventually upgraded and integrated into a National trade facilitation body as described in details in ADB/ESCAP (2009; 2013).

1.3.2. National Human Resource and Capacity-building

As part of ensuring the sustainability of TTFMM, national human capacity needs to be developed and maintained. National experts, rather than international experts, should be used to conduct the assessment and performance studies, with project resources available for establishment of TTFMM allocated essentially to building national capacity.

Instead of relying on individual experts, it may in fact be best to involve an existing national think-tank or research institution that already has a mandate for trade or economic development, and which could therefore support the trade facilitation performance studies under its existing – or a slightly expanded - mandate.

To further increase sustainability, a “training of trainer” mechanism may be established, whereby those receiving initial training (from international experts/consultants) to conduct the BPA+ study as project leaders or analysts, are asked to commit to sharing knowledge gained and training others. The ultimate goal is to create a pool of proficient local experts (or institutions) to conduct all the essential studies.

Priority for participation in capacity building activities should be carefully thought out and given to those most likely be involved directly in the implementation of the BPA+ studies and related activities, including, e.g., NTTFC members and Secretariat staff (or those of the Lead Agency), Customs officers, personnel from trucking associations, and staffs of trade-related research institutions.

1.3.3. Other Measures towards Sustainability

In the long term, the operation of TTFMM is likely to be underpinned by national resources, as well as external assistance from development partners or donors. While an adequate and separate budget may be provided by the Government for operation of TTFMM given its broad social and economic benefit, innovative solutions towards system sustainability may be examined, such as key government agencies providing qualified staffs on a part-time or full-time basis to conduct the studies. While this latter solution may raise issues regarding neutrality of the outputs of TTFMM, this approach could be useful in building capacity of officials that will continue to serve - or ultimately return to - their original agency.

A Public-Private Partnership (PPP) modality could also be envisaged: part of the resources of TTFMM may come from private sector organizations such as Chambers of Commerce or Industry Associations considering the benefits TTFMM can bring to the business community. The private sector contribution may come in the form of an in-kind contribution (e.g., staff or staff time to collect and/or analyze data). In that context, communicating with the general

public on the benefits of TTFMM, presenting useful results on a regular basis and showcasing the achievements will be important to win continuous and broad-based support – including financial support - from a wide range of public and private stakeholders.

Once the usefulness of TTFMM is fully recognized by all relevant stakeholders (it is envisaged that this process takes two to three years), development partners/financing institutions/international donors are also likely to support the operation of TTFMM. This would be particularly useful for the least developed countries and landlocked developing countries with limited resources.