

## Conclusion

Whilst most existing global database cannot generate detailed information to develop or update national trade facilitation action plans, TTFMM enables the countries to develop their own database to support evidence-based policy making and reform.

Compared with most ad-hoc trade facilitation performance monitoring methods applied in countries in the Asia-Pacific region, TTFMM provides the countries with a continuous, affordable and sustainable monitoring mechanism. This is achieved through two cornerstones of TTFMM including institutional arrangement and national human resources. TTFMM should be under the auspices of national trade and transport facilitation committee (or an equivalent institution). National experts and human resources need to be used to support all activities under the framework of TTFMM to reduce the costs and develop national capacity.

Underpinning TTFMM is the methodology called BPA+. It draws strengths from three proven methods, namely, BPA, TRS and TCD. As such, its outputs are more comprehensive and its method for data collection and analysis is more robust. In practice, BPA+ provides international organizations/financial institutions/development partners with an avenue for collaboration: instead of supporting single method such as BPA, TRS or TCD, these organizations may pool the resources to support the comprehensive BPA+ studies and establishment of TTFMM.

Although TTFMM was initially designed to cater for the needs from the countries in the Asia-Pacific region, it is also applicable for any countries in the world, considering the fact that monitoring and improvement of trade and transport facilitation are always non-stop activities for not only developing countries but also developed countries.

### **Box 1. Lessons learnt in implementing BPA: Cambodia experience**

Among many successful stories, output of BPA projects in Cambodia was instrumental in raising awareness and building political will for on-going trade facilitation reform. In 2010, with the support of UNESCAP and UNECE, a project on BPA was implemented in Cambodia to assess trade process and procedures related to export of rice to Europe, cashew nuts to India and silk to Europe, as well as the import of pharmaceuticals from Indonesia. The project was carried out by a team of eleven people, comprising the lead national consultant, officials from several government agencies responsible for customs control, goods inspection and port management, and private sector representatives, in particular, from the freight forwarding industry. A visual presentation of the rice export procedure, as one of the outputs of the projects, provided direct feedback for senior policy makers to effect trade facilitation reform, which, in turn, decreased the costs of rice exports, and thus had a great impact on Cambodia's external trade.

The lessons learnt in implementing the above-mentioned projects:

1. Political will: The strong political windfall from the BPA initiative drove a smooth cooperation between local consultants and potential interviewees. It fostered engagement from the potential interviewees from the beginning of the project to the end.
2. Sense of ownership from within the country: the Permanent Vice Chairman of the Supreme National Economic Council sought to identify where the country was in terms of trade facilitation and what had to be done to improve this. His decision was supported by the Minister attached to the Prime Minister, the Delegate of the Royal Government of Cambodia in charge of the General Directorate of Customs and Excise, and the Secretary of State, Ministry of Commerce. A strong sense of ownership from within the country effectively helped implement the project.
3. Verification of data and information: Stakeholder meetings held towards the end of the project provided an effective mechanism for consultants to validate information about procedures, times and related costs associated with the export and import of products. They also helped to increase stakeholders' awareness of various complexities embedded in the procedures, and thus created momentum for trade facilitation reform.

*Source:* <http://tfig.unece.org/cases/Cambodia.pdf> , accessed on 27 March 2013.

## Annex 1. A Comparison of BPA, TCD and TRS

Figure 2 indicates the information on parts of the supply chain covered by BPA, TCD and TRS. Table 1A provides more detailed information on these methods. To summarize,

- BPA:** the scope and areas of trade and transport procedures covered by BPA are stretchable. BPA can cover the entire import/export process or scope and level of details tailored to the specific needs of the countries (e.g., in terms of products or trade routes/corridors of interest). Data is collected (and verified) in an interactive manner from key informants through individual interviews and stakeholder consultations. Key quantitative indicators resulting from BPA are costs and time associated with each procedure included in the analysis. However, compared with TCD and TRS, the output of BPA are more comprehensive as they also include standard graphical descriptions of existing individual procedures for diagnosing the bottlenecks and coming up with process improvements/re-engineering.
- TCD:** TCD looks specifically at the physical movement of cargoes from origin to destination along a given route. Relevant data are often collected by hiring truck drivers to record times along the route. The strength and weaknesses of this approach is its simplicity, depending on the perspective and the users. Requirements for training on data collection are minimal. The results are straightforward and can be easily understood by policy makers and other stakeholders. However, the output of TCD includes only information on transport time and costs (as well as distance, which is often not a primary concern of the sellers or shippers). While TCD can help supplement or verify some of the information obtained on cargo-movement procedures through BPA, it provides little information on why a cargo stay at a border or port for x hours, and whether this amount of time is too long, or too short. TCD may be used to measure and compare the segments of costs and time associated with cargo movement and preliminarily assess the potential bottlenecks along transport routes.
- TRS:** TRS is particularly focused on the customs clearance time, or the time between arrival of the goods (at a sea or airport) until goods are released. TRS typically relies on a sample of actual and individual declaration made and for which times have been recorded. The strength of this approach is that it can capture precise performance of Customs (and possibly other agencies) at the border-crossing points, including sea and airports. It can therefore be seen as a useful tool to both verify and complement the information collected as part of a BPA on procedures at borders. However, implementation of TRS and the usefulness of its outcome crucially depend on the collaboration of Customs (which have to provide the basic data and access) as well as the willingness of Customs and other agencies operating (e.g., port authorities) to cooperate and share information.

To date, BPA, TCD and TRS have been separately applied in different countries, often on an *ad-hoc* basis. For example, BPA has been applied to Bangladesh, Cambodia, China, India, Japan, Lao People's Democratic Republic, Myanmar, Nepal, Sri Lanka and Thailand. TRS has been applied in Australia, China, Indonesia, Japan, Malaysia, Philippines, Republic of Korea, New Zealand and Thailand while TCD has been applied to CAREC corridors as part of Corridor Performance Monitoring and Monitoring system (CPMM)<sup>16</sup>.

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<sup>16</sup> More information is available on <http://cfcfa.net/cpmm/>.

**Table 1A. A comparison of BPA, TRS and TCD**

	<b>Definition or description</b>	<b>Major objectives</b>	<b>Coverage of the supply chains</b>	<b>Types of data and information collected</b>	<b>Data collection methods</b>	<b>Outputs</b>
<b>BPA</b>	A systematic examination of business processes in order to gain better understanding and to develop improvement strategies.	<ul style="list-style-type: none"> <li>• The analysis of activities, documents, and information flow in international trade procedures;</li> <li>• The identification and prioritization of problematic areas that cause the delays in moving goods from seller to buyer; and</li> <li>• The design of improvement measures to address these problematic areas (e.g. simplifying processes and data, and eliminating redundancies).</li> </ul>	whole supply chain before and after the physical movement of cargoes, or part of it depending on the scope set by the project	<ul style="list-style-type: none"> <li>• Activities that come in a specific order and decision points;</li> <li>• Actors who perform those activities;</li> <li>• Defined inputs and outputs of each activity;</li> <li>• Criteria for entering and exiting the business process;</li> <li>• How actors relate to one another;</li> <li>• How information flows throughout the business process;</li> <li>• Associated rules and regulations; and</li> <li>• Quantitative indicators such as number of steps, as well as time and cost required to complete a particular business process.</li> </ul>	<ul style="list-style-type: none"> <li>• interview of relevant stakeholders</li> <li>• collect Forms and documents associated with each action/activity</li> </ul>	<ul style="list-style-type: none"> <li>• Use case diagram showing the scope of the business process analysis project;</li> <li>• Activity diagrams;</li> <li>• Process descriptions, including a list of trade forms and documents, as well as a list of trade-related laws, rules and regulations;</li> <li>• Integrated activity diagram;</li> <li>• Time-procedure chart;</li> <li>• A list of identified bottlenecks; and</li> <li>• Recommendations to improve the business process and/or to-be business process models.</li> </ul>
<b>TRS</b>	The WCO TRS is primarily designed to measure the time required to release goods, although the principle of the TRS could potentially be used for other purposes such as time required for commercial procedures, transport procedures or trade related financial procedures.	<ul style="list-style-type: none"> <li>• To measure time from the arrival of the goods at the port/airport/land border until their release to the importer or to a third party on their behalf</li> <li>• To measure the average time taken for the release of goods from their arrival to their release;</li> <li>• To measure the average time taken for each activity in the release process, for example, the time taken for physical inspections;</li> <li>• To identify the weaknesses in the release process (including at each individual activity in the process);</li> <li>• To identify the constraints affecting</li> </ul>	The key nodes of the supply chains, such as port/airport/land border	<ul style="list-style-type: none"> <li>• Date and time of the arrival</li> <li>• Date and time of the beginning of unloading</li> <li>• Date and time of the end of unloading</li> <li>• Date and time of delivery to temporary storage</li> <li>• Date and time of lodgement of declaration</li> <li>• Date and time of acceptance of the Goods declaration</li> <li>• Date and time of the beginning of documentary control</li> <li>• Date and time of the end of the documentary control</li> <li>• Date and time of the beginning of inspection</li> <li>• Date and time of the end of inspection</li> <li>• Date and time of intervention made by other agencies</li> <li>• Date and time of authorization granted by other agencies</li> <li>• Date and time of payment of duty</li> <li>• Date and time of release</li> <li>• Date and time of the removal of the goods</li> </ul>	<ul style="list-style-type: none"> <li>• often a combination of available data for previous transactions, supplemented by additional data which may be collected by survey, information generated by computer system, or customs officer record the relevant data for the TRS project</li> </ul>	<ul style="list-style-type: none"> <li>• The average time taken from the arrival of the goods to their release and breakdowns of each operation</li> <li>• Recommendations for improvement</li> </ul>

		<p>release; and</p> <ul style="list-style-type: none"> <li>• To suggest corrective/remedial measures to improve the time required for the release of goods.</li> </ul>				
<b>TCD</b>	The graphical representation of cost and time data associated with transport processes.	<ul style="list-style-type: none"> <li>• To capture the information of costs, time and distance of physical movement of cargoes from cargo origin to cargo destination,</li> <li>• To identify inefficiencies and isolate bottlenecks along a particular route by looking at the cost and time characteristics of every section along a route.</li> </ul>	Cargo origin to cargo destination, or part of it depending on the scope set by the project	<ul style="list-style-type: none"> <li>• time, costs and distance of cargo movement</li> </ul>	<ul style="list-style-type: none"> <li>• Record and track the movement of cargoes, for example, by drivers and other transport operators, by GPS navigators</li> </ul>	<ul style="list-style-type: none"> <li>• Visual representation of the transport process from origin to destination, which plots distance (x-axis) against either cumulative time or cumulative cost (y-axis).</li> </ul>