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International Convention on the Harmonization of Frontier

Controls of Goods, 1982 (“Harmonization Convention”):

Border performance measurement and the Harmonization Convention

Discussion on the incorporation of performance measuring and benchmarking into the Harmonization Convention

Note by the secretariat

I. Mandate

1. The UNECE-OSCE¹ “Handbook on Best Practices at Border-Crossings: a Trade and Transport facilitation perspective”, was published in early 2012 and discussed in-depth at the Round table on the role of best practices at border crossings in implementing the International Convention on the Harmonization of Frontier Controls of Goods, 1982 (Harmonization Convention). The Round table (14 June 2012), and was held in the framework of the 131st session of the UNECE Working Party on Customs Questions affecting Transport (WP.30) (12–15 June 2012) and concluded, among others, that monitoring is a crucial element to ensure the proper implementation of the provisions of the Harmonization Convention. In particular, harmonized border performance indicators and/or benchmarking are required to further improve the efficiency of border crossing points (ECE/TRANS/WP.30/2012/9, para. 19(j)). Participants also agreed that the Handbook draws attention to the need to apply best practices and internationally accepted norms and standards and that the flexible legislative framework of the Harmonization Convention would be a suitable platform for providing examples of best practices and/or guidelines that are essential for its harmonized application at the national level (ECE/TRANS/WP.30/2012/9 para. 19(c)).

¹ United Nations Economic Commission for Europe – Organization for Security and Co-operation in Europe

2. The necessity and benefits of monitoring performance have been a recurring topic of discussions in recent years, including, at the Seminar on the Implementation of Annex 8 to the International Convention on Harmonization of Frontier Controls of Goods, 1982 held in Geneva on 18 June 2009 (ECE/TRANS/WP.30/2009/10, para. 20). Even though it is common ground that steps towards this direction should be taken, concrete actions have not been agreed on to date.

3. Furthermore, in accordance with its Terms of Reference and programme of work, the Working Party on Customs Questions Affecting Transport may initiate and pursue actions aimed at harmonization and simplification of regulations, rules and documentation for border crossing procedures for the various modes of inland transport; administer and monitor the implementation of the relevant Conventions and Agreements on border crossing facilitation and may consider and endorse amendment proposals, recommendations, resolutions, comments and examples of best practices to those legal instruments and, where appropriate, submit them to the relevant Administrative Committees for consideration and formal adoption/approval.

4. Against this background, the secretariat has prepared the present document, with the objective of presenting a set of options towards introducing systematic benchmarking and performance indicators into the Harmonization Convention, for the consideration of the Working Party. The Working Party is invited to consider and discuss the options contained in the present document, and to subsequently mandate the secretariat to prepare specific amendment proposals on one or more of the options for discussion at the next session.

II. Introduction and background

5. Chapter 9 of the UNECE–OSCE Handbook on Best Practices at Border Crossings addresses the issue of benchmarking and measuring border performance as a tool for improving operations and presents existing performance measurement methodologies, with the World Bank’s Trade and Transport Facilitation in Southeast Europe (TTFSE) programme as a starting point and a central element. The indicators presented cover the measurement of time, level of facilitation, quality and speed of procedures and effectiveness of administration, while the methodology focuses on data collection procedures, data sampling, quantitative and subjective surveys and cost of application.

6. The key findings are that benchmarking is a fundamental component for improving efficiency, effectiveness and working methods, on the premise that what is measurable can be managed. Benchmarking, in essence, allows for the identification of problem areas and promotes inter-agency and cross-country cooperation. The existing international legal framework on the facilitation of border crossing, including the Harmonization Convention, has ample room for the introduction of standards for measuring performance. This is particularly important considering that, firstly, the Harmonization Convention already infers the adoption of such practices as would allow the reduction of formalities, controls and overall hindrances to border-crossing, which would be most successfully accomplished by means of assessment and secondly, evaluating performance and setting targets for improvement is in itself a measure for monitoring effective implementation of the Convention. The Working Party may wish to consider value-added of benchmarking as a tool for monitoring the success and level of implementation of the Harmonization Convention and the possibility of including such a requirement or example of best practice in the Convention.

7. Briefly, the Handbook presents several methodologies including²:
- The World Bank's TTFSE programme, applied in the Balkans and in Central Asia;
 - UNESCAP's³ time-cost study based on corridors in Central and Eastern Asia;
 - The WCO's⁴ Time-for-Release Study (TRS) on the analysis of Customs procedures in several WCO countries;
 - The IRU's⁵ Border Waiting Times Observatory;
 - The World Bank's Logistics Performance Index;
 - The EU's⁶ *Laufzettel* survey for the Baltic States.

The Handbook also introduces a method for creating a harmonized and comprehensive performance indicator system that would allow for a visible, credible and simple performance index.

8. Measuring performance is also an important component of the World Bank's Corridor approach and the — currently in pilot stages — Trade Corridor Management Toolkit (TCMT). A corridor, as a collection of routes constructed from the transport networks of adjoining countries is complex because it is usually multi-modal and includes multiple border crossings. At the core of the corridor approach, is the objective of facilitating not only trade and transport, but also regional integration. Almost by definition, this requires joint efforts of private operators, public operators, and government agencies. The performance of a corridor can be evaluated from three perspectives: cost, time and reliability, which in turn relate to infrastructure, institutional capacity-building and regulatory reforms.

9. The Trade Corridor Management Toolkit (TCMT) is designed to provide a menu based reference for the Bank and other agencies involved in corridor-based projects. Task managers and policymakers can access in a single place, an array of instruments to assess, improve and manage corridor performance. There may be merit in considering the potential benefits of pursuing the inclusion of the performance indicator system⁷ as introduced in the UNECE-OSCE Handbook in the TCMT. In addition, a computerized system with a single access point such as the TCMT may be equally beneficial for data collection and the effective implementation of the methodology at all border crossing points and corridor entry and exit points.

10. Finally, the relevance of the Handbook's border crossing performance measuring methodology for UNECE's Euro-Asian Transport Links (EATL) project should not be overlooked. The EATL project, while focused on the identification of priority routes and necessary infrastructure investments, also has, among its priorities, the strengthening of national capacities to facilitate international transport and transit, including border crossing, and to share the experience and best practices along the Euro-Asian transport routes. In this respect, it is important to establish and implement a methodology for assessing performance individually, as well as by comparison to maritime-based routes (port to port plus inland sections) and by identifying conditions under which EATL options would be competitive.

² For detailed information see: UNECE-OSCE Handbook of Best Practices at Border Crossings – a Trade and Transport Facilitation Perspective, Chapter 9

³ United Nations Economic and Social Commission for Asia and the Pacific

⁴ World Customs Organization

⁵ International Road Transport Union

⁶ European Union

⁷ See UNECE-OSCE Handbook pp. 242-243, Box 9.7.

Most importantly, the discussion on the continuation of the project for 2012–2015 includes the introduction of indicators of project success, the promotion of the Handbook methodology and pilot applications as well as the accession of all EATL participating countries to the Harmonization Convention.

III. Options for inclusion in the Harmonization Convention

11. As a starting point, monitoring and assessing performance at border crossings within the framework of the Harmonization Convention would most probably be better accomplished with the objective of setting targets and addressing problematic areas. Assessment should be followed by capacity-building, information exchange and technical assistance so as to strengthen cooperation between countries and the implementation of the Convention. While there could be value in a statistical or comparison oriented point of view, this would be a secondary objective and performance monitoring would primarily be introduced as a supplementary tool in order to assist implementation.

12. It is worth noting that the Convention already includes references to monitoring performance and progress, albeit leaving the methods and tools up to Contracting States. These can be found in Annexes 8 and 9 of the Convention, on road and rail transport respectively. Annex 9 in its article 7(2) refers to recording information on delays and exchanging information in order to minimize such delays, while Annex 8 (art. 7) stipulates the carrying out of a survey on progress achieved every two years. UNECE's Working Party on Rail Transport (SC.2), that is directly involved in the process of implementing Annex 9 of the Harmonization Convention, is now exploring the ways by which monitoring and reporting will be carried out. These include the periodic transmission of country reports on major achievements and setbacks and the preparation of comparison studies every two or three years.⁸ Including performance indicators and related methodologies in the Harmonization Convention would, consequently, be also beneficial for implementing Annex 9 and for the work of SC.2 more generally.

13. From a practical perspective, including SC.2 performance indicators and related methodologies in the Convention should be done in such a way that would allow the necessary flexibility for Contracting States. For example, it may be less favourable to introduce a legally binding requirement for the use of a specific methodology and reporting mechanism, while it may be beneficial to provide a framework of best practices as part of the Convention.

A. Addition to annex 8 (example of a strict provision)

14. Annex 8 of the Harmonization Convention refers to border crossing for road transport. Article 7 of this Annex stipulates that "the Executive Secretary of the Economic Commission for Europe of the United Nations (UNECE) shall carry out, every second year, a survey among Contracting Parties on progress made to improve border crossing procedures in their countries".

15. This article could be supplemented with, the following text, for example: "The Executive Secretary shall carry out the survey on the basis of the performance indicators as specified in Appendix 3 to this Annex".

16. A new Appendix 3 could include the indicators and methodologies, in order to obtain reliable and harmonized survey results. Baselines may be determined on the basis of

⁸ For further information, see ECE/TRANS/SC.2/2012/6.

each survey for the next. The targets and baselines per biennium could be determined either by individual countries survey or on average for all Contracting Parties. The advantages of such a strict provision would be that gradually, implementation of the Convention would significantly improve and reach a harmonized level among countries. Disadvantages include the possibility that some countries may not be able to fully apply the methodology.

17. Modification of Annex 8 would be subject to the Convention's provisions on amendments.

B. Addition as a new Annex on recommended best practices (example of a flexible provision)

18. In this case, performance indicators and related methodologies would not be limited to road transport but would cover the entire scope of the Convention including, the recently entered into force, Annex 9 on railways. The proposal in this case would be to include non-binding recommendations in a new Annex 10, to use any number of available indicators and methodologies. Each Contracting State would apply its preferred methodology at its own discretion and initiative, with the intention of self-evaluating and improving performance at the national level.

19. A new agenda item could be inserted in regular session agendas to accommodate the presentations of Contracting States that would like to share their experiences and practices in applying one or more of the methodologies in the new Annex 10. The new Annex would be in accordance with the provisions of the Convention on amendments.

C. Creation of a non-binding Resolution/Recommendation on best practices (flexible)

20. As shown by the Consolidated Resolutions on Road Traffic and Road Signs and Signals (R.E.1 and R.E.2), the Working Party may wish to create a comprehensive document on best practices, separate from the Convention but based on it, to be updated and amended as needed, which Contracting States would voluntarily elect to apply.

21. In terms of procedure and time frame, a resolution/recommendation is simpler to develop and does not require lengthy administrative procedures. A further advantage is that private entities could participate in the development of such a resolution and provide examples of industry practices for inclusion. As a part of the Convention, any amendment would be subject to stringent administrative procedures in which only Contracting States may participate. Finally, these best practices may be widely disseminated and create a reference document for third countries beyond the ECE region.

D. Creation of a supplementary Protocol to the Convention, binding only for Contracting States that ratify/accede to it (optional accession for strict implementation)

22. A supplementary Protocol would essentially be a new legal instrument that would require signature, ratification and entry into force through the established United Nations depositary practice. The benefits of this option are, first, that only Contracting States that wish to be bound by the obligation therein would be required to follow the methodology and report on results. Second, a legally binding instrument that is separate from the Harmonization Convention may attract accession from third countries wishing to

participate in such a performance measurement exercise without having to accede to the Harmonization Convention.

23. The Protocol would be managed under the same administrative structure as the Harmonization Convention.

E. Give the Administrative Committee the mandate to decide at regular intervals, the means and method of monitoring performance (flexible)

24. This option would only require a minor amendment to the Convention, that would allow the Administrative Committee to periodically decide to launch a performance assessment exercise, with ad hoc recommendations on methodology and types of indicators depending on circumstances, availability of time and resources of participating Contracting States and so on.

25. The amendment may be included in the main body of the Convention or in the most relevant Annex 7 dealing with the Administrative Committee. This would allow some flexibility both for Contracting States and for administrative purposes, as a decision of the Administrative Committee would suffice to launch a performance assessment exercise.

IV. Conclusions

26. In conclusion, while a basic requirement for reporting on progress is included in both Annexes 8 and 9 of the Harmonization Convention, the introduction of a method or common indicators for such assessment is still pending. Consequently, a useful starting point for discussions may be to decide on a list of possible indicators that would reflect the lowest common denominator between all Parties. These for example could be:

- Time
- Cost
- Administrative procedures

27. The second step would be to discuss how to use the results. As mentioned in the Handbook, the results may be used locally, nationally or internationally, for the purpose of comparing with past performance, assessing evolution over time, as for example before and after any reforms, or for comparing with other organizations.

28. It stands to reason that performance assessment would be an invaluable addition to the norms and practices of Contracting Parties of the Harmonization Convention. To this end, the Working Party is invited to consider the options available and select the most appropriate one for the needs and objectives of Contracting Parties.
