

PERFORMANCE MEASUREMENT – OVERVIEW

prevalent approaches, their basis, and methodology

SASEC Workshop on Performance Measurement for Trade Facilitation

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OVERVIEW

What are we trying to measure?

01

Customs Clearance Process

02

Cargo Release Time (Time Release Study)

03

Trading Across Borders: Ease of Doing Business?

04

Trade Facilitation

WCO has been advocating TRS since early 1990s; World Bank has been conducting DB Report since 2003; but its WTO's Trade Facilitation Agreement in 2016 which has really brought focus on trade facilitation performance measurement.



TRADE FACILITATION INDICATORS

The most commonly used indicators tend to focus on the following aspects:

Required time for key procedures or processes, such as release of goods at border stations

Costs, usually reflected as transport or freight costs

Number of documents, such as the documents required for clearing goods

Availability and quality of transport infrastructure and services

Prevalence of rule of law or level of corruption.



Its often comparisons that make performance measurement relevant!

- ❑ In the context of performance evaluations, **temporal comparisons** inform people how well they are doing relative to how they have performed in the past.
- ❑ **Social (spatial) comparisons** inform people how well they are doing relative to others.
- ❑ Keep the methodology uniform for ensuring strict data confidentiality.



TIME RELEASE STUDY

- WCO has released a new edition of the “Guide to Measure the Time Required for the Release of Goods,” known as the Time Release Study (TRS) Guide in 2018.
- Internationally accepted strategic tool to measure the actual time taken for the release and/or clearance of goods – from the time of arrival until the physical release of cargo – as well as the effectiveness and efficiency of border procedures relating to imports, exports and transit movements of goods.
- **Covers only time!**
- TFA Article 7.6.1 stipulates that “***Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization.***”

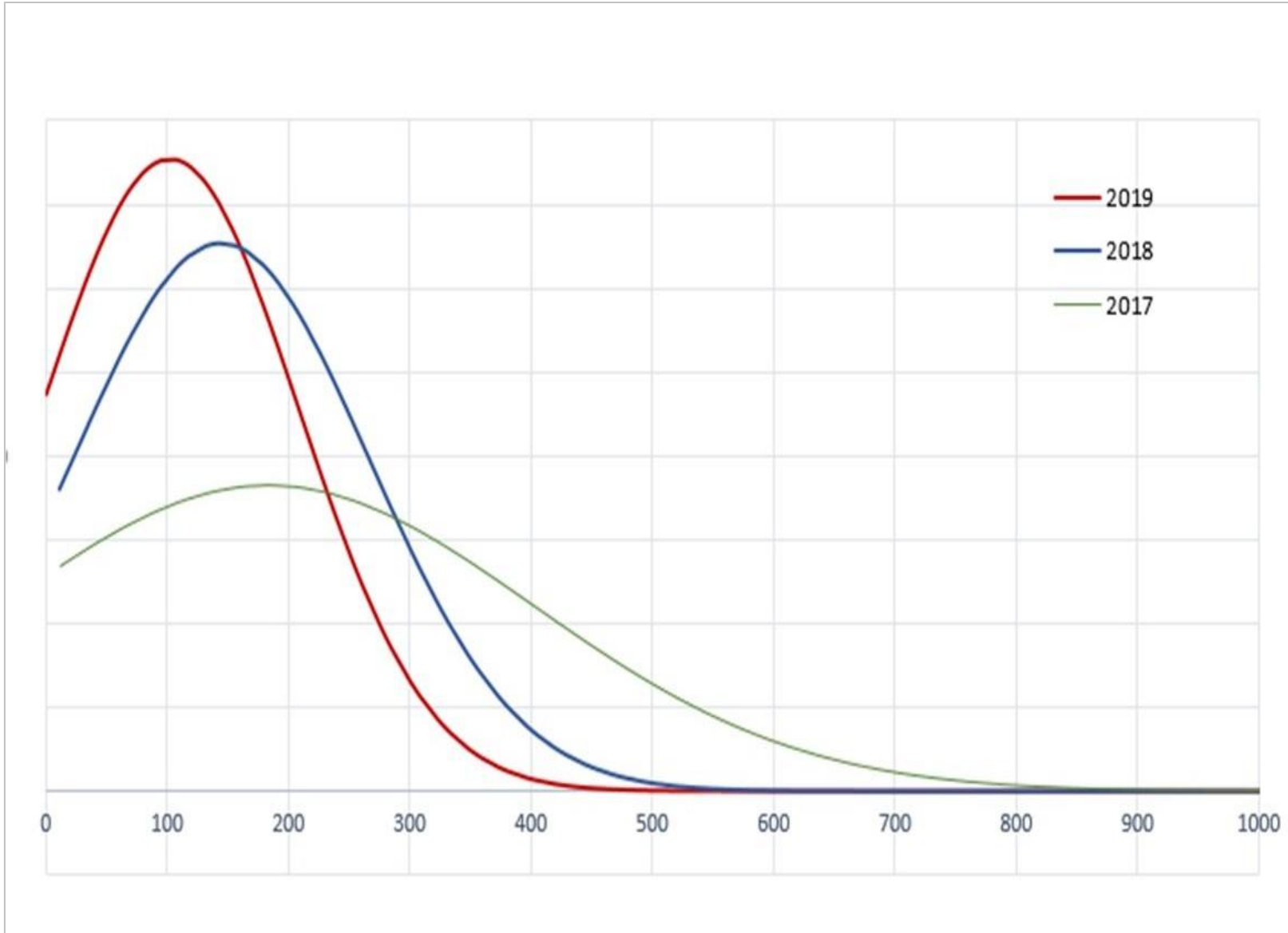


TIME RELEASE STUDY

- TRS has provided excellent tool for inter-temporal comparison within customs administrations.
- It provides useful tool for identifying the bottlenecks and taking appropriate policy/administrative actions to reduce release time.
- It is based on actual release time data in many countries.
- Country experience in the New WCO TRS Guide
 - **Australia; Cameroon; Chile; Georgia; India**
 - **Lao People's Democratic Republic; Japan; Mauritius; New Zealand; Sudan**
- **It doesn't provide a very good basis for international comparison!**

http://www.wcoomd.org/en/topics/facilitation/resources/~/_media/01713916ED2A4BD38DC119C5E64B890D.ashx

JNCH TRS 2019



Bills of entry cleared within 72 hours – 21% > 29% > 50%

Bills of entry cleared within 48 hours - 34%

Bills of entry cleared in less than average release time of 105.41 hours – 64%

Maximum time-consuming 1% bills of entry – 1600 hours to 719 hours



PLETHORA OF INDICATORS

INDICATOR NAME	AGENCY	WHAT IT SEEKS TO MEASURE
Doing Business/ Trading Across Borders	International Finance Corporation (IFC) of the World Bank	Measures number of documents, time and costs of importing and exporting a 20-foot container shipment.
Logistics Performance Indicator	World Bank, International Trade Department	LPI is a composite indicator drawing on topic relevant data from operators surveys conducted worldwide: measures the availability and quality of logistics and key transport services, as well as government services.
World Bank Governance Indicators (WGI)	World Bank Group	WGI summarizes the views on the quality of six dimensions of governance: (i) voice and accountability, (ii) political stability and absence of violence, (iii) government effectiveness, (iv) regulatory quality, (v) rule of law, (vi) control of corruption.



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INDICATOR NAME	AGENCY	WHAT IT SEEKS TO MEASURE
OECD Governance at a glance	OECD, Directorate for Public Governance and Territorial Development	Governance at a glance combines over 60 indicators. The indicators “Transparency in Governance” and “Regulatory Governance” reflect trade facilitation relevant aspects of disclosure of information and access to information.
USAID Road Governance Surveys	WAEMU and West Africa Trade Hub	The surveys publishes data on checkpoints, bribes and delays on primary transport corridors in Western Africa. The data is drawn from surveys of drivers and transport operators. Data is updated quarterly.



DOING BUSINESS/ TRADING ACROSS BORDERS

- ❖ *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies—from Afghanistan to Zimbabwe—and over time.
- ❖ *Doing Business* measures regulations affecting 11 areas of the life of a business.
- ❖ Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, **trading across borders**, enforcing contracts and resolving insolvency.
- ❖ *Doing Business* also measures labour market regulation, which is not included in this year's ranking.
- ❖ Data in *Doing Business 2019* are current as of May 1, 2018.

Available online www.doingbusiness.org

DOING BUSINESS



- ❑ Economies are ranked on their ease of doing business, from 1–190.
- ❑ A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.
- ❑ The rankings are determined by sorting the aggregate scores on 10 topics, each consisting of several indicators, giving equal weight to each topic.
- ❑ Each of the ten topics has a score and a economy rank.
- ❑ Sub-nation Doing Business data is also available.

- ❑ Rankings are based on scores of eight indicators.
- ❑ Measures time and cost for both import (of auto-components falling under heading 8708) and export (of product of comparative advantage), each assigned 25% weight.
- ❑ The data on trading across borders are gathered through a questionnaire administered to local freight forwarders, customs brokers, port authorities and traders.
- ❑ Several assumptions are made about the traded goods and the transactions.
- ❑ On Costs, insurance cost and informal payments for which no receipt is issued are excluded.

- ❑ **Documentary compliance** captures the time and cost associated with compliance with the documentary requirements of all government agencies of the origin economy, the destination economy and any transit economies
- ❑ **Border compliance** captures the time and cost associated with compliance with the economy's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the economy's border, as well as the time and cost for handling that takes place at its port or border.
- ❑ *The methodology was initially developed by Djankov and others (2008) and was revised in 2015.*



DB RANKING 2019

COUNTRY	OVERALL RANKING	TAB RANKING
India	77	80
Bhutan	81	28
Sri Lanka	100	93
Nepal	110	82
Pakistan	136	142
Maldives	139	155
Afghanistan	167	177
Bangladesh	176	176



LOGISTICS PERFORMANCE INDEX (LPI)

- ❖ Measures the availability and quality of logistics and key transport services, as well as government services.
- ❖ LPI is a composite indicator presenting the latest worldwide view on trade logistics performance across more than 160 countries as seen by logistics professionals.
- ❖ The six main indicators of the international part of the LPI summarize on a five-point scale the assessments of logistics professionals worldwide trading with the country.
- ❖ The World Bank publishes an annual report of country rankings and scores. Data is available since 2009.



LPI – Six Indicators

- 1 The efficiency of customs and border management clearance.
- 2 The quality of trade- and transport-related infrastructure.
- 3 The ease of arranging competitively priced international shipments.
- 4 The competence and quality of logistics services.
- 5 The ability to track and trace consignments.
- 6 The frequency with which shipments reach consignees within the scheduled or expected delivery time.



OECD TRADE FACILITATION INDICATORS

- ❖ The TFIs mirror the substantive provisions of the TFA. The families of measures covered in the WTO TFA have been re-organised, in order to take into account similarities between measures, underlying shared components, as well as areas where further distinctions were warranted.
- ❖ An additional OECD indicator going beyond the scope of the TFA was added to capture elements of good governance and impartiality of border administrations.
- ❖ Each TFI indicator is composed of several specific, precise and fact-based variables related to existing trade-related policies and regulations and their implementation in practice.
- ❖ The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved.



OECD TRADE FACILITATION INDICATORS

INDICATOR	DESCRIPTION
(a) Information availability	Enquiry points; publication of trade information, including on Internet
(b) Involvement of the Trade Community (Consultations)	Structures for consultations; established guidelines for consultations; publications of drafts; existence of notice - and comment frameworks
(c) Advance rulings	Prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements
(d) Appeal procedures	The possibility and modalities to appeal administrative decisions by border agencies
(e) Fees and charges	Disciplines on the fees and charges imposed on imports and exports; disciplines on penalties



OECD TRADE FACILITATION INDICATORS

INDICATOR	DESCRIPTION
(f) Formalities – documents	Acceptance of copies, simplification of trade documents; harmonisation in accordance with international standards
(g) Formalities – automation	Electronic exchange of data; use of automated risk management; automated border procedures; electronic payments
(h) Formalities – procedures	Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; authorised operators
(i) Internal co-operation	Control delegation to Customs authorities; co-operation between various border agencies of the country
(j) External co-operation	Co-operation with neighbouring and third countries
(k) Governance and impartiality	Customs structures and functions; accountability; ethics policy



MEASURING TRANSPORTATION PROCESS

01

The UNESCAP “Time/Cost - Distance Methodology”

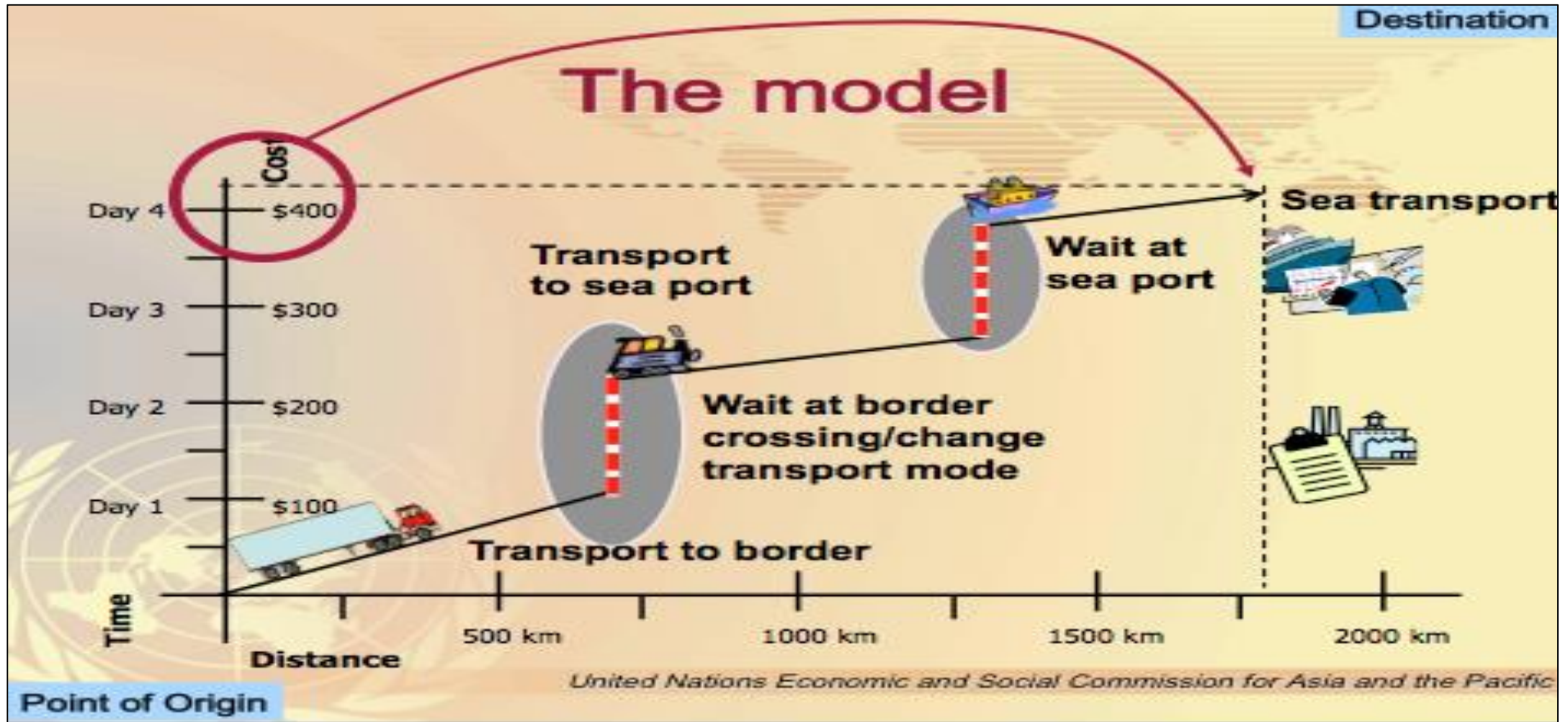
- ✓ to ascertain the time and costs involved in the transportation process.
- ✓ The transportation process can be broken down into individual legs and data collect for each of the step.

UNESCAP Trade and Transport Facilitation Performance Monitoring System (TTFPM): BPA+

Using a methodology called BPA+ this approach attempts to measure and assess progress in trade facilitation.

02

UNESCAP TIME~COST DISTANCE METHODOLOGY





PAPERLESS TRADING

- ❖ Paperless trade refers to the digitization of the information flows, including making available and enabling the exchange of trade-related data and documents electronically.
- ❖ The UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 covers 120 countries and 47 measures related to the WTO's Trade Facilitation Agreement ([TFA](#)) as well as to paperless trade and the UN treaty on cross-border paperless trade in Asia and the Pacific ([FA-CPT](#)).
- ❖ The survey is conducted jointly by all five UN Regional Commissions and a growing number of global and regional partners every two years.

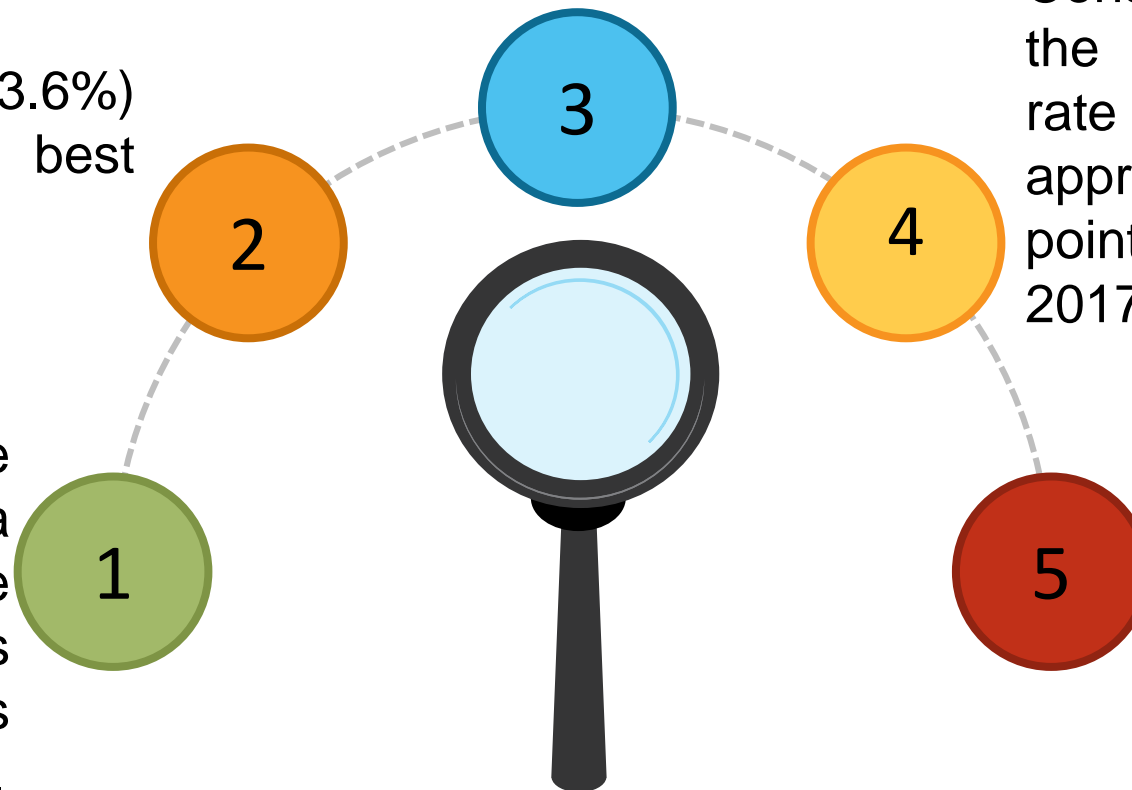
SOME FINDINGS ON PAPERLESS TRADING

India (72.0%) leads the way in South Asia.

Considering all 99 countries, the overall implementation rate increased by approximately 9 percentage points between 2015 and 2017 (from 50.8% to 59.8%).

The Netherlands (93.6%) stands out as the best overall performer.

The global average implementation rate of a set of 31 common trade facilitation measures considered in this Report stands at 59.6%.



Noticeable progress was also observed in South Asia (7.4 percentage points) vis a vis 17.2 percentage points in sub-Saharan Africa.



OECD GOVERNANCE AT A GLANCE

- ❖ Measures the political and institutional framework of government as well as government revenues and expenditures, employment, and compensation.
- ❖ The “Governance at a glance” combines over 60 indicators.
- ❖ The indicators “Transparency in Governance” and “Regulatory Governance” reflect trade facilitation relevant aspects of disclosure of information and access to information.
- ❖ The data for the “Governance at a glance” indicators is collected by OECD surveys.
- ❖ The Data is limited to OECD member countries and observers.



Release Time – Real data

- Logistics Data Bank (LDB) system integrates multiple information nodes across various agencies and provides common visibility platform for all, thereby ensuring information symmetry within a single window **leveraging RFID technology at its backend.**
- LDB ANALYTICS : Monthly data is available.
- JNPT and Mundra ports and hinterland.
- Data available for both import and export.
- The results are aligned with TRS findings.
- https://dldsl.in/our_services.aspx?mpgid=10&pgid1=11&pgidtrail=71



ONE MORE REPORT ON TRADE COSTS!

The **Global Alliance for Trade Facilitation (GATF)**, a public-private partnership for trade-led growth, aims to bring governments and businesses together as equal partners to identify trade facilitation issues and design and implement targeted reforms that deliver commercially-quantifiable results.

- Work is designed to help governments implement WTO's TFA.
- GATF has recently conducted a Total Transport and Logistics Cost (TTLC) study at the Port of Nhava Sheva, Mumbai.
- The study measured the transit time and total cost of transport and logistics involved in cross-border trade through the port; aimed to identify bottlenecks in the import and export processes and help target trade facilitation reforms at areas where they will have commercial impact.
- Many issues relating to survey based findings with severe assumptions!



UNDERLYING FEATURES

- ❖ **Indicators:** Mostly composite; in TRS single parameter viz. release time.
- ❖ **Agencies:** In-house; Third party – mostly Inter-governmental bodies; possibility of Peer-reviewed?
- ❖ **Data Source:** Mostly survey based; few based on actual data.
- ❖ Possibility for data analytics?
- ❖ **Presentation:** Score or rank or actual time (as in TRS).
- ❖ **Assumptions:** Often simplistic or questionable.



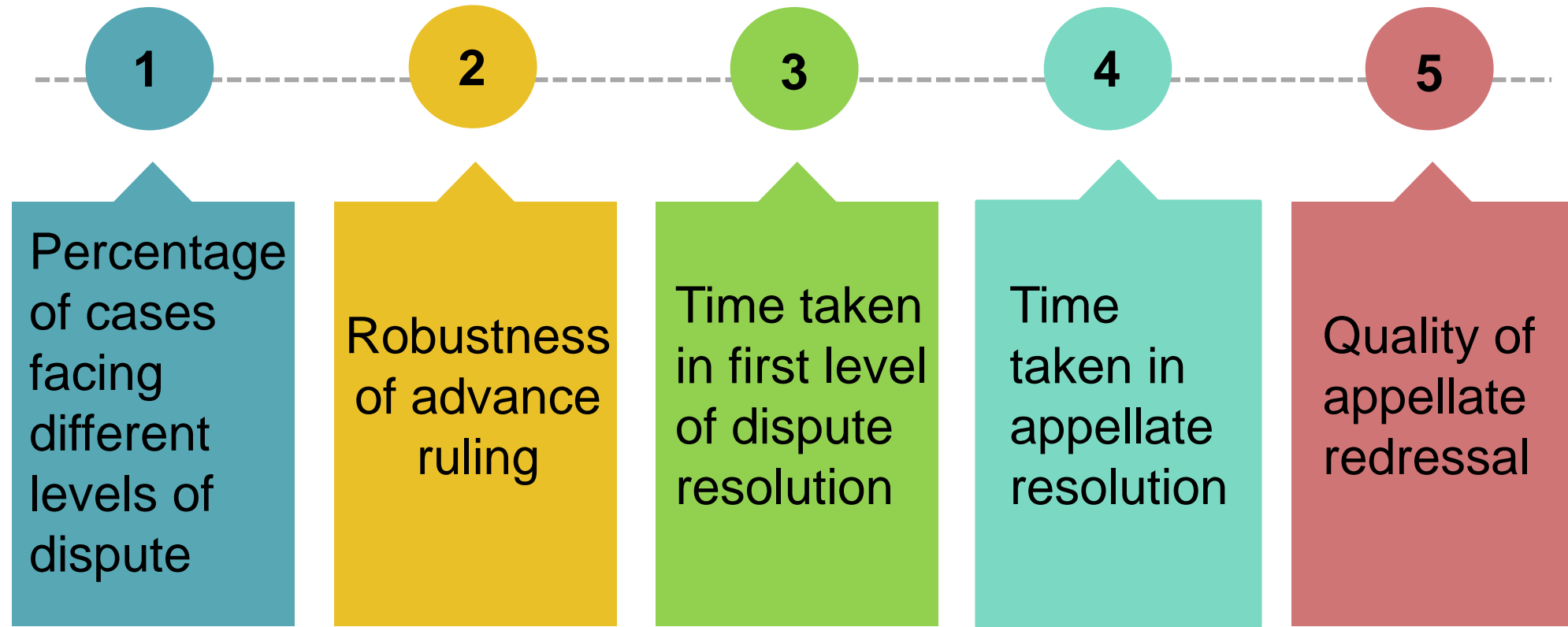
BROAD CONCLUSIONS

- Most reports show improvements overtime.
- Country-wise comparisons, though not perfect, do appear to indicate broad picture?
- Even when methodology is not perfect, frequent changes will impact inter-temporal comparability.
- Will it help if we had robust self - evaluation tools?
- Need for building counter-narrative.
- In the fine balance between facilitation and compliance, the scales do not appear to evenly balanced!
- **Expectations from WCO's proposed initiative through WG on Performance Measurement**



ONE MORE POSSIBLE INDICATOR!

Efficiency of dispute resolution



THANK YOU

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