

The **WCO**
Capacity Building
Development Compendium

"A Columbus programme
phase 2
Implementation tool"



WORLD CUSTOMS ORGANIZATION

Foreword

Dear Director General,

When I took office as your Secretary General on 1 January 2009, I emphasized that capacity building for WCO Members is the top priority of my administration. The World Customs Organization (WCO) has, of course, developed standards and tools based on best practices used throughout the world in order to enhance the performance of Customs operations. It is my intent to diversify and expand the WCO's capacity building portfolio and delivery in order to provide a wider range of assistance to WCO Members. We must be cognizant that because there are different Customs roles and varying levels of development, there are different needs that must be responded to.

WCO capacity building begins with its collection of instruments, especially the Harmonized System, the revised Kyoto Convention, the Istanbul Convention, the revised Arusha Declaration, and the SAFE Framework of Standards. Our comprehensive programmes for modernization also include capacity building tools, such as the Customs Capacity Building Diagnostic Framework, the Time Release Study methodology, E-learning modules, and the Integrity Development Guide; conducting needs assessments in country to assist our Members in identifying where they are, where they need to go, and the gaps; organizing informative conferences on practical subjects like the annual IT conference and the June 2009 seminar on co-ordinated border management; delivering expert training and technical assistance, especially on Customs competencies such as valuation, HS, Origin, risk management, enforcement, and trade facilitation; assisting Members in developing strategic and action plans for reform and modernization; and donor matchmaking. Capacity building thus comes in many different forms, and successful reform and modernization is dependent on providing all of these effectively and efficiently.

Capacity building also involves guidance, models, and national best practices on important organizational management topics like the ones contained in this, the second edition of the WCO Development Compendium.

The regionalization of capacity building is another important part of my capacity building strategy. The WCO Regional Offices for Capacity Building (ROCBs) and Regional Training Centers (RTCs) are the crucial infrastructure for this policy. I am pleased to note that the ROCB for Asia/Pacific has now reached its fifth anniversary. Within this Compendium is a report that outlines the purpose, objectives, and achievements of this ROCB. This development document will serve as a useful model for the other ROCBs and will provide our Members with information on what a ROCB can successfully achieve.

The WCO will continue to expand and strengthen its capacity building portfolio in the coming years. This second edition of the WCO Development Compendium is one more step in that direction.



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Secretary General
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1 ■ Introduction

1.1 Background

While the core roles and responsibilities of Customs have remained essentially the same for many years, the manner in which Customs administrations discharge these roles and responsibilities has changed significantly in recent times. The drivers for this change can be summarized as:

- globalization and continued growth in the level of international trade;
- heightened international awareness (and quantification) of the costs associated with
- complying with inefficient and outdated border formalities;
- increased investment by the private sector in modern logistics, inventory control manufacturing and
- information systems, leading to increased expectations that Customs will provide prompt and predictable
- processing of imports and exports;
- increased use and availability of new information and communication technologies;
- greater policy and procedural requirements directly associated with international commitments
- (such as accession to the WTO);
- increased international competition for foreign investment;
- proliferation of regional trading agreements which significantly increase the complexity of administering
- border formalities and controls;
- increased workload and government expectations, with static or decreasing financial and human
- resource allocations;
- increased awareness of the importance of good governance and sound integrity within Customs
- services; and
- following the terrorist attacks of 11 September 2001, a significantly heightened awareness of the need for Customs administrations to play a more meaningful role in protecting society from a range of threats to national security.

As a result of these drivers for change there has been a growing realization, both amongst the business community and within major international financial institutions, of the importance of effective Customs administrations for the economic and social prospects of developing countries. It is now clearly understood that a high performing and ethical Customs administration can make a major contribution to effective revenue mobilization, assist governments in facilitating trade and investment and increase confidence in the quality and integrity of government institutions.

As traditional barriers such as tariffs have progressively been reduced, trade facilitation reforms that address non-tariff barriers to trade are becoming increasingly important.

Following the Uruguay Round of multilateral trade negotiations, developing countries took on an unprecedented range of obligations, many of which relate directly to Customs. However, unlike traditional market access obligations, the elimination or reduction of a range of non-tariff barriers is not a simple or inexpensive task for many developing countries. The potential benefits that could be realized through such activities are, however, significant. Devoting appropriate resources to undertaking practical capacity building initiatives in the Customs administrations of developing countries therefore represents a sound and cost effective economic investment for governments and donor organizations. Moreover, it can help Customs make a more meaningful contribution to a range of national development objectives such as revenue collection, trade facilitation, community protection, foreign investment, national security and ultimately poverty reduction.

1.2 Capacity building in the changing world of Customs

Customs administrations around the world play a vitally important role in the implementation of a range of critically important government policies and contribute to the achievement of a number of national development objectives. In addition, as Customs is often the first window through which the rest of the world views a country it plays an important role in shaping the impressions of the key individuals and organizations involved in making important trade and foreign investment decisions.

Without an efficient and effective national Customs administration, governments will not be able to meet their policy objectives in respect of revenue collection, trade facilitation, trade statistics, and the protection of society from a range of social and national security concerns. Customs' contribution to national development is potentially enormous and can make a significant difference to the lives of many impoverished people throughout the world.

As such, well-designed and targeted capacity building investments focused on improving the efficiency and effectiveness of Customs administrations can deliver significant dividends for governments and donors alike. It allows developing countries to take advantage of the many development opportunities provided by the expanding global trading system.

In retrospect, the World Customs Organization (WCO) has provided Customs capacity building since inception. The WCO's current capacity building strategy, which was adopted by the WCO Council in June 2003, asserts that to be successful, capacity building must be conceived strategically and it must be sustainable.

This strategy is based on six key principles:

1. The need for accurate diagnosis of capacity building needs and the development of country-specific responses;
2. The need for sustained high-level political will and commitment;
3. The need for enhanced co-operation and coherence;
4. The need for greater ownership and participation of Customs personnel;
5. The need for realistic government and donor expectations; and
6. The need for adequate human and financial resources to be devoted to capacity building initiatives.

The WCO defines capacity building as "activities which strengthen the knowledge, abilities, skills and behavior of individuals and improve institutional structures and processes such that the organization can efficiently meet its mission and goals in a sustainable way." Capacity building can be supplied by outsiders but ultimately it is the insiders, the Customs administration itself, which must build capacity.

Customs capacity building is directly linked to Customs modernization (which in essence means a broad strategy and goal of improving the effectiveness, efficiency, transparency and predictability of an administration's operations so that it can better meet the demands of modern times). Thus, Customs modernization is the idea and goal; whilst capacity building is the means or action.

Capacity building programmes will differ in practice, especially because administration's goals diverge. Traditionally, Customs' role involves the control of goods and people crossing borders. But in reality things are not that straightforward, as Customs administrations play varying roles, and have different levels of resources and authority at their disposal. For instance, while all Customs administrations collect duties, for some it is their *raison d'être*. Thus, if Customs revenue funds a substantial amount of a particular government's budget, the Director General of Customs' political masters will demand that s/he prioritize duty collection. For others, government income is not the sole concern, as non-financial matters like narcotics trafficking or security take priority. Still other nations with low import tariffs who are attempting to increase their participation in international trade may be determined to improve trade facilitation. If Customs revenue amounts to a de minimis percentage of overall government income, political leaders will demand something else, such as fast clearance times or aggressive anti-smuggling enforcement.

Overemphasizing one role can affect other responsibilities. For example, some administrations physically inspect every consignment, which in turn constrains trade facilitation. Choosing a policy of no intervention at all can lead to tax avoidance and unimpeded entry or exit of illegal goods. The answer is in Customs policies and plans that achieve a balance. It is widely accepted that risk management or selectivity leads to higher revenues because it makes the process more efficient and facilitates trade, leading to more profitable businesses.

1.3 The WCO Columbus Programme

The WCO Columbus Programme, the WCO's primary driver for bolstering capacity building, emerged from a confluence of events. The WCO transformed its capacity building policy and programmes with high-level political leadership; philosophical consensus (widespread acceptance of the Diagnostic Framework approach); strategic impetus resulting from the emergence of innovative instruments (the revised Kyoto Convention coming into force and the embrace of the SAFE Framework of Standards to Secure and Facilitate Global Trade); organizational reconfiguration (the establishment of the WCO Capacity Building Directorate); financial supplements (monetary donations from Members earmarked for capacity building); and the leveraging of resources (donor co-ordination and personnel secondments).

Central to this evolution, the WCO was at the vanguard of the idea that to achieve sustainability, capacity building must involve an accurate diagnosis of developmental and technical needs. Empirical evidence collected from experiences of success and failure fuelled this transition. It is now outdated to believe that training and technical assistance will be effective without considering the litany of related challenges, such as trainee motivation and skills sets; language barriers and cultural sensitivities; technology and its maintenance; legal authority; high-level political will; organizational structure; resources; and follow-up monitoring. This is not to contend that training and technical assistance are never useful; the new capacity building ethos merely asserts that projects must be placed in the proper context and with the appropriate sequencing.

Against this background, the output of the Columbus Programme is to produce a comprehensive and accurate diagnosis of a Customs administration's capacity. The diagnostic report contains findings and recommendations to respond to gaps identified in the diagnostic mission. This is then presented by the WCO analyst to the executive management of the Customs administration under review and often to other high-level government officials. It is the responsibility of the Customs administration to take further action, within flexible parameters. They can elect to implement some, all, or none of the recommendations.

The Columbus Programme has three phases: needs assessment (diagnostics), implementation, and monitoring.

- **Phase one** began in January 2006 and over 100 diagnostic missions have been completed in more than 100 countries.
- **Phase two** is the most crucial and lengthy phase and involves many implementation activities based on the report, such as action planning, change management, and training. Support is given to start up an organizational development process in which donor countries are involved. This Compendium is one instrument created with a view to providing this support, although it has been developed for all Member countries.
- **Phase three** involves monitoring, evaluation and measuring implementation progress for each of the Columbus beneficiaries.

Customs administrations that join the Columbus Programme make an individual choice regarding the focus of their organizational development. This focus will depend on the level of development of the total organization and of the specific composition of standards to strive for. It also takes into account factors such as the culture and working values of the organization and the country. Additionally, not all necessary standards need be aimed for at once, the scope of the development process should be suited to the Member.

The goals of organizational development will be unique for each Phase 1 mission and Phase 2 planning and implementation activity. The main goal is to initiate a development process with real commitment and ownership on the part of the involved Customs administration.

1.4 The need for a Compendium

The WCO Columbus programme has now completed over 100 diagnostic missions to Member Customs administrations. The reports of these missions have provided the relevant administration with a deep insight into the development needs of the Membership both from a technical and managerial viewpoint.

Overall the reports have identified the complex nature of customs business at the start of the 21st Century. Globalization, economic development, the emergence of Customs Unions, the increasing need for social protection and security now mean that the management of Customs requires a more strategic approach.

The Head of Customs is now much more like a CEO of a multifunctional business than an expert in Customs matters. They need to be supported by a senior management team equipped to deal with the delivery of the outcomes expected by Government, the trade sector and the Public, as well as the development of the business itself.

To meet this challenge a broader range of management and development skills are required. These now need to cover strategic management, programme management, direct business skills such as tendering, contracting, contractor management and improved management monitoring and evaluation techniques.

In response to these needs the WCO is working to improve its direct support for Customs managers through improved research and development, support for strategic planning, improved consultancy in business management techniques, Customs technical matters and professional education and training.

As part of this response the WCO Capacity Building Development Compendium has been developed as a guide to the Key Management techniques needed to enable Members to take full control of their own organizational development.

The compendium will be a continuously developing document with additional chapters added at regular intervals to reflect the ever changing nature of reform and modernization.

The following topics are offered in this second edition of the compendium:

- Strategic Management
- Change Management
- Project Management and Action Planning
- Benchmarking
- Technology Acquisition Process
- Customs Enterprise Architecture
- Human Resource Management and Leadership
- Donor Engagement
- Supply Chain Management

Although the compendium may be used by any Member irrespective of whether the organization has been subject to a diagnostic mission or not, it has primarily been developed and tailored to be used as an enabler in Phase 2 of the Columbus Programme.

Each chapter is structured to provide an insight into selective management theories, popular management models and examples from Members. The examples are presented as case studies and they were also used with the models discussed in the chapters to design a number of tools to conduct modernization activities.

2 ■ How the Compendium can help your organizational development process

The Compendium strives to offer Customs Administrations insights into the management components needed in a modern service. It can be used by the administration to benchmark current practices, to establish new approaches and if necessary it can form the basis of a training or development need.

It offers a toolkit of practical concepts for the development of a vision, a development strategy and the management techniques relevant to a changing external world and current internal structures. Based on the diagnostic report and other internal studies, individual Customs Administration can therefore select from the toolkit the concepts that seem most suitable to serve their needs.

For example, if the Strategic Management component needs to be reformed, the compendium helps to address:

- What is a strategy and what is Strategic Management?
- Why is it important for a Customs Administration to work with Strategic Management?
- What is the link between Strategic Management, Risk Management and Systems Architecture?
- Which models can be used to implement Strategic Management in practice?

The Compendium is also intended for use in the organizational development process: guiding Customs Administrations in key aspects of the design, start up and maintenance processes. In doing so, a selection of topics will be shown and explained. Each topic will contain:

- A recognizable concept or model
- Clarifying image(s)
- A case study
- References to background material (articles, books, etc)

3. Strategic Management

3.1 Background

The challenges that worldwide Customs administrations face in their political, social and economic surroundings make Strategic Management an essential condition for the building of a modern organization fit for purpose.

For many years, Customs has been primarily fiscally orientated through the levying of import and export duties. Although for many countries this remains its primary task, border management responsibilities are expanding rapidly in all Customs administrations.

Current environment

In the 21st Century, the globalization of international trade and the relative ease of international travel are changing the traditional relationship between the trading community, the public and border management authorities. There is also increasing pressure on governments to comply with regional and international standards relating to the movement of people and goods. Notably the standards now demanded by the security and facilitation agendas of the UN, the WTO, the WCO and both the developed and developing world.

Advances in technology have reduced the significance of geographical border crossing points. This has led to a requirement to develop Customs' ability to apply regulations to control goods and people at any point in the international supply chain and travel routing. In the case of goods this applies to any point in the supply chain, from loading at the point of manufacture to unloading at the point of distribution and, in the case of people, from the point of departure as well as to arrival.

It is not uncommon to find that Customs are now expected to provide wide-ranging support to government policy. This includes supporting traditional revenue collection, economic development and security to social, environmental and heritage protection, and data collection.

The national Customs service is required to play a key role through the development of operational policy, the drafting of appropriate regulations and the application of appropriate controls to ensure implementation of government strategy and policy. In addition, Customs are required to provide a service-focused approach to the control of the movement of goods and people which rewards compliance and targets offenders.

Governmental strategy and policy

At a strategic level, government policies normally require the promotion of economic growth and the funding of social development through attracting investment for the generation of wealth, the judicious application of taxes, and the provision of a secure and healthy environment.

Converting this strategic requirement into action requires policy development in many areas of government e.g. Finance, Trade, Agriculture, Immigration, Foreign Affairs, Tourism, Environment and Health. The development of policy in such broad and diverse areas results in a need for coherent and consistent strategic direction, legislation, regulation and appropriate control.

Role of Customs in the 21st Century

Government policy making is a complex exercise. A strategic risk is that diverse and sometimes conflicting operational requirements emerge. Therefore, it is important that policy makers ensure that national Customs services are engaged at the strategy and policy development stage. Further, that performance is monitored to ensure delivery is meeting government requirements.

The involvement of Customs services in this process ensures that they understand and influence the policy and will be better positioned to implement it. Customs services can also ensure that the internationally agreed standards for Customs performance, such as the proposed WTO facilitation agenda, the Revised Kyoto Convention, and the SAFE Framework of Standards can be fed into policy development. Customs input is also required for the development of proposals and negotiation positions at international and regional fora such as the WTO and UN.

Customs services cannot afford to operate in isolation from other government agencies, the trading community, and the people they serve. In the case of other agencies, Customs needs to ensure that policy application and reform in one area is not negated by conflicting policy and lack of reform in others. Diagram 1 Key strategic management planning indicators in section 3.2 illustrates these connections.

Strategic requirements from Customs

At the beginning of the 21st century there are a number of common strategically important requirements which Customs must meet:

1. **Transparency-** The trade and public require clear, published rules and procedures which are consistently applied to a common standard. These need to be supported by an extensive information service to clarify understanding in advance of movement and an appeals system which can fairly resolve disputes and misunderstandings.
2. **Minimal interference-** Legitimate trade and passenger traffic can reasonably expect minimum interference from Customs. This comes from simplicity of regulation and procedures, the use of advance information, speed of clearance and ease of payment and recovery of monies.
3. **Security-** In addition to the international requirement to protect society from terrorism and organized crime, it is the task of Customs to protect legitimate trade, the environment, the national heritage and provide a visible presence which inspires public confidence.
4. **Partnership-** Customs must be encouraged and supported in the development of effective internal and external relationships which allow other government departments, the trade and public to influence their operations. Furthermore, Customs should be responsive to legitimate demands from economic operators and to be coordinated with the activities of all border management agencies. This will eliminate duplication and minimize bureaucracy.
5. **Professionalism-** Legitimate trade and passenger traffic can also reasonably expect to be dealt with by Customs staff who are experts at their jobs, have a service mentality and a high level of personal and professional integrity.

Developing Customs Capability

An effective, competitive modern Customs service must have in place or needs to develop:

1. **Clear goals-** which translate Government strategy into a strategic plan.
2. **Accurate data-** collection of data on GDP, trade flow, potential and actual revenue yield, threat and response, and other outputs expected from Customs. The analytical ability to interpret this data and set policy which converts the strategic requirements into operational plans providing clear aims, objectives and measurable results across all areas of responsibility. The collection, management and dissemination of this data require the establishment of strategic and tactical intelligence functions within Customs.

3. An effective organizational structure- capable of delivering the required results efficiently and effectively: with resources allocated, delivered and managed to meet the priority needs.
4. A management information system- which provides information on organizational and human resource performance and can be interpreted in such a way that it can inform decisions and ensure continuous improvement.
5. Modern management techniques- In addition, there is a need to develop a more businesslike approach to the management of Customs, something which requires managers with new skills sets and expertise who can understand and apply strategic management, prioritization, delegation, communications, change management, programmes and project management.
6. Modern Information technology and communications- the variety and speed of modern business and travel can no longer be managed on a documentary basis. Computerization is essential to organize and manage the information required to apply effective controls with minimal delay or interference. Technology also presents an opportunity to limit the scope for corrupt actions by officials.
7. Commitment to the need for partnership- with trade, economic operators the public and other government organizations.
8. Regular external audit- independent assessment of strategy, plans, direction and performance.



In conclusion

For many Customs services, the development of these capabilities will be a major challenge. Particularly as the change process will not take place in isolation from the additional challenges of the changing environment, demands from trade and public expectations. They will not succeed without a high level of support and encouragement from government. The return on such an investment may well include increased revenue, an improved investment climate, more efficient trade flows, greater security and stronger economic development.

3.2 Introduction - The concept of Strategic Management

Strategic Management can simply be defined as the process of creating an organizational strategy, based upon a mission and vision, which keeps the organization on course. In the case of Customs, this strategy would normally be based on its Governments priorities and built around national and international obligations.

Outlined below are the key elements of strategic management that need to be addressed to meet the needs of a modern Customs service.

Mission, Vision and Strategy

The mission, vision and strategy of an organization play an important role in the expression of its identity, the position it takes on the issues it faces, and its future direction. The three concepts are closely interconnected, although they each have their own specific character and function. They can be defined as follows:

- The mission is a statement of core values that express what the organization stands for, represent the core identity of the organization, and state what drives the organization: *The mission expresses the organization's identity.*
- A vision provides an image of the desired organization, not as an end state, but as an image to strive for: *The vision expresses where the organization is heading.*
- A strategy provides the overall organizational plan that will turn the organizational vision into reality: *The strategy shows the path that the organization wants to take.*

The mission, vision and strategy of an organization form the foundation for strategic management and the foundation on which further organizational development rests. Consequently, all three must be developed, or at least be clear and under consideration at the start of a (large scale) organizational development process. A modified example of a WCO Members' mission statement is below at Table 1.

CASE STUDY 1: Mission statement of the Customs Service

" Our mission is to excel in the efficient and timely collection of and accounting for revenue, to implement and advise on Governmental trade and fiscal policies, promote trade facilitation, protect the National society and generate accurate and precise statistical data by developing a professional, transparent administration that implements international best practices and obligations."

Our main functions are:

1. Collection of and accounting for revenue

The Customs Service is responsible for collecting Customs and Excise duties and other charges on international trade. Currently, Customs and Excise duties represent the highest Government income, next to oil income. The other charges applicable are:

- 7% Port Development Surcharge Authority
- 2% for National Automotive Council
- 50% Rice Levy for Ministry of Agriculture
- 100% Cigarette Levy
- 5% Sugar Levy
- 1% for Comprehensive Import Supervision Scheme
- 0.5% for National Export Supervision Scheme

2. Implement Government trade and fiscal policies and provide advice on their development.

The Customs Service is the major agency responsible for the implementation and enforcement of Government trade and fiscal policies, as well as international obligations applied on international commerce, including the management of industrial incentives for economic development. Being an implementation agency, the Customs Service is in a privileged position to provide advice, inputs and suggestions towards the development of national trade and fiscal policies.

3. Trade Facilitation

The Customs Service supports economic development and competitiveness, and encourages foreign direct investments through the promotion of trade facilitation.

In achieving this function, it

- implements modern automated systems, such as ASYCUDA;
- streamlines and simplifies Customs procedures for speedy clearance of cargo without compromising national security;
- applies efficient risk management tools and scanner facilities;
- observes international best practices and standards; and
- encourages compliance.

4. Protection of National Society

The Customs is the agency with major responsibility for controlling all cargo and goods entering, exiting or transiting through national territory. In this regard, Customs has a role in protecting National Society and also securing international trade.

In particular, Customs supports the combat of:

- infraction of Intellectual Property Rights;
- illegal commercial activities and illicit goods (e.g. import of fake and sub-standards goods);
- traffic of illicit drugs;
- illegal trade in arms and ammunition;
- importation of pornographic materials;
- Money laundering; and
- Illegal trade in cultural Artifacts and heritage

Additionally, Customs has an important role in securing the international supply chain and implementation of international obligations related to this function.

5. Generation of Accurate and Precise Statistical Data

Customs is the principal agency that, in a timely fashion, collects and provides statistical data on domestic production and international trade to support Government planning

Organisational Structure

The structure of Customs can vary based on the priorities of the government and people it serves. Some organizations have a security focus and structure, some have a trade facilitation focus and structure and some have a revenue collection structure. Regardless of the structure, Customs is often relied upon to capture economic or trade-related data.



Strategic intelligence

This can be defined as the high level information required when informing the organization about its obligations and challenges. It requires a proactive approach to engagement with key stakeholder needs, active analysis of current management information, engagement with international partners and specific research, in order to identify current and future needs.

Through effective analysis, this intelligence should allow the organization to establish trends and patterns and anticipate change. A healthy organization will have a strategic intelligence unit positioned close to the senior management team.

The role of this unit or group is to support Customs strategic decision-making based on 6 key sources.

• Government

Customs organizations can come under the responsibility of various Ministries, including the Ministry of Finance or the Ministry of Interior. However, their operational goals are not always set by these ministries. Other elements of government often influence the tasks that need to be undertaken by Customs, including the Ministries of Trade/Commerce, Transport, Standards, Health and Agriculture .

The negotiations at the World Trade Organization on 'the trade facilitation agenda' are perhaps the best illustration of this requirement. Here, Trade Ministry Representatives negotiate Customs procedures and require the advice and guidance of their National Customs service.

Customs organisations who are active in engaging with Ministries are able to ensure they understand Customs requirements. They can advise them on the operational implications of the policies they are designing. To meet this requirement there should be a regular system of meetings or information sharing. This helps Customs understand current requirements and give early warning of potential changes or developments.

• Trade

The Business community is an important partner for Customs. By its nature, business has to be both alert to, and responsive to change. Their information and knowledge is vital to a modern Customs service. It is worthwhile developing a with the business community which establishes mutual trust and promotes partnership in development.

Equally, as modern control methods rely heavily on the management between compliance and facilitation, it is important that Customs use its relationship with business to understand how business works. The control systems which business requires to ensure that it maximizes efficiency and profit can and should be used as a basis for the development of control policy. Understanding these systems can help Customs to fully understand risk and develop audit based controls which in themselves are more efficient and reliable than traditional methods of intervention and checking.

Regular contact with business is essential to modern Customs trade management. Many Customs services have regular trade forums or stakeholder meetings. Further, this contact does not only have to occur through trade representative bodies, direct contact with the private sector can occur from the multinationals to SMEs to owner-operators. The WCO wishes to encourage and support both trends.

• Public

Public opinion often shapes the policies of governments. Here again understanding public opinion will help Customs anticipate and prepare for change. Regular feedback via operational staff and occasional public fora or open days should be used to provide this information.

Customs should also ensure that the public are fully aware of the important role of Customs in protecting the economy and society in general. Effective use of the media and modern communications technologies as well as "open days" and participating in trade and community exhibitions by some Customs services has helped greatly in improving compliance, increasing revenue yield and generating valuable intelligence.

• Region

The requirements of regional economic groupings, largely in the areas of trade management and Customs unions, place additional demands on Customs Services. It is often at the regional level that the longer term development requirements for Customs can be more clearly identified and the opportunities for joint development identified. It is essential that a modern Customs service be aware and engaged at a regional level. This engagement needs to be seen as strategic and is a key task of senior managers.

Apart from the obvious identification of requirements, regional engagement can offer two further advantages.

Firstly, the regional development is often promoted at a joint Ministerial level (Finance and Trade). This provides an opportunity to promote the need for change in Customs at a level which has the authority to ensure it is supported. It also provides a wider opportunity to promote the holistic role of Customs.

Secondly, many of the larger donors are moving to assistance policies which are focused on economic regions rather than country specific. Regional development planning, therefore, is more likely to obtain support funding.

• International

The globalization of world trade and the increased movement of people present a major challenge for Customs. The pace of international development arguably means that there is a constant need to anticipate and adapt control techniques to ensure that individual nations can maintain their security and fiscal stability whilst remaining competitive economically.

International trade management agendas are well promoted internationally by organizations such as the World Bank, IMF and WTO, and these organizations provide considerable advice and assistance in these areas. At the start of the 21st century, however, there is a need to acknowledge that the security agenda promoted by large trading nations will have an impact on the Customs and border management role of ALL nations.

The modern systems being put in place by developed Customs authorities to provide additional security are placing much more emphasis on the controls in the exporting countries as their first line of defense. This trend must be included in any strategic assessment of the role of Customs if the economy of the exporting nation is not to be adversely effected.

It is vital that the Customs service has the ability to access information on the developing international picture. Here, the information provided by the WCO should be used as a basis of trend identification. Other major international issues affecting the role and requirements of Customs are:

- The Trade negotiations at the WTO
- The promotion of integrated border management by the international institutions.
- The trend towards regional economic co-operation zones, leading to Customs unions
- The economic partnership agreements promoted by the European Union
- The SAFE Framework of Standards
- The SECURE Framework
- The technological advances in Customs control.

Only by establishing a system for obtaining and analyzing this information can the strategic management of Customs provide clear direction to the organization and provide informed advice to government.

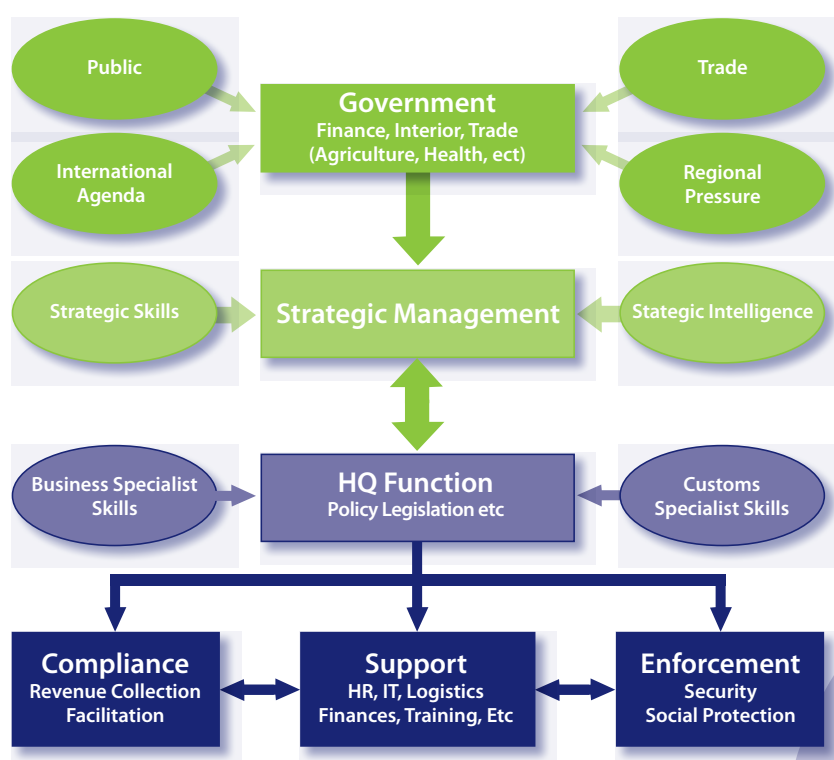
• Staff

Often an underrated and underused source of intelligence, the operational staff and middle management of the Custom service hold valuable information on trends and patterns within the real trading community and traveling public in the country.

There should be regular opportunities for staff to provide this information, or there should be a system of metrics within the management reporting system that allows trends to be identified. Again, consideration should be given to allocating specialist analytical staff to this task.

Image of Customs in the 21st Century

Diagram 1: Key strategic management planning indicators



Techniques for capturing and analyzing information of this type are outlined later in the Compendium

3.3 Implementing Strategic Management for organizational development

Many management scholars plead for an integrated approach in using the concept of Strategic Management.

- The foundation for such an integrated approach lies in the classic rational approach, which identifies the following distinctive stages:
- Analysis of the demands of the surroundings and stakeholders;
- Analysis of the strengths and weaknesses of the internal organization;
- Mission statement;
- Vision and strategic goals;
- Choices for specific (order of) strategic action plans and projects;
- Implementation;
- Control, monitoring and altering the course of action plans.

To make this approach work in the daily practice of a Customs administration, some important additional points should be considered.

- **Strategic Management is a permanent process**

Strategic Management is not an 'instrument' or 'action plan' that should be applied at one specific moment in time. Customs administrations must be aware that it should be approached as a permanent process. Although it is useful to redefine the strategy at regular points in time, for instance once a year, the organization should constantly manage the strategy. In daily practice, this means monitoring and adjusting organizational processes and starting up new processes.

- **A learning perspective should be combined with the rational approach**

One of the biggest challenges in strategy building is to involve the various key players within the organization, to reveal their reality perceptions and to use them in the strategy building process. The process of creating a shared language is very important for the ultimate outcome of the strategy.

- **All layers and employees of the organization play an important roll**

Although it is the primary role of executive management of the organization to define and manage the strategy, other layers of the organization play an equally important role in this process. Generally speaking, senior and middle management are responsible for translating the strategy into unit and team goals and plans. Operational management is concerned with the question of how to make that translation in terms of actual working processes. When working at its best, Strategic Management involves continual interaction among the different organizational layers. Middle management plays a particularly important role in this because it is responsible for picking up signals from the shop floor and reporting these to the top, and vice versa. In this manner, Strategic Management is not only a top-down but also a bottom-up process.

- **Up to date management information with IT-support is essential**

Strategic Management can best be applied if updated and correct information is available on the organization's results. One important aspect in this regard is that the information should be user-friendly, not too much or too little and not too complex. In addition to this, the information should be tuned into purpose. In other words, top managers need information that gives them insight into the overall strategic results, whilst middle managers need more detailed information, and so on. In order to make this information available, a modern IT-infrastructure should support such a management information system. In the process of generating and interpreting management information, many other people (controllers, accountants, employees) within the organization play a crucial role.

3.4 Strategic Risk Management

The dynamics of the global and national world of Customs are in a constant state of flux. Risks are unavoidable and continually threaten organizational results. Every Customs administration needs to respond and manage risks.

Risk Management enables a Customs administration to make explicit the choices that underpin its actions. 'What shall we do and what shall we refrain from doing?' A transparent risk-oriented methodology shows the underlying reasons for organizational plans of action, why certain actions are chosen and cost implications.

Risk Management should be considered a necessary complement to Strategic Management. A risk management system should be embedded in the organisation's business systems, including strategy and policy-making processes, to ensure that risk management becomes an intrinsic part of the way business is conducted and integrated within the organization, and thereby to be able to anticipate possible risks and respond to them effectively.

Risk is defined here as 'an uncertainty of outcome, or negative threat, of actions and events' Risk Management includes identifying and assessing risks and then responding to them. It is a kind of management whereby:

- the management is aware of the impact of risks on the realization of organizational objectives;
- risks are continuously, explicitly and systematically identified and assessed;
- the acceptance levels of risks are continuously evaluated; and
- control measures are geared towards the maintenance of risk levels deemed acceptable.

Diagram 2 below represents the planning and control cycle of Risk Management. There is no prescribed starting point. All actions are interrelated.

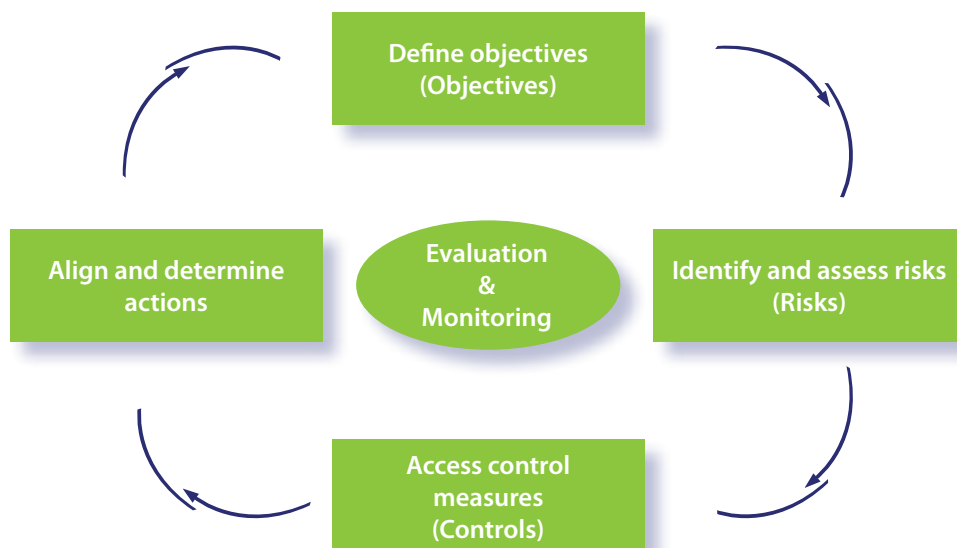


Diagram 2: Risk Management Cycle

Identify and assess risks

The assessment of risks should comprise both the likelihood of something happening, as well as the probable impact if it does actually happen. A categorisation of high / medium / low in respect of each may be sufficient, and should be the minimum level of categorisation – this results in a “3x3” risk matrix, such as the one at Diagram 3 below. A more detailed analytical scale (“5x5”) may be appropriate, and is also commonly used. There is no absolute standard for the scale of risk matrices - the organisation should reach a decision about the level of weighting that it finds most practicable for its circumstances. Colour (“Traffic Lights”) can be used to further clarify the significance of risks.

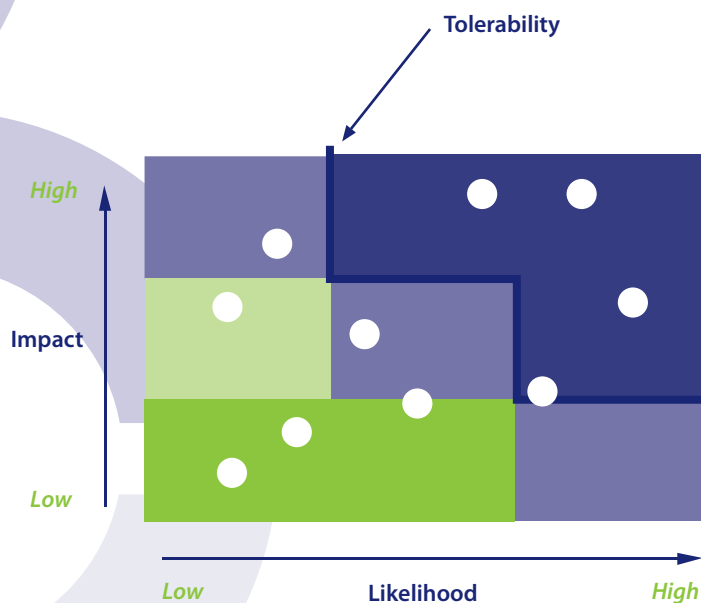


Diagram 3: Risk Assessment Rating

It is not the absolute value of an assessed risk which is important; rather it is whether or not the risk is regarded as tolerable, or how far the exposure is away from tolerability, which is important. Types of strategic risks include those listed in the matrix at Table 2.

Assess control measures

The top management subsequently discusses and formulates control measures for selected risks. Several other parties within the organization, such as a control department, internal auditors and sometimes even a Chief Risk Manager, play an important controlling and advisory role in this process.

Align and determine actions

The alignment of actions to be taken is also carried out by the top management. In this respect key words are: making choices, establishing priorities, establishing links between involved levels and areas within the organization, viewing things from a broader perspective, and clarifying the effects of choices.

Objectives

Risk assessment must be in line with the objectives set out in the strategic plan, the budget and the performance of the Customs administration. In defining the objectives it is possible more than one risk is relevant to more than one of the strategic objectives. This is normal, for example 'lack of adequate funding' and should still be addressed by the mitigating actions decided by the executive management group.

Evaluation and monitoring

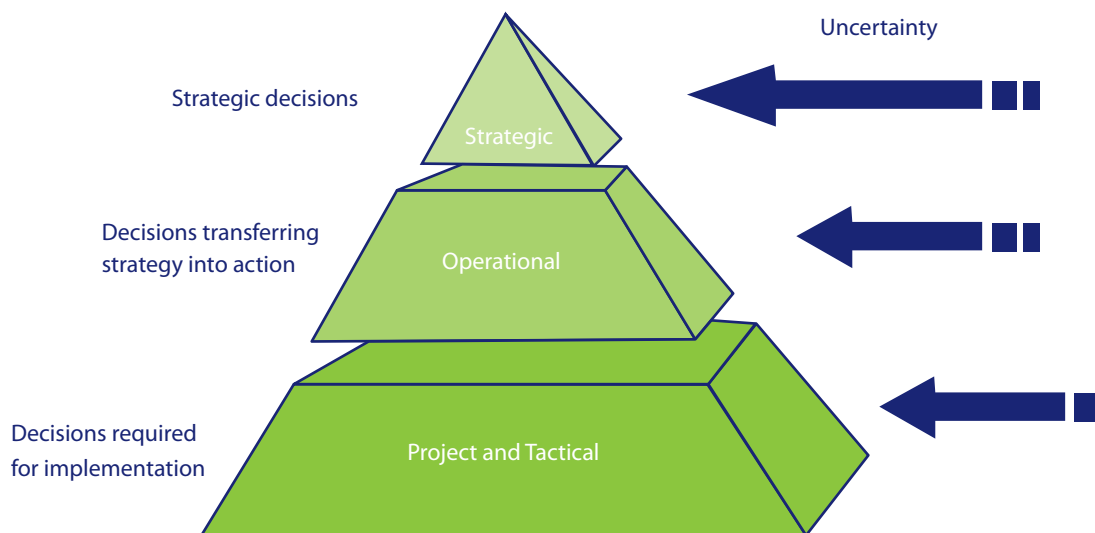
All identified risks are evaluated and monitored throughout the year via implementation reports. The executive management group may make adjustments based on these management reports.

The risk assessment and control measures introduced as a result of this assessment provide the basis for the business operations notification to be issued by the Director of the Customs administration. The risk assessment identifies risks that may have significant political implications or that may negatively influence final conclusions regarding business operations.

Integration of levels of Risk Management

The management of risks at the strategic, operational and tactical levels needs to be integrated so that the levels of activity support each other. In this way the risk management strategy of the organization will be led from the top and will become embedded in the normal working routines and activities of the organization. All staff should be aware of the relevance of risk to the achievement of their objectives.

Hierarchy of dealing with risks



Managers at each level need to be equipped with appropriate skills which will allow them to manage risk effectively and the organization as a whole needs assurance that risk management is being implemented in an appropriate way at each level.

Table 2: Matrix showing several strategic risk categories

Identifying Risks

Category of Risks	ILLUSTRATION / ISSUES TO CONSIDER
1. External (arising from the external environment, not wholly within the organization's control, but where action can be taken to mitigate the risk) <i>(This analysis is based on the "Pestle" model – see the Strategy Survival Guide at www.strategy.gov.uk)</i>	
1.1 Political	Change of government, cross cutting policy decisions; machinery of government changes
1.2 Economic	Ability to attract and retain staff Government budget allocation to run Customs programs; effect of global economy on domestic economy
1.3 Socio cultural	Impact from regional or Customs Union agendas; stakeholder expectations change
1.4 Technological	Obsolescence of current systems; cost of producing best technology available, opportunities arising from technological development
1.5 Legal Regulatory	Requirements/laws which impose new obligations on Customs
1.6 Environmental	Infrastructure; equipment; facilities; inter-connectedness
2. Operational (relating to existing operations – both current delivery and building and maintaining capacity and capability)	
2.1 Delivery	
2.2 Service/product failure	Fail to deliver the service to the user within agreed / set terms
2.1.2 Project delivery	Fail to deliver on time / budget / specification
2.2 Capacity and capability	
2.2.1 Resources	Financial (insufficient funding, poor budget management, fraud) HR (staff capacity/ skills/ recruitment and retention) Information (adequacy for decision making; protection of privacy) Physical assets (loss / damage/ theft)
2.2.2 Relationships	Delivery partners (threats to commitment to relationship/ clarity of roles) Customers / Service users (satisfaction with delivery) Accountability
2.2.3 Operations	Overall capacity and capability to deliver
2.2.4 Integrity	Confidence and trust which stakeholders have in the organization
2.3 Risk management performance and capability	
2.3.1 Governance	Regularity and propriety / compliance with relevant requirements / ethical considerations
2.3.2 Planning	Failure to identify threats and opportunities
2.3.3 Resilience	Capacity of systems/ accommodation / IT to withstand adverse impacts and crises (including war and terrorist attack). Disaster recovery / contingency planning
2.3.4 Security	Of physical assets and information; of trade supply chain

3. Change (risks created by decisions to pursue new endeavors beyond current capability)

3.1. Performance targets	New PSA targets challenges the organization's capacity to deliver / ability to equip the organization to deliver
3.2 Change programmes	Programmes for organizational or cultural change threaten current capacity to deliver as well as providing opportunity to enhance capacity
3.3 New projects	Making optimal investment decisions/ prioritizing between projects that are competing for resources
3.4 New policies	Policy decisions create expectations where the organization has uncertainty about delivery

3.5 Strategic Management Tools:

The Balanced Scorecard (BSC)

A new approach to performing Strategic Management was developed in the early 1990's by Robert Kaplan (Harvard Business School) and David Norton. They named this system the *Balanced Scorecard* (BSC). Recognizing some of the weaknesses and vagueness of previous management approaches, the BSC approach provides a clear prescription as to what companies should measure in order to 'balance' strategic results in 4 different areas.

The BSC is a comprehensive Strategic Management system, not merely a measurement system, which enables organizations to clarify their vision and strategy and translate these into actions in the working processes. It provides feedback both on internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the BSC transforms strategic action planning from an academic exercise into the nerve center of an enterprise.

The BSC model is an interactive system that includes a permanent feedback-loop, both with top down movements:

- from strategic goals, which are derived from stakeholder wishes and demands & external and internal developments, into working processes which have effects on stakeholders,

and bottom up movements

- Information on concrete results and effects are used to alter the strategic goals.

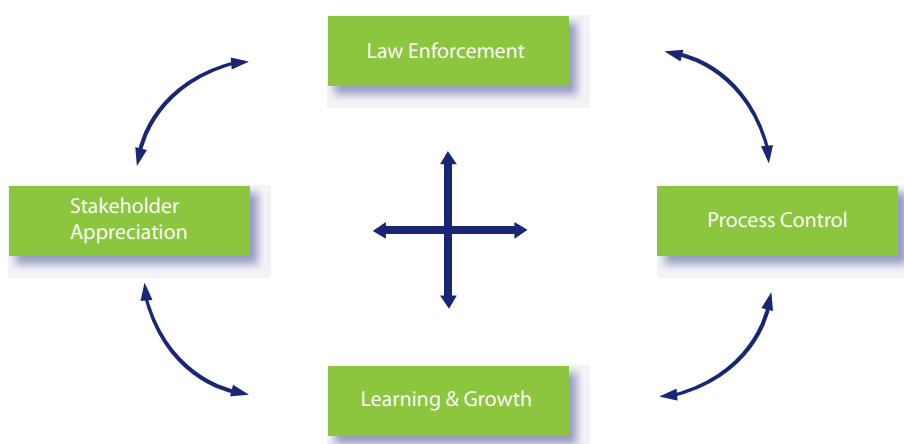
The BSC stimulates organizations to make a shift in thinking and steering, to actually start with the question 'what are the effects that we need to accomplish?' And next, what results do we need to accomplish them? Which products and services do we need for this and what means and manpower do we need?

The balanced scorecard suggests that we view the organization from four strategic perspectives (strategic result areas), develop a management information system, collect data and analyze it relative to the goals set out under each of these perspectives. You can't improve what you can't measure. So metrics must be developed based on the priorities of the strategic plan, and processes are to be designed to collect information relevant to these metrics. The challenge here is to transform the information into a transparent format, which can easily be used by managers for decision making.

Customs administrations could make use of the following strategic result areas

- The Learning and Growth Perspective
- The Process Control Perspective
- The Law Enforcement Perspective
- The Stakeholder Appreciation Perspective

Diagram 4: Examples of Key Strategic Result Areas



The Learning and Growth Perspective

- Examination, initiation, development and implementation of new technologies, techniques and methods;
- Increasing the management's and employees' effectiveness and professionalism through training & education;
- Increasing the level of know-how within the organization.

The Process Control Perspective

- Improvement of cost control
- Efficiency improvement
- Optimization of data management
- Improvement of quality and (if needed) quantity of products and services

The Stakeholder Appreciation Perspective

- Improvement of the tax revenues process;
- Reduction of non-compliance;
- Effective fight against fraud;
- More uniform policies and implementation
- Protection of society from undesired goods

The Law Enforcement Perspective

- Improvement of the tax revenues process;
- Reduction of non-compliance;
- Effective fight against fraud;
- More uniform policies and implementation
- Protection of society from undesired goods

Practice has proven that full implementation of the BSC model is not an easy or quick job. However, the core ideas of the BSC model are:

- the approach of starting with the question 'which effects do we need to accomplish?'
- the use of strategic result areas that give direction to the organization, and
- the permanent feedback loop between strategy and concrete results and effects, can be applied quite well and are very useful for Customs administrations in the build-up and performance of a Strategic Management system.

The Stakeholder analysis:

A *Stakeholder analysis* can be used to identify the various external and internal parties that have an interest in the organization. More importantly, this analysis makes clear the importance of each stakeholder, its specific interests or demands and its particular relationship and communication channels with the organization.

The main question to be answered in the stakeholder analysis is what results the organization has to deliver in order to be acknowledged by the stakeholder: which results give the organization the right of existence? In the free market, this right is expressed by customers who are willing to pay for the produced goods or services. For a Customs administration (as for all other non-profit organizations) this right is more complicated. It is dependent on politics, governments, national and (indirectly) international legislation and agreements. The force field that is made up by these diverse stakeholders is extremely complex. The stakeholder analysis provides an excellent instrument to identify the relevant stakeholders and clarify the forces that they exert upon (and the results they demand from) the Customs administration.

A stakeholder analysis can best be made together with a group of key persons from the Customs administration, from a diverse range of areas and layers within the organization, so that the whole range of possible stakeholders can be identified.

The main features per individual stakeholder to be determined are:

- > Name and position (role)
- > (Level of) Interest of the stakeholder in the Customs administration
- > Level of power

To carry out a Stakeholder analysis the following table can be used

Table 3: Model for stakeholder mapping

	Level of interest	
	Low	High
Power Low	A Minimal effort	B Keep informed
Power High	C Keep satisfied	D Key players

CASE STUDY 2: Implementation of Single Window/One Stop Shop strategy/concept

Due to the development of both concepts in the Customs administration of Country XXX, a lot of questions are raised at the strategic level, e.g.:

Is it really a strategy or only a reflection of good will and intentions? What makes the strategy alive? Is there a roadmap or project plan available with clear objectives and planning?

Are there resources available (budget, the necessary human capacity, organizational structure)? If so, are those resources guaranteed for a longer period of time (so the objectives become realistic and can be achieved)? Who is accountable for the implementation of the IT strategy (the Director General of Customs, the board of Customs, the competent minister)?

Is the IT strategy broader than only Customs and if so, what other governmental agencies does it cover? Perhaps an approach aiming at more than Customs is desirable when you want to work on principles such as the Single Window / One Stop Shop (WCO Framework of Standards). Do not get caught in the trap of "pillar thinking". If and when you are able to make a fresh start using IT, think broad. It helps you to align the processes of the various agencies (efficiency and effectiveness), work on standardization of data and datasets and it can save you a lot of money. Of course, adding other issues and governmental agencies to a Customs IT strategy will increase the level of complexity during the process and software development phases as well as during the implementation of new systems. If that is not managed properly, you can lose a lot of money as well as the acceptance of what you are offering to your organization.

Does the strategy comprise international initiatives, such as those emanating from the WCO? Or is the strategy internally focussed?

Were the stakeholders (especially trade and other governmental agencies) consulted and are they actively involved in the work on the IT strategy?

This is important since trade and other stakeholders also have to invest in their own IT development (and before that they may even have to redesign or re-engineer their business processes).

For the stakeholder mapping, the results of all these questions and recapitulation can be used. In this case the stakeholder mapping will focus on one of the core elements coming forward from the WCO Framework Of Standards: "The Single Window / One Stop Shop". The stakeholder mapping must make clear who the most important players are. Stakeholder mapping identifies stakeholders' expectations and power and helps establish priorities. It involves making judgements on two issues:

- how keen each stakeholder group is to impress its expectations on the organisation's choice of strategy;
- whether they have the **means** to do so (do they have the power to force a strategy in a particular or certain direction).

Worksheet 1

Stakeholder analysis

Sheet 1

High level process mapping: "SINGLE WINDOW / ONE STOP SHOP"

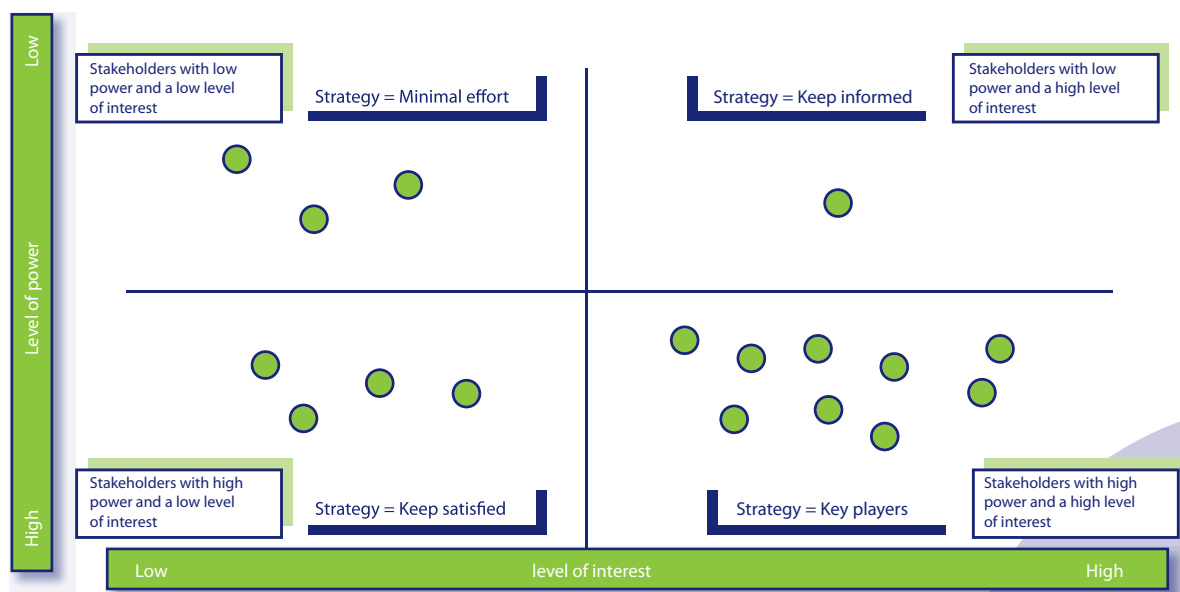
- Describe the main issues to be covered under those concepts:
- Should there be IT involved:
- Describe the key players in the process:
- Describe the legal requirements:
- Describe the policy requirements:

Worksheet 2

Stakeholder analysis

Sheet 2

STAKEHOLDER MAPPING SINGLE WINDOW / ONE STOP SHOP



The SWOT analysis

The SWOT-analysis can be used to create an updated and integral vision and strategy (or sharpen the existing strategy) by manifesting the internal state of the organization as well as influential external developments. It can be used to give a picture of the areas where the organization should direct its energy, in order to provide the requested results, and taking account of the available personnel, means and (future) influential external factors.

The letters of the model stand for:

- Strengths
- Weaknesses
- Opportunities
- Threats

Strengths & weaknesses address the internal organization; while the opportunities & threats refer to the influential external factors.

In making the SWOT analysis, the results of the Stakeholder analysis provided essential input; they are used to give a picture of the Opportunities & Threats from the external world. On the other hand, the results of the WCO Diagnostic Report (result of the first stage of the Columbus Programme) are to be used as essential information for identifying the internal organizational Strengths & Weaknesses. The framework for this is illustrated in Table 4. Examples of the criteria that may be identified during an analysis are presented in the model of a SWOT Analysis at Table 5.

Table 4: SWOT Analysis Template

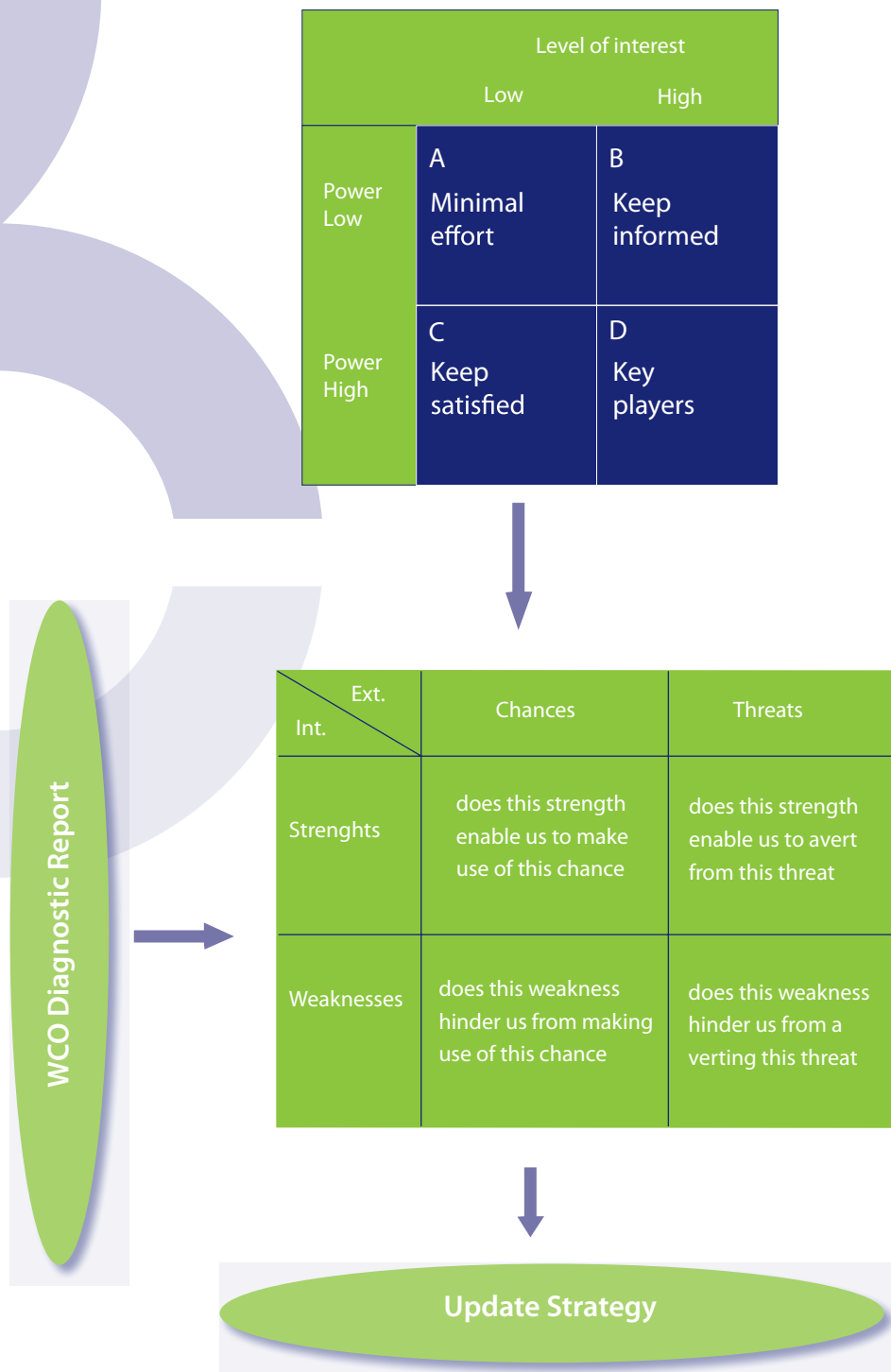
Int \ Ext	Ext	
	Opportunity	Threats
Strengths	does this strength enable us to make use of this chance	does this strength enable us to avert from this threat
Weaknesses	does this weakness hinder us from making use of this chance	does this weakness hinder us from averting this threat

Table 5: Model of SWOT analysis

Strengths	Weaknesses
criteria examples	criteria examples
<p>Advantages of proposition? Capabilities? Competitive advantages? USP's (unique selling points)? Resources, Assets, People? Experience, knowledge, data? Financial reserves, likely returns? Marketing - reach, distribution, awareness? Innovative aspects? Location and geographical? Price, value, quality? Accreditations, qualifications, certifications? Processes, systems, IT, communications? Cultural, attitudinal, behavioural? Management cover, succession? Philosophy and values?</p>	<p>Disadvantages of proposition? Gaps in capabilities? Lack of competitive strength? Reputation, presence and reach? Financials? Own known vulnerabilities? Timescales, deadlines and pressures? Cashflow, start-up cash-drain? Continuity, supply chain robustness? Effects on core activities, distraction? Reliability of data, plan predictability? Morale, commitment, leadership? Accreditations, etc? Processes and systems, etc? Management cover, succession?</p>
Opportunities	Threats
criteria examples	criteria examples
<p>Market developments? Competitors' vulnerabilities? Industry or lifestyle trends? Technology development and innovation? Global influences? New markets, vertical, horizontal? Niche target markets? Geographical, export, import? New USP's? Tactics: eg, surprise, major contracts? Business and product development? Information and research? Partnerships, agencies, distribution? Volumes, production, economies? Seasonal, weather, fashion influences?</p>	<p>Political effects? Legislative effects? Environmental effects? IT developments? Competitor intentions - various? Market demand? New technologies, services, ideas? Vital contracts and partners? Sustaining internal capabilities? Obstacles faced? Insurmountable weaknesses? Loss of key staff? Sustainable financial backing? Economy - home, abroad? Seasonality, weather effects?</p>

Diagram 5 summarises the insights of the Stakeholder- and SWOT-analysis discussed so far. These provide essential input for the first part of the Strategic Management process; which is the creation of a vision and strategy based on present (and near future) external and internal influences. With the information that these models provide, decisions for strategic action planning can be made.

Diagram 5:
Relation WCO Diagnostic Report - Stakeholder Analysis - SWOT and Strategy

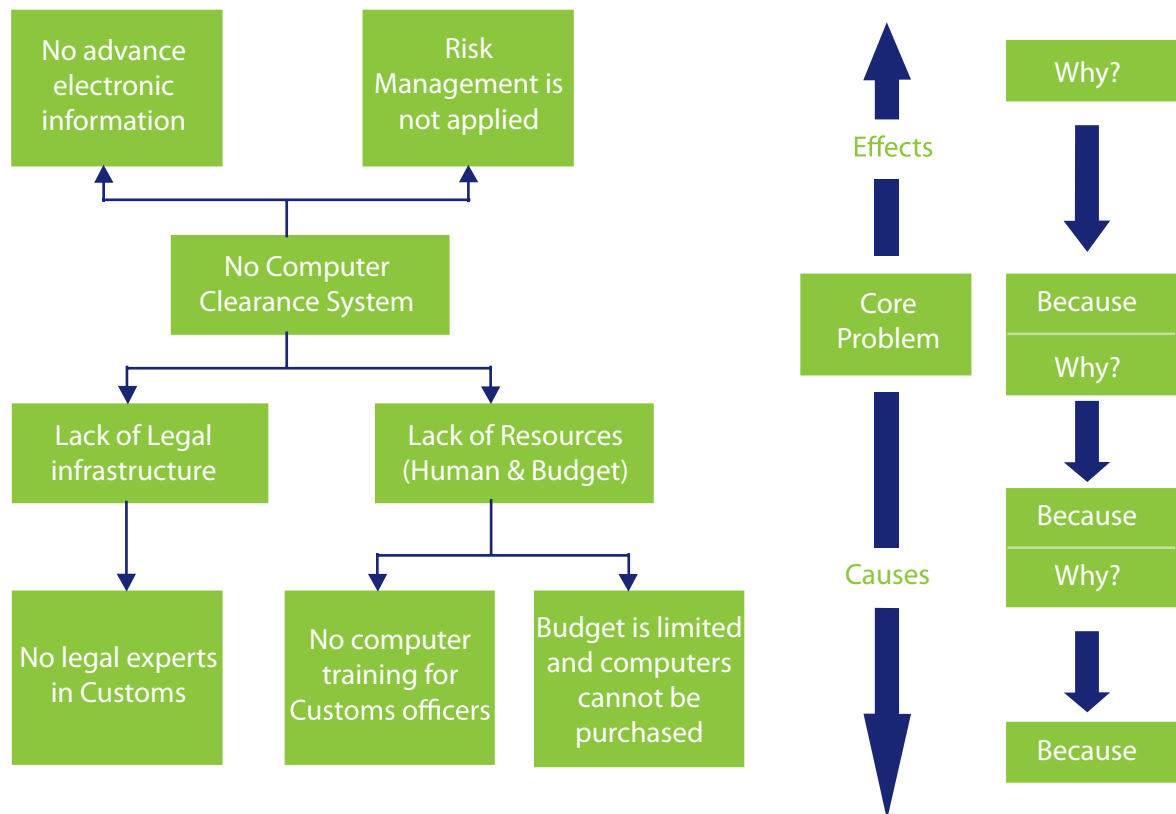


The Cause and Effect model:

The Cause and Effect model is a problem analysis method that graphically displays existing problems as effects with their causes. The analysis lays the problems out in a cause and effect tree with roots and branches showing the relationships between problems. Roots represent causative factors and branches represent consequent effects. The Cause and Effect model can be used to identify the diverse causes and effects for an existing problem or influencing factor. Furthermore, it graphically shows the interrelationships between several causes and effects and can be used in the process of determining the strategic action plans

How to conduct this Analysis?

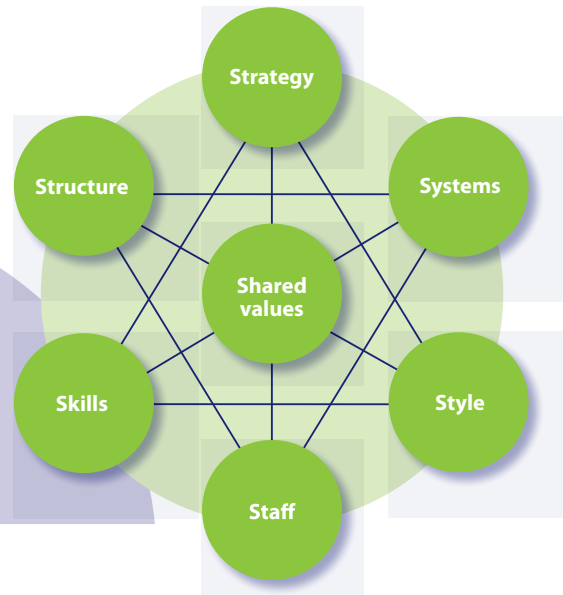
- Identify major problems existing within the SAFE FOS recommendations
- Agree upon a core problem or focal problem.
- Analyze the cause of the core problem.
- Analyze the effects of the core problem.
- Form a diagram showing the cause and effect relationships in the form of a problem tree.



The 7's model

The 7's model can be used to picture the diverse essential parts and areas of the organization, their developmental state and the manner in which they are interconnected. The 7-s model may be used to determine the action plans for further organizational development towards the WCO Framework of Standards.

The fundamental thought behind the model is that an organization consists not only of a structure, but of 7 elements:



These seven elements can be divided into the so called hard and soft elements. The hard elements (structure, strategy and systems) are feasible and easy to identify, while the soft elements are under the surface and hardly feasible. These soft S's, however, can be of great influence on the hard S's.

> The hard S's

Strategy: Actions an organization plans in response to, or in anticipation of, changes in its surroundings

Structure: Basis for specialization and coordination influenced primarily by strategy and by organization size and diversity

Systems: Formal and informal procedures that support the strategy and structure (in practice, systems prove to be more powerful than they are given credit for).

> The soft S's

Style: The culture of the organization, consisting of two components:

>> **Organizational culture:** the dominant values and beliefs, and norms, which develop over time and become relatively stable features of organizational life;

>> **Management style:** more a matter of what managers do, than of what they say. How do they spend their time, to what do they give their attention? And how do they give meaning to (changing) organizational reality?

Staff:	The human resource management process used to: <ul style="list-style-type: none"> >> Develop managers; >> Guide or start up socialization processes; >> Recruit new employees; >> Manage career development
Skills:	The distinctive core competences – what the company does best. And ways of expanding or shifting these core competences.
Shared	The guiding concepts or fundamental ideas around which an organization is built values: When stated, this is done in a simple, abstract manner. It has a great influence inside the organization.

Effective organizations achieve a good fit between all elements. They are all interconnected: if one changes, it will affect all the others. In change processes, attention is usually drawn to the hard S's, strategy, structure and systems, and less attention is paid to the soft S's.

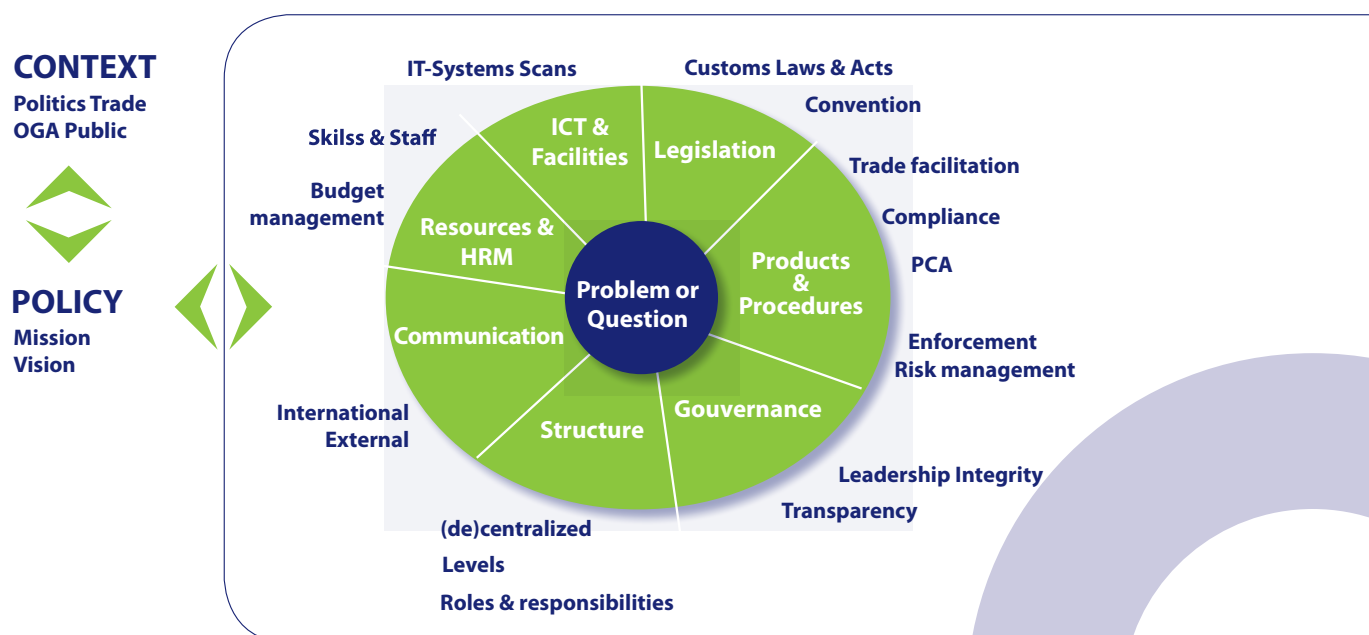
The 7-s model can be a valuable tool for Customs administrations to give direction to the change process: to make essential strategic decisions for which strategic action plans are to be implemented, in what order, and with what effect on the diverse parts of the organization.

Standard usage of the 7-s model means picturing the existing situation. However, in order to function as an accurate tool for Strategic Management, it should be used to determine both the current state and the desired state. This can be done by filling it out twice: once from the perspective of the present situation and then from the perspective of the desired future situation. Furthermore, the necessary action plans, with their interrelations, can then be derived from those two pictures.

The Innovation Frame:

The Innovation Frame (IF) concept could be added instead of, or in addition to, the 7-s model. Like the 7-s model, it may be used to determine the strategic action plans which are to be worked on. The main advantage of the IF is that in the form presented here the different elements are tailored to fit Customs administrations; they are a closer representation of the elements of which a Customs organization consists. Like the 7-s model, it can also be used for other things than picturing the current state of the diverse elements of the organization. The model asks that for each element the status, ambition and diagnosis are determined and described, and consequently that choices for future action plans are made.

[WHEEL DIAGRAM 8] - Innovation Frame



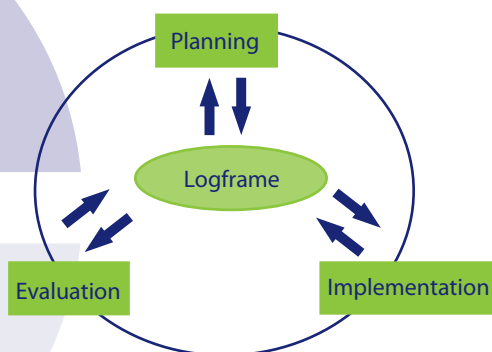
The Logframe (Logical framework)

Logical Framework is known by a variety of names such as Logframe, Project Design Matrix (PDM), project concept paper, or one-page project summary. The Logframe is used as a management tool to keep an overview of a large organizational change process, from the planning stage to the evaluation stage. The Logframe is a structured table that outlines the change process as clearly and simply as possible. Later in this section the term 'project' is used, which in this context should be seen as a 'large organizational change process'.

The Logframe shows;

- what the project is designed to achieve
- what it will produce along the way
- the work that needs to be done
- the resources needed
- the indicators that will show if the project is on track
- the means or the source of that information

[CIRCLE DIAGRAM 9]



Development of the Logframe

The Logframe is a four-by-four matrix used to lay out a project design. Each box contains specific information about the project

- Project Logic: serves to describe the hierarchy of the project's objectives and makes the distinction clear between Overall Goal, project impact (Overall Purpose), project deliverables (Project Outputs) and key activities (Activities);
- Objectively Verifiable Indicators: identifies the performance indicators which define quantity, quality and time for each of the objectives in the first column;
- Means of Measurement: refers to the data sources for Objectively Verifiable Indicators;
- Environment: describes the other conditions on which the project depends for its success (Assumption). These assumptions are at different levels which all have varying degrees of risk;
- Resources: states the internal and external resources needed for implementation of each action plan;
- Costs: determines the estimated costs of the project / action plans
- Preconditions: identifies the prerequisites for starting the project (or carrying out the activities).

It should be possible to discern the logic of the Project based on an objective analysis (tree), which is formulated using an 'if-then' logic (see Diagram 10).

The Program Logframe and the Project Logframe

The *Program* Logframe is a management tool developed to steer the overall change process, which often consists of various single action plans (or projects). The Program Logframe is used by the Director General or Deputy Director General to manage overall Customs modernization processes.

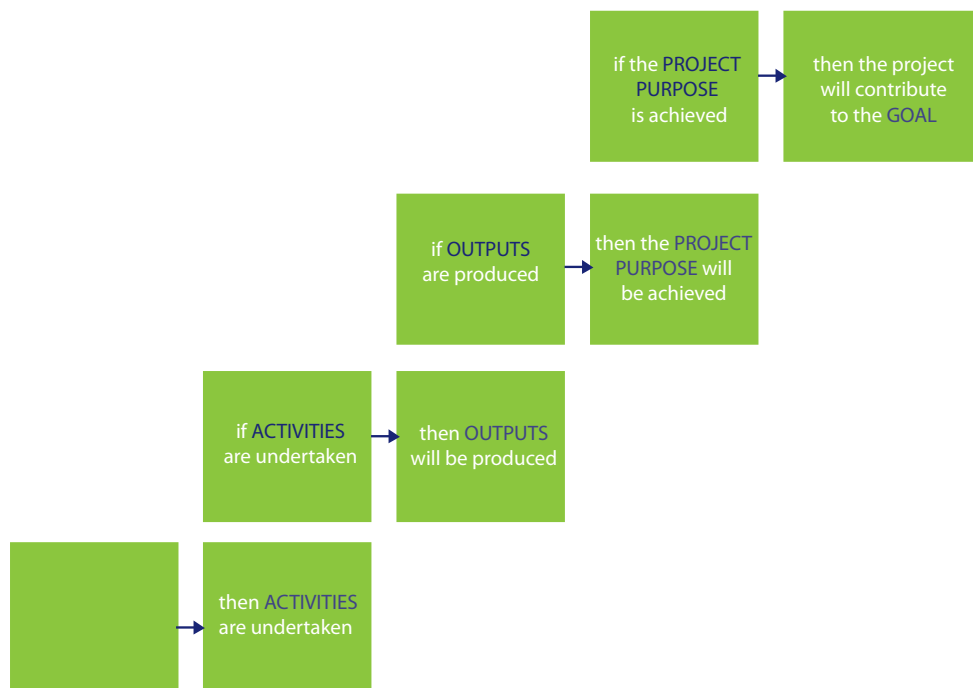
The *Project* Logframe, on the other hand, is developed for managing each individual action plan / project.

This format is used by project leaders.

It is therefore recommended that the Program and Project Structure should be adopted in order to allow an overview of the hierarchy of objectives, and to enhance capacity to take appropriate further action.

Strategic Management (to make choices for strategic Action Plans)

[SQUARES FLOW-CHART DIAGRAM...10]



CASE STUDY: Development Logframe Country X

The overall strategic programme can be laid out in one simple logframe which gives an at-a-glance overview of what should be expected from the development programme. This document is usually produced to accompany an executive summary of the programme proposal.

Strategic Development Programme

Project Logic	Objectively Measurable Indicators	Means of Measurement	Assumptions	Others Involved
GOAL To protect and develop the Country X economy with regard to trade, security and social protection	Current statistics with regard to international trade and inward investment are maintained or improved. Current statistics on border related crime show an improvement	Comparison of statistics year on year. Survey of trade and public opinion	The goal reflects the strategic policy of the Country X Government. There is no significant change in government policy. Current trends in trade development continue.	Member departments of the government's economic and security departments Economic Operators Public
PURPOSE To develop Customs as an effective revenue collection and border management service	Revenue collection is maintained or improved in line with inflation. Reduction in the availability of controlled/prohibited goods. Public opinion recognises an improvement in performance	Regular monitoring of Revenue statistics Monitoring of price and availability Public opinion Surveys	Tariff policy remains consistent Changes in rates for VAT and Excise remain fundamentally unchanged. Prohibitions and restriction on import/export remain fundamentally unchanged and are a Customs responsibility	Tax Department of Revenue Authority Importers/exporters Brokers, logistics, transporters, banks etc Travelling public International Organisations WCO Members
OUTCOME A Customs Service which complies with the Kyoto convention and SAFE Framework of Standards	Measurement against the Standards of the Kyoto Convention and the SAFE Framework of Standards	Regular monitoring and review by Revenue Authority Programme management WCO and other Intern. Organizations	Recommendations of the WCO Diagnostic Mission are accepted and agreed.	Economic operators

ACTIVITIES	Costs	Resources	Preconditions
Maintain the operations of Customs Maintain current plan Re-establish approvals Develop business intelligence Develop middle management Develop and implement: An effective strategic management policy and process including risk management A supporting structure A development budget and expenditure plan A communications and promotion strategy Review and implement New structure New procedures Supporting legislation New computer systems New Equipment A supporting HR Programme Form practical partnerships with Tax department of revenue authority Other Government Departments Economic operators Regional and International Partnerships	To be estimated during the scoping phase	To be estimated during the scoping phase	Government wide acceptance of the strategic Purpose and outcomes of this programme A realistic development budget is allocated Realistic timescales are set A programme management mechanism is put in place within Customs Basic data by which long term monitoring and evaluation of the programme can be completed

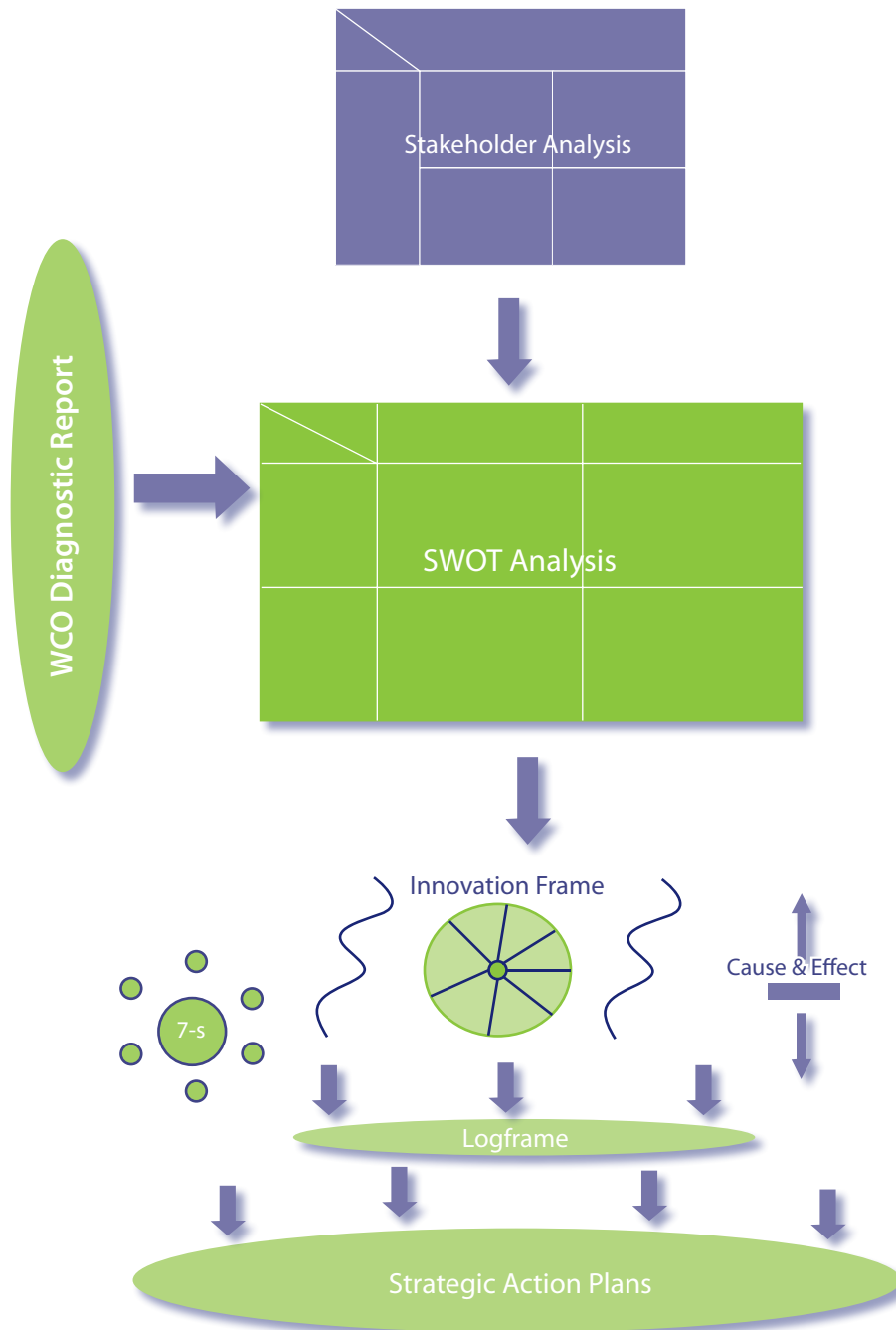
For each of the outcomes and/or activities there will be a further logframe which provides greater detail on each specific project. A series of these logframes would be included in the project documentation and would form the basic planning documentation. An example of how just one of the Outcomes/Activities would look appears below. As you can see, the wording of the Outcome of the strategic logframe has become the goal of the specific project.

Project Logic	Objectively Measurable Indicators	Means of Measurement	Assumptions	Others Involved
GOAL A Customs Service which complies with the Kyoto convention and SAFE Framework of Standards	Measurement against the Standards of the Kyoto Convention and the SAFE Framework of Standards	Regular monitoring and review by the Customs Programme management WCO and other International Organisations	Recommendations of the WCO Diagnostic Mission are accepted and agreed.	Economic operators
PURPOSE To improve the strategic management of Customs	Customs delivers on the contract agreement with the Minister. Customs delivers according to the client charter. Customs is sensitive and responsive to changes in the economic and security environment. Compliance of Customs with the SAFE FoS and other international agreements and standards.	Minister signs off on delivery. Feedback from the Revenue Authority Monitoring Office and Client Surveys. Improvement in compliance with Minister's Minutes Findings of appropriate diagnostic activity and / or independent review.	The Revenue authority is accountable to the Minister of Finance. Commitment and agreement to international standards. Strategic leadership from the Commissioner and the Minister of Finance includes non-financial targets.	Auditor General National Treasury Finance Ministry Etc. Etc.
OUTCOME Fully developed strategic management capability that provides strategic direction, ensures Customs Modernization is effected, and maintains a modern Customs service.	Improved visibility of Customs. Established Customs strategic policy unit. Revise published and implemented Customs management structure. Programme management office (managing IT and non-IT) ensures that all projects and programmes delivered align with the organizational strategy. Final Strategic plan available and published at operational level at the start of the Financial Year. Strategic plan is cascaded down to individual performance measurements. Management information system meets the business need. Sufficient competent managers in position.	Client surveys. Physical inspections against checklists (signage, vehicles, demarcated custom control areas, etc.) Strategic policy unit established. Custom management structure established and published. Project Office established. Final Strategic plan available and published at operational level at the start of the Financial Year. Audit programme to ensure strategic plan is cascaded. Survey of senior / executive management. Output of performance management process.	Budget available to support the strategic plan. Operational office assurance audit includes the strategic plan cascaded down to operational level. Performance management process measures management competence. Strategic planning lifecycle can accommodate publication of the strategic plan at the beginning of financial year.	Senior / Executive Management Human Resources Operations Line Management Staff Clients Ministry of Finance Internal Audit Auditor General ICT Communications

ACTIVITIES	Duration	Costs	Resources	Preconditions
<ul style="list-style-type: none"> Improved visibility of Customs. Established Customs strategic policy unit. Revised, published and implemented Customs management structure. Programme management office (managing IT and non-IT) ensures that all projects and programmes delivered align with the organisational strategy. Final Strategic plan available and published at operational level at the start of the Financial Year. Strategic plan is cascaded down to individual performance measurements. Management information system meets the business need. Sufficient competent managers in position. Service level agreement with Customs Operations and Legal and Policy Services Review business planning cycle (in terms of budgeting, training, HR and business planning) 				Full development programme has been approved and a project team established

The logframe frame approach provides a very comprehensive basis for programme management and would normally be used for projects which require substantial funding. It should always be used when a major donor is involved as often it is a requirement of their procurement system.

The various strategic management tools in one overview/schemey
Diagram 10: Illustration of connection between each model



3.4 Risk Management

Introduction

Risk Management is not a new concept for Customs. Drawing on intelligence, information and experience, over time Customs has adopted procedures designed to combat non-compliance with or circumvention of Customs laws.

Traditional Customs methods of control, that included 100% intervention or selecting high percentages of imports or purely random selection criteria, are not optimal models for managing the border and fall short of government, community and business expectations today.

In all Customs administrations, senior executives and managers are required to deliver greater outputs and outcomes with the same, or fewer resources. Risk Management enables a Customs administration to make explicit the choices that underpin its actions: 'what shall we do and what shall we refrain from doing?' A risk-oriented working method will make transparent the underlying reasons for organizational plans of action, why certain actions are chosen, and what it would cost to do it differently.

Risk Management should be considered a necessary complement to Strategic Management. A risk management system should be embedded in the organisation's business systems, including strategy and policy-making processes, to ensure that risk management becomes an intrinsic part of the way business is conducted. It should also be integrated within the organization, in order to provide a foundation to anticipate and plan for possible risks (organizational and border related) and respond to them effectively.

An important clarification from the outset is that *Risk Management* must be distinguished from *Risk Assessment*.

Risk Management means coordinated activities by administrations to direct and control risk. *Risk Assessment* is the overall methodology of risk identification, risk analysis and risk evaluation, which then leads to treating the risk.

Building block three of the Customs in the 21st Century strategy identifies *intelligence-driven risk management* as one of the key building blocks of the forward-looking strategy of Customs¹. The strategy specifically identifies the need to apply intelligence-driven risk management in the management of Customs. In order to meet this goal, a modern Customs service needs to maintain a constant awareness of the expectations placed on it by Government, business, citizens and the wider international community.

This part of the Capacity Building Development Compendium supplements the WCO Risk Management Compendium. The terms used in this section are taken from WCO Risk Management Compendium Introduction glossary section. The guidance provided in this section deals with approaching organizational risks, whereas the WCO Risk Management Compendium concentrates more on border management risks. The Compendium is comprised of two separate but interlinked volumes. Volume 1 outlines the changing operating environment and defines the need to adopt a holistic risk-based compliance management approach. Volume 2 deals with operational risk management. It includes "enforcement sensitive" material for Customs-only purposes, including numerous practical guides and templates for assessing risks in relation to the movement of goods, people, conveyances, economic operators and other parties to international trade.

Organizational Risk Management

A good risk management strategy is forward looking and helps to improve business decisions. It is also not only about avoiding or minimising losses, it assists identifying and dealing positively with opportunities. It is a powerful tool for Customs managers of all levels.

Good risk management is based on a well-planned, relevant, comprehensive and documented strategy. This strategy will typically provide general policy guidance, plans and procedures that can be used as part of the administration's everyday work to manage risk.

¹ World Customs Organization, 2008, *Customs in the 21st Century: Enhancing Growth and Development through Trade Facilitation and Border Security*, WCO, Brussels.

Each Customs administration will need to establish its unique risk management policy, which will take into account its strategic goals and objectives with commensurate plans. The risk management policy statement should clearly outline the administration's overall intentions and direction regarding risk management.

Diagram 1 below represents the “architecture” for planning, designing and implementing risk management. Worth noting is that the principles are indicative and the administration should build their risk management policy consistently with their own principles.

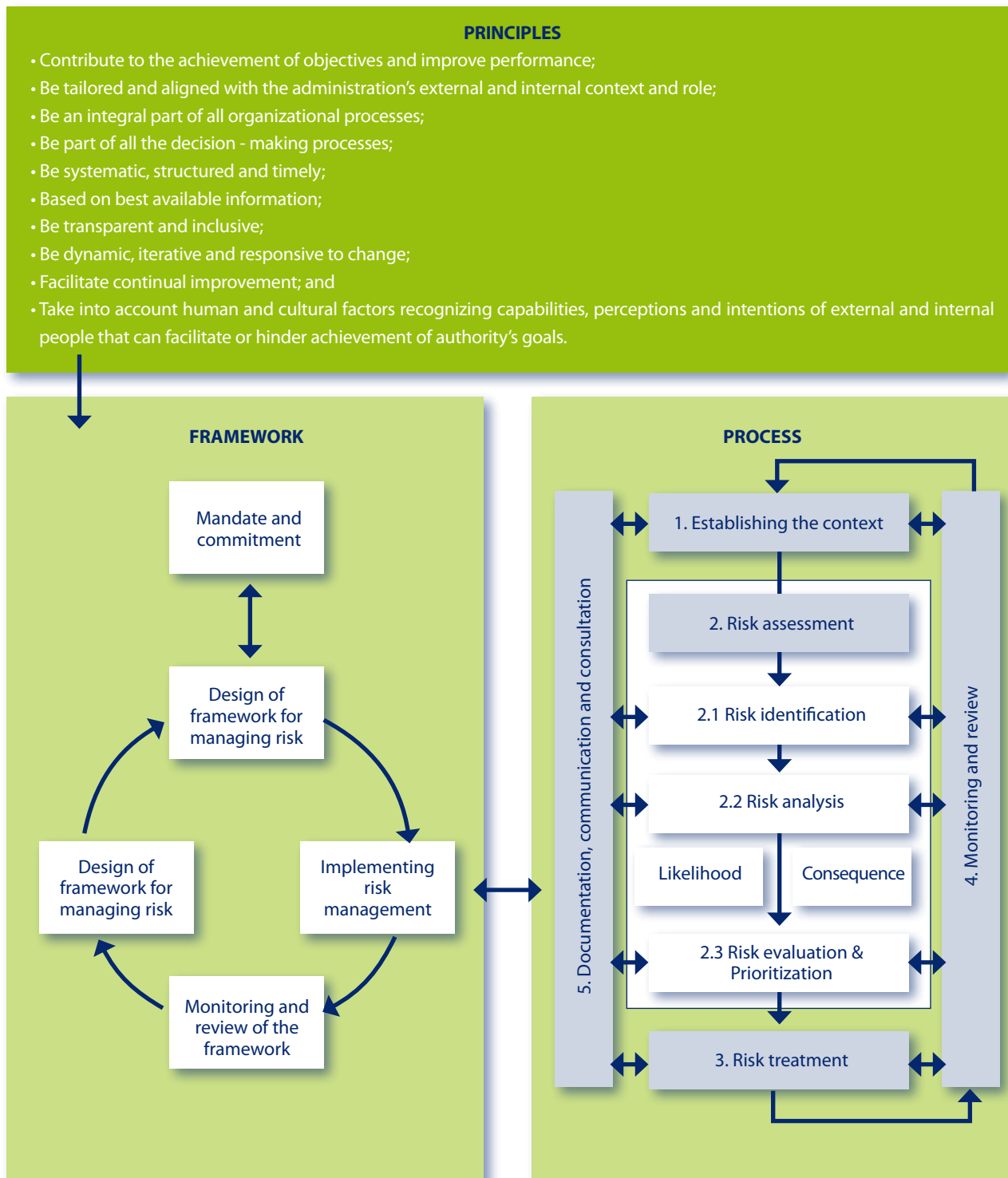


Diagram 1. Risk Management Architecture
Source : ISO Standard 31000-2009, Risk management - Principles and guidelines

High-level mandate and commitment are crucial for effective risk management. The diagram illustrates that this is the trigger for embracing a risk management approach. Risk management will rarely be effective throughout the organization if it is not supported by the highest level of the organization.

A clear understanding of the operating environment is an important step in developing the organizational risk management framework.

Through an environmental scan, an administration can identify various external and internal factors and risks that influence the way it may achieve its objectives. External factors to be considered may include various political, economic, social and technological considerations. Annex 1 lists examples of organizational risk categories and suggests several issues to consider for each risk.

When outlining the internal risk management context, thought should be given to:

- the overall management framework;
- existing governance and accountability structures;
- stakeholders, values and ethics;
- operational work environment;
- individual and organizational risk management culture and tolerances;
- existing risk management expertise and practices;
- types of information flows and systems used; and
- local and organizational policies, procedures and processes.

The Director General and the senior managers must set the policy, objectives and authorization to plan, deploy resources and make decisions based on the risk process.

It is important that the risk management process be applied at all levels of the organization by all risk owners. The steps of the process are shown in Diagram 2.

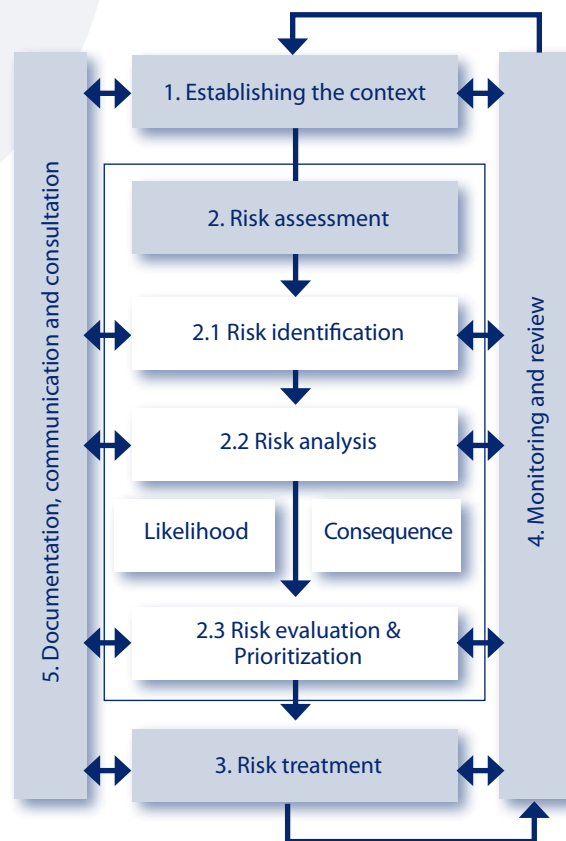


Diagram 2. Risk Management Process
Source : Adapted from Revised Kyoto Convention General Annex Guideline 6 & ISO Standard 31000-2009, Risk management - Principles and guidelines

Organizational Risk Management Tools

Following the architecture leads to documenting an overall risk management approach and policy.

The primary policy objectives for effective Customs risk management should:

- improve Customs ability to deliver government policy
- supply Customs Outcomes and Outputs in a timely, efficient and effective manner;
- identify resource and operational capabilities for responsible and efficient deployment;
- provide a decision making framework that demonstrates accountability;
- achieve efficiency, effectiveness, economy, continuity and compliance to protect the interest of all stakeholders in the trade supply chain and/or conveyance/traveller routing;
- maintain integrity for services provided by Customs;
- safeguard resources including people, financial, property and technology; and
- create an environment where all Customs employees have responsibility for and have authority to deal with and manage risk.

The risk management policy would normally include an organization risk register and risk plan containing the following elements:

- organizational goals and objectives linked to risks;
- rationale and commitment for managing risks (risk strategy);
- risk management organization and arrangements;
- a risk management planning process;
- information on risk identification and evaluation techniques;
- documentation for analysing and reporting risk;
- risk mitigation requirements and control mechanisms;
- specific accountabilities and responsibilities for managing risk (i.e. risk owners);
- levels of risk (risk appetite/tolerance);
- criteria for measuring risk management performance;
- assigning dedicated resources to managing the implementation of risk management;
- internal and external communication and reporting plans and systems; and
- the timeframe for periodic review of the risk management policy and associated plans.

A risk management approach demands an holistic approach, spanning everyone from the Director General to the front line.

It is no longer sufficient to manage risk only at the individual activity level or by separate functional areas. An holistic approach to risk management requires an ongoing assessment of potential risks for the organization at every level. The aggregation of the results at the organizational level then facilitates priority setting and improved decision making.

The risk assessment and management of risk across an organization helps reveal the importance of the whole, being the sum of the risks and the interdependence of the parts. Note though, that the most effective risk assessments are not a simple aggregation of sum totals. In order to develop a comprehensive risk overview some method of weighting risks should be applied. To illustrate this for a strategic risk assessment, the Customs administration may weight risks as follows:

- Financial impact (33%) – i.e. effect on tax gap and receipts.
- Social impact (17%) – i.e. potential harm to society.
- Reputational impact (25%) – i.e. damage to organisations reputation.
- Vulnerability (25%) – i.e. ease of risk replication / potential future impact.

An administration needs to make sure that clearly defined responsibilities, authority and competence for managing risk exist. Allocating responsibility and authority to deal with risks is a key aspect of embedding risk management into an organizational culture.

Defining accountabilities includes identifying and allocating accountability at the organizational level for the development, implementation and maintenance of the risk management framework as well as defining risk owners for different key risks across the organization. Each risk owner is then accountable for, and required to analyse and report against their respective risks.

A risk register is an essential documentation tool for risk management. The risk register is like an “index” of an administration’s risks, from which each functional area can develop its respective risk plans. The register should be tailored to meet the requirements of the organization and may be set out in many different ways. Examples of risk registers appear in the WCO Risk Management Compendium.

What’s the difference between risk management planning and risk management leadership?

Risk management planning is a seemingly logical, linear, step-by-step process that focuses on analysis. Risk management planning is a cycle that includes the stages of a beginning and an end, before the cycle is repeated as risks are regularly reviewed. It is typically influenced by senior management and usually results in a formal written plan. Risk management leadership never ends. It becomes an integral part of how the organization conducts its business and needs to be practiced by risk owners at all levels.

Risk Management Leadership

Risk management leadership means thinking intuitively, creatively and asking “what if?” questions to pull together an integrated perspective.

Keep objectives aligned with risks. Here’s where risk management leadership diverges from risk management planning. With planning, the path forward is documented and reporting ensures monitoring the plan occurs so that resources can be identified or moved as required. Risk management leadership ensures the message gets through that organizational objectives remain the priority every day, while being aware of environmental changes that threaten delivery, as well as responding with relevant treatments.

Teach risk management thinking. Leaders motivate risk owners at all levels to anticipate opportunities and threats while managing day-to-day tasks and responsibilities. They give staff the training, equipment and authority to become more effective and innovative. They also ensure that officers understand that their decisions and actions have an impact on the future of the organization.

Ask the right people the right questions. Intelligence support units, discussed shortly in this section, will not have all the data. The leadership challenge is to ask the right questions of the right people. Good questions get people to look at the same risk differently, allowing for different perspectives. Done well, leadership questioning gives ownership and directs energy so that people look to find answers rather than excuses. Typically it is the operational areas that hold the most comprehensive knowledge of Customs processes and stakeholders. Accessing and harnessing this knowledge through the leadership skill of building relationships is invaluable

Don’t rely only on intelligence. Risk management leadership requires expanding data gathering efforts beyond internal sources. Leaders will look for developments in all border regulation and global trade/travel environments.

Don’t be vague. Be very clear about what risks you are dealing with – organizational, divisional, branch, port, team, function, project, etc. Keep repeating both the situation and solution until risk owners are repeating it back.

Risk management leadership requires balancing both organization objectives while analysing the constant changes impacting on the supply chain, Customs environment and the global trading community.

Risk Analysis

Risk analysis is principally about quantifying risk, and requires consideration of the sources of identified risks, an assessment of their potential consequences in terms of achieving objectives, and judgment as to the likelihood that the consequences will occur (in the absence of any specific treatment with the existing controls in place).

Risk analysis relies upon the use of data and information to substantiate the consequences that are likely to be incurred if the risk occurs and/or remains unaddressed. Even though risk analysis should be intelligence-driven, it needs to be remembered that it is not an exact science. Knowledge about the business environment, structured expert judgment and common sense should never be overlooked when analysing risks. Experience has shown that utilising the power of a group is often better than relying on one individual when making judgments and developing solutions.

One approach to analyzing risk at the organizational-level can be by the categories, based on the responsibilities of a modern Customs administration in the 21st Century, for example:

1. **Revenue collection**
 - Misclassification
 - Under valuation
 - Concession fraud
 - Exemptions
 - Concealment
2. **Security**
 - Imports of restricted goods without legitimate authorization
 - Prohibitions
 - Standards and quality
 - Dual-use goods
 - Violence
 - False identity
3. **Community Protection**
 - Narcotic and psychotropic substances
 - Sanitary and phytosanitary goods
 - Controlled fauna and flora
 - Health and pandemic threats
 - Concealment
 - Forgery and counterfeiting
 - Internal conspiracy
4. **Trade Facilitation**
 - Licenses
 - Quotas
 - Rules of origin
 - End-use requirements
 - Time limits
 - Bribery
5. **Collecting Trade Data**
 - Import and export statistics
 - Revenue, value and quantities
 - Trading partners
 - Modes of transport

In short, risk analysis considers:

- how likely is an event to happen; and
- what are the potential consequences and their magnitude.

Combining these elements produces an estimated level of risk or “tolerance”. Risk estimation can be quantitative or qualitative, or a combination of the two.

How To Estimate Risk

A categorisation of high / medium / low in respect of each risk may be sufficient and is the minimum level of categorisation – this is a result of using a “3x3” risk matrix as depicted in diagram 3. A more detailed analytical scale (“5x5”) may be appropriate, and is also commonly used. There is no definitive model for the scale of risk matrices - the organisation should reach a decision about the level of analysis that it finds most practicable for its circumstances. Colour (“traffic lights”) is another way to illustrate and communicate the significance of risks.

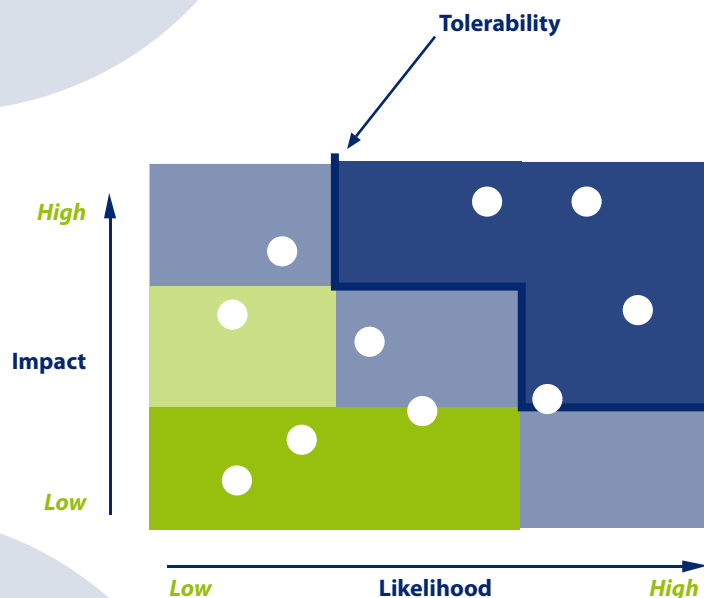


Diagram 3. Risk Assessment Rating

Risk treatment refers to the decisions or actions taken in response to identified risk. There are four types of responses commonly in use by many Customs administrations. These are the so-called “four t’s”:

- tolerate;
- treat;
- transfer; or
- terminate.

There are a number of different tools and techniques to assist implementing the various steps of the risk assessment process. More detailed information on these tools can be found in ISO Standard 31010:2009 “Risk management – Risk assessment techniques”. ISO Standard 31010:2009 includes the following management techniques, together with a number of others, which can be used in the identification of risks:

- Brainstorming;
- The Delphi technique;
- Structured or semi-structured interviews;
- Use of check-lists;
- Primary hazard analysis;
- Hazard and Operability Studies (HAZOP);
- Hazard Analysis and Critical Control (HACCP);
- Environmental risk assessment;
- Scenario analysis;
- Structure “What if?” (SWIFT);
- Failure mode effect analysis;
- Cause-and-effect analysis;
- Human reliability analysis;
- Reliability centred maintenance;
- Consequence/probability matrix; and
- Fault tree analysis.

Intelligence-based Risk Management

Risk management is the key to the overall reconciliation of the requirements of enforcement, security and facilitation. Intelligence, in turn, is a key component of risk management.

Intelligence is produced from the collection and processing of information and is used by Customs decision-makers at all levels to support their decision-making processes.

An intelligence unit's role typically includes:

- identifying and gathering information from the widest sources available;
- making contact and developing relationships within national and international intelligence communities;
- developing rapport with staff and stakeholders directly involved in the movement of goods and people;
- eliciting co-operation from staff to report suspicious consignments or movements;
- constructively criticising what is important in reporting as well as providing contact points for reporting officer concerns; and
- providing regular briefings and intelligence products on analyses and trends relevant to the risk owner.

A documented Information and Intelligence Strategy forms part of the Customs administration suite of policies and governance arrangements, allowing the executive group to allocate resources and shape consistent decision-making.

The content of an Information and Intelligence Strategy complements the administration's Risk Management Plan. The structure of an Information and Intelligence Strategy could include some or all of the following chapters:

- Introduction
- Legal framework
- Intelligence functions and information gathering
- Use of information and intelligence
- Intelligence products
- Capacity building
- External cooperation
- Coordination
- Public relations
- Technology
- Economic impacts
- Review mechanisms

More detailed information, tools and case studies on Risk Management, Risk Assessment and the role of Intelligence is contained within the WCO Risk Management Compendium.

The hypothetical case study at Annex 2 describes the implementation of a risk management policy. Annex 3 is a short example from a Member that indicates the timeline and impact of implementing Risk Management.

Summary

Risk management is recognised as a key business process within both the private and public sector around the world for planning and decision-making.

Risk is inherent in all Customs functions. Customs should use formal risk management processes to improve decision-making, increase performance and to minimise the impact of an event occurring that may impact negatively on operational activities.

Intelligence-driven risk management means researching what may occur and what impact it may have.

Risks are identified, allocated to risk owners and treatments put in place. The organization continues to monitor the risk treatment layers put in place as well as expected consequences. As for all planning processes, it is logical, straightforward and systematic; designed to protect the community and the organisation while moving forward towards the administration's relevant goals and objectives.



Essentials for implementing Customs Risk Management:

- Risk Management culture
- Risk Policy and/or Register – that reflects organizational objectives
- Risk Plan – including matrix identifying risk owners and treatments
- Intelligence structure
- Information Technology
- Reporting mechanisms
- Trained workforce
- Legislation and equipment that supports staff
- Sound knowledge of logistics supply chain / traveller routing

Table 2 Matrix showing several strategic risk categories

Identifying Risks

Category of Risks	ILLUSTRATION / ISSUES TO CONSIDER
1. External (arising from the external environment, not wholly within the organization's control, but where action can be taken to mitigate the risk) <i>(This analysis is based on the "Pestle" model – see the Strategy Survival Guide at www.strategy.gov.uk)</i>	
1.1 Political	Change of government, cross cutting policy decisions (e.g. – The Euro); machinery of government changes
1.2 Economic	Ability to attract and retain staff in the labour market; exchange rates affect costs of international transactions; effect of global economy on UK economy
1.3 Socio cultural	Demographic change affects demand for services; stakeholder expectations change
1.4 Technological	Obsolescence of current systems; cost of producing best technology available, opportunities arising from technological development
1.5 Legal/regulatory	EU requirements/laws which impose requirements (such as Health and Safety or employment legislation)
1.6 Environmental	Buildings need to comply with changing standards; disposal or rubbish and surplus equipment needs to comply with changing standards
2. Operational (relating to existing operations – both current delivery and building and maintaining capacity and capability)	
2.1 Delivery	
2.2 Service/product failure	Fail to deliver the service to the user within agreed / set terms
2.1.2 Project delivery	Fail to deliver on time / budget / specification
2.2 Capacity and capability	
2.2.1 Resources	Financial (insufficient funding, poor budget management, fraud) HR (staff capacity/ skills/ recruitment and retention) Information (adequacy for decision making; protection of privacy) Physical assets (loss / damage/ theft)
2.2.2 Relationships	Delivery partners (threats to commitment to relationship/ clarity of roles) Customers / Service users (satisfaction with delivery) Accountability (particularly of Parliament)

2.2.3 Operations	Overall capacity and capability to deliver
2.2.4 Reputations	Confidence and trust which stakeholders have in the organization
2.3 Risk management performance and capability	
2.3.1 Governance	Regularity and propriety / compliance with relevant requirements / ethical considerations
2.3.2 Scanning	Failure to identify threats and opportunities
2.3.3 Resilience	Capacity of systems/ accommodation / IT to withstand adverse impacts and crises (including war and terrorist attack). Disaster recovery / contingency planning
2.3.4 Security	Of physical assets and information
3. Change (risks created by decisions to pursue new endeavors beyond current capability)	
3.1. PSA targets	New PSA targets challenges the organization's capacity to deliver / ability to equip the organization to deliver
3.2 Change programmes	Programmes for organizational or cultural change threaten current capacity to deliver as well as providing opportunity to enhance capacity
3.3 New projects	Making optimal investment decisions/ prioritizing between projects that are competing for resources
3.4 New policies	Policy decisions create expectations where the organization has uncertainty about delivery

ANNEX 2

Implementing Risk Management of Hypothetical Customs Administration Country R

Country R is a coastal State that also shares two land borders, one northern and one southern. It has limited secondary manufacturing industries so the importation of goods is high. It has a growing export industry for several of its natural resource commodities.

A recent election resulted in a change of government. In a major civil service overhaul, the new government has established the Country R Customs Service as an independent statutory authority. The Customs Service will take the lead role for:

- Community Protection;
- Revenue Collection;
- Trade Facilitation;
- Trade Reporting; and
- Security.

The *community protection* role includes controls over prohibited, restricted and dangerous goods as mandated by the government. The revenue collection role is to manage duties and goods tax on imported goods as well as excise on fuels and alcohol-based products. The *trade facilitation* role is to establish a service charter that benefits compliant traders. The *trade reporting* role requires statistical collation of all imported and exported goods data. The *security* role includes working with other government agencies to prevent and respond to proliferation, biological, chemical or natural incidents that would threaten Country R.

The new Director-General calls his senior executive team to a half-day meeting.

The Agenda is twofold. To brief the senior executive group on meetings with the Minister in charge of Customs and elicit input from executives that will outline the design for a strategic risk management plan for the organization.

Relaying Ministerial advice, the D-G confirmed Customs will be the lead agency for community protection, revenue collection, trade facilitation and trade statistics and security.

The executive group review their existing organization Strategic Plan and organization Action Plan.

To achieve the balance between ensuring the smooth flow of trade while maintaining controls over the border, the Customs Service Strategic Plan reflects a commitment to modernise its systems and build strong relationships with internal and external stakeholders.

The Customs Service decides a priority is to “work towards an interoperable IT system, cooperating nationally and internationally to achieve consistent, automated risk management and clearance systems”. Working in partnership with the Minister, the new Director-General will ensure Customs has the necessary legislation and budget to implement the Customs strategy and plan.

The actions the Customs Service will take to achieve their organizational objectives include:

- Harmonizing IT systems;
- Simplifying import and export clearance processes;
- Selectively re-directing goods or people crossing the border;
- Frequent consultation with external stakeholders (public and private);
- Providing career support and professional development for Customs officers; and
- Implementing Risk Management structures and procedures.

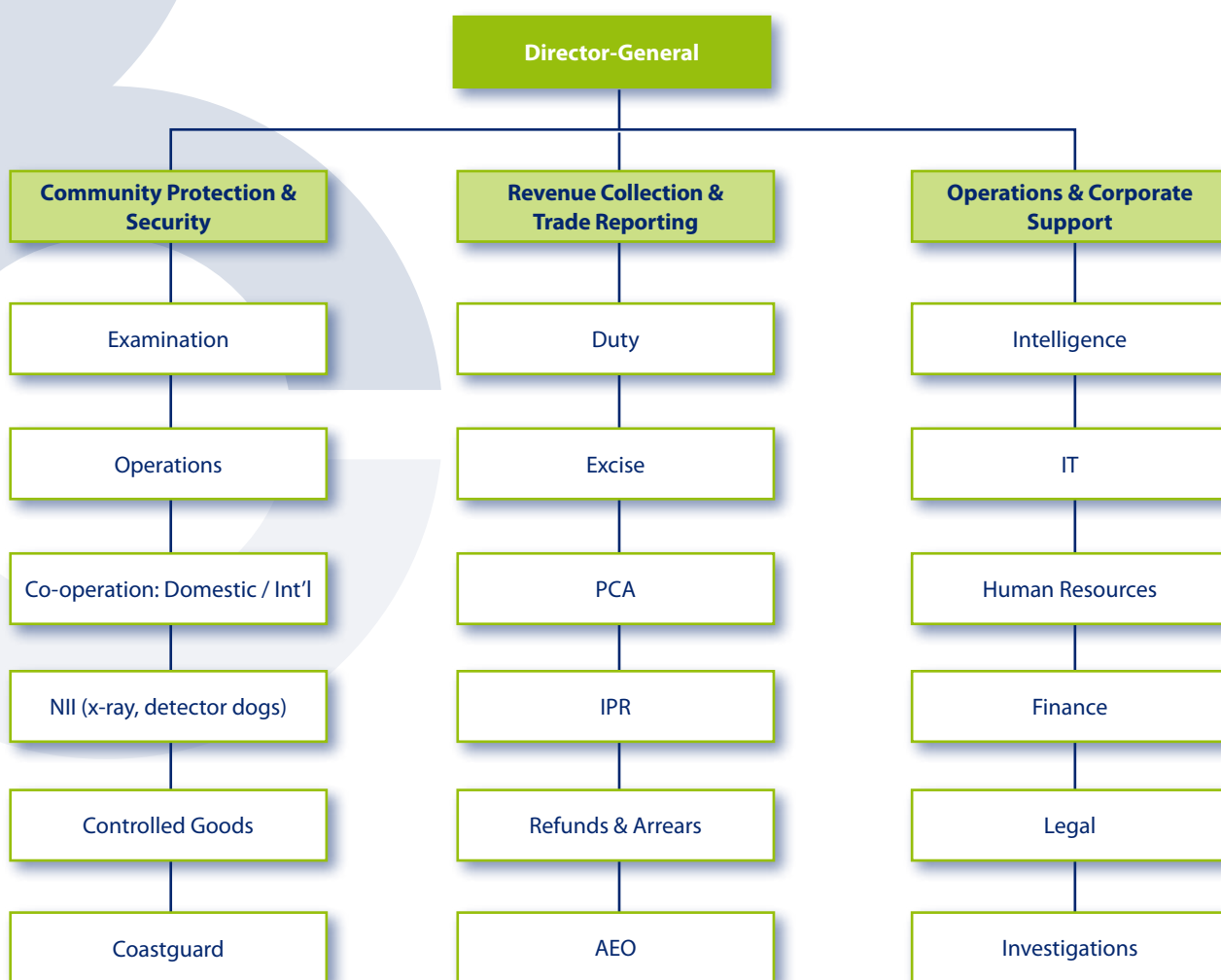
Consistently with the Organization Strategy, the executive group of Customs decide the principles for the Country R Customs Service Risk Management structure and procedures will be premised on:

- selective intervention of shipments suspected of contravening their laws;
- proactive targeting methods and post-clearance methods for ensuring the collection of the correct amount of revenues;
- Country R having responsibility for transshipments as required under relevant bi-lateral or multi-lateral agreements;

- all staff being trained in risk management;
- procuring and maintaining risk assessment tools, systems and equipment;
- monitoring the organization Risk Management strategies half-yearly and reviewed annually when other organizational plans are discussed; and
- seeking other agencies and industry alignment with Country R Customs Service risk management plans.

The Country R Customs Service undergoes a restructure in line with the allocation of responsibilities defined in its Strategic Plan.

Each division or branch defines how it will contribute to the Strategic Plan and develop their own Actions Plans. An additional requirement is documenting work area or work unit plans and subsequent individual job descriptions. This documentation needs to be up to date and easily accessible



Under this structure, the Country R Customs Service begins implementing its Risk Management strategy.

As part of the planning process, specific risk categories are made the responsibility of specific senior managers. Under the Intelligence section, a Risk Coordination role is also identified for the Manager of the section.

The Risk Coordination role includes providing advice in the preparation of risk registers, risk plans and day-to-day operational activity. While Intelligence officers also assist with preparing risk plans for the human resource areas, finance and legal sections, etc., their expertise and supporting IT systems are directed toward identifying and analysing border control risks.

The Director-General of Country R Customs Service calls the heads of three organizational divisions and their deputies to a meeting.

Prior to the meeting, each head of the three divisions was required to circulate relevant reports from their division.

The Head of Operations & Corporate Support was tasked to circulate a summary report of seizures, investigations and court cases. The Head of Revenue Collection & Trade Reporting provided an update on AEO applications and compliance, as well as trade statistics. The Head of Community Protection & Security provided a report on examinations and on statistics reported by other border control agencies and police. The Intelligence unit assisted in the preparation of all the summary reports.

Using historical data and current awareness of their programs, this high-level group identified the major risks of not meeting the organizational objective.

The Director-General reminded the group of the organizational objective, inter alia, “ensuring the smooth flow of trade while maintaining controls over the border”. The Director-General also noted that a stated priority is to “work towards an interoperable IT system, cooperating nationally and internationally to achieve consistent, automated risk management and clearance systems”.

The major risks were divided into “Risk Areas” and allocated to the three Heads of divisions.

Risk Area	Risk Owner
Revenue Money laundering Corrupt staff Criminal infiltration	Head of Revenue Collection & Trade Reporting
Narcotics Illegal firearms Dangerous & hazardous goods Inspection equipment failure	Head of Community Protection & Security
Corporate governance Professional development Cost over-runs IT failure	Head of Operations & Corporate Support

The next risk assessment process task for the group was to go through the steps of analysis, evaluation and prioritization. This was recorded in a ‘draft’ risk register.

The Head of Operations & Corporate Support was assigned responsibility for monitoring and managing the organizational risk management strategy.

Following a Risk Register exercise of allocating risk responsibilities, senior managers then organise their managers and supervisors to prepare respective Risk Management Plan matrices.

Using the Risk Register, the senior executive group of the Country R Customs Service forms a small working group to develop a risk management plan.

To ensure that the broad ranges of interests within the organisation are considered, the working group includes a small number of staff members with experience across functional areas. While the working group will be responsible for developing the risk management plan, the senior executive group oversees the process and makes the final decisions required to implement the plan.

The working group identifies the consequences to Customs of each risk in the Risk Register. It is necessary to be as precise as possible when considering the impact of each risk. For example, the Customs Service decides that rather than say “import clearance documents are delayed”, they indicate “import clearance documents will be delayed for more than 24 hours”. In this way, their Risk Management Plan will complement performance measurement of organizational objectives.

The working group also aligns roles and responsibilities within Customs with the risks, ensuring roles in the event of a disruption are clear. For example, the Risk Management Plan nominates who will contact other members of staff and stakeholders in the event of an IT system failure.

The working group produced the plan by brainstorming as many as scenarios as possible and then considering how they might respond to each risk. The most likely treatments put in place to minimise impact and maintain operations are the ones used.

The working group was careful not to get into too much process detail, be too complex or obscure when brainstorming possible scenarios. The Risk Management policy is acknowledged as an important part of Country R Customs Service, however, the planning and plan should not surpass the actual work to be done. The working group was successful not to focus on irrelevant risks and overload the plan with useless information.

Having done all the work outlined, the working group brings the risk management plan to a full meeting of the senior executive group, including the Director-General.

The senior executive group considers the plan, the working group clarify any questions they have, and after making any necessary adjustments, endorse the plan.

Once endorsed, the next step is to implement the plan. In brief, this will involve the Director-General issuing a risk management statement, circulating the plan, training where required, managing the documentation of procedures and further allocating specific responsibilities and authority to deal with risks throughout the organization.

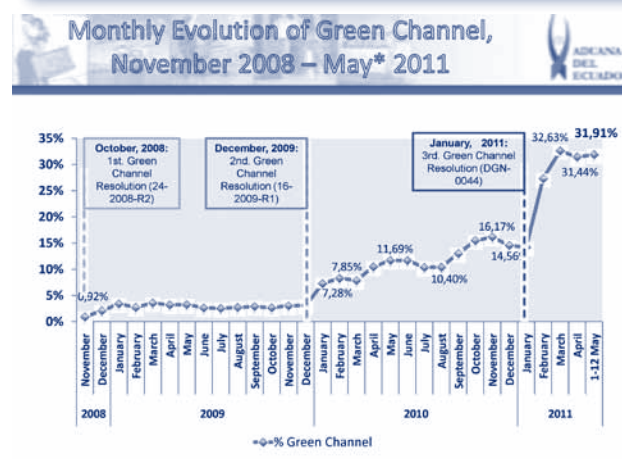
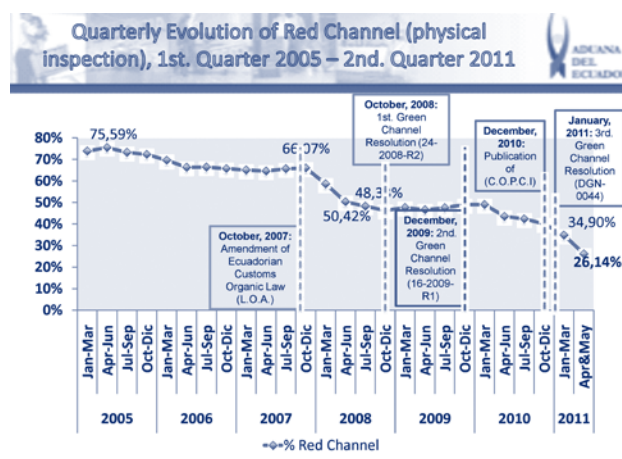
Managers and supervisors would convene meetings with their staff to consider the control strategies they have in place and subsequent treatments. Also, specific risk owners within functional areas would be assigned specific risks. For example, under the Revenue risk a treatment may be to implement marketing and education of regulations. This would be assigned to a specific officer.

ANNEX 3 Case Study

CASE STUDY : Implementing Risk Management in Ecuador

Since 2007, the Ecuadorian National Customs Service has used a risk analysis system in place of a pre-shipment inspection regime for imports with f.o.b. values of more than \$4,000.

In 2007, Ecuador also changed certain customs processes and requirements in an effort to reduce costs and minimize delays for importers. Under this system, low risk importers benefit from fewer physical inspections and expedited release of their cargo.



Ecuador introduced an IT solution for export & import customs clearance, levying of tariffs and taxes, export & import cargo management, risk management and integrated customs information management system.

The graphs above show the impact of the National Customs Service risk management policies. Red channel interventions are declining and green channel facilitation is increasing, while seizures remain constant and revenue continues to rise above the 2006 level.

Ecuador Customs Total Revenue Statistics (USD equivalent)

2006	2007	2008	2009	2010
2.102.672	2.386.551	2.781.024	2.490.543	3.081.226

On December 29, 2010, new legislation titled the Organic Code for Production, Trade, and Investment (Production Code) came into effect. The Production Code provides incentives intended to spur local and foreign investment and to promote export expansion and diversification.

The replaces several statutes and covers a wide range of issues, including import and export policies, customs procedures, investment, labour, and taxes. Under the Production Code, the Ecuadorian Customs Corporation became Ecuador's National Customs Service.

The Production Code also provides that the Ecuadorian government will promote exports through trade liberalization initiatives and the use of tariff preference programs and other advantages provided for under trade agreements. There are commensurate penalties for traders that choose attempt to intentionally circumvent Customs controls.

4 Strategic Management

4.1 General introduction on Change Management and the link with Strategic Management

The rapid global changes in Customs' surroundings and the new demands that these consequently imply for Customs administrations worldwide, call for well-designed capacity building investments. As stated in the section on Strategic Management, these capacity building investments should be integrated, derived from an updated strategy, and should cover and involve all relevant people, elements and levels of the administration. This specific approach has also been called a holistic approach. A holistic approach means formulating a comprehensive picture of how the change process will proceed in the whole organization and its various parts. This is not only to be done prior to the change process, but should be monitored throughout the implementation process.

The need to use a holistic approach in the change management process derives from the multiplicity of worldwide changes that are affecting all Customs administrations. The changes that are called for not only have strong implications for Customs' processes and products & services, but also for Customs' working relations with its surroundings. One might well say that these imminent changes affect Customs' identity and organizational culture.

Using concepts from the Strategic Management toolkit, the various stakeholders and other factors that influence your Customs administration have been identified; and using the information from the WCO diagnostic reports, the strategy has been updated. Furthermore, the 7's model or the Innovation Frame could have been used to make choices for strategic action planning. Putting these action plans into practice means implementation, it means starting up or continuing an organizational change process. This chapter on Change Management offers insights and tools that will help you to actually initiate the implementation process.

There is abundant information on Change Management, including numerous articles, books and studies. Many perspectives and accompanying strategies can be found.

In the WCO Compendium the perspectives being handled are limited to two recognizable and widespread models:

- The Planned Change Management model
- The Organic Change Management model

Both models are introduced, although the Organic Change Management model is handled in more detail. By taking the Organic Change Management model as the foundation, it will be possible to illustrate the steps needed to start up a change process in order to implement the strategic action plans.

4.2 Planned Change Management

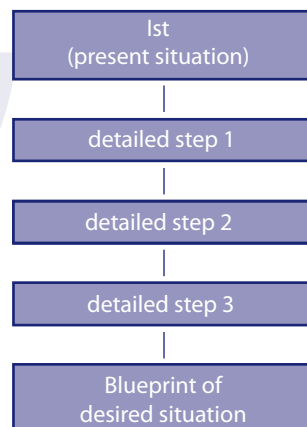
The Planned Change Management model was the common change management model, developed in the midst of the 20th century. It is still sometimes used throughout the world, both in public and private organizations.

Basically, the model consists of a rational, logical approach coupled with chronological phases:

- Analysis of the organizational problem, the need for change;
- Determination and description of the present situation (current state);
- Determination and description of a detailed image of the desired situation (blueprint);
- Determination and description of a detailed plan with steps to reach the desired situation;
- These steps are written down in a report, in which a time schedule, communication plan, people involved, etc are plotted in;
- Go – no go decision
- Execution of the action plan.

Diagram 1:

Planned Change Management Model



Characteristics of this approach are that a lot of time and energy is put into the analysis phase, the writing of the report, especially since the change process is based on a detailed blueprint and action-plan. This approach is premised on the idea that the future is predictable¹.

Although this model has been used in many change processes, numerous studies have shown that the approach is not always successful. A large-scale study by the University of Amsterdam involving over a hundred change processes in various organizations showed that in 76% of the cases the plan laid out in the reports was never carried out. Of the remaining 24% of plans that were carried out, 79% did not succeed in reaching the stated blueprint. The explanation for this phenomenon can be summarised in one sentence: the road to creating a blueprinted future needs to be stable.

In most situations a clear predictable path is not the case. Unpredicted circumstances arise continuously and plans have to be adjusted in order to keep moving towards the goal. Moreover, this ever-changing reality forces one to make adjustments to the goal itself. One could state that the model of planned change, with its detailed steps and blueprinted desired state, offers the user a fake certainty that usually proves to be flawed when it encounters reality.

This doesn't mean that this approach is completely useless. In situations with stable surroundings the planned change model can be suitable. For example, change programmes in IT-processes are quite suitable, because the influencing circumstances are to a large extent controllable. In most other change processes, in which all kinds of unpredictable factors (social, economic, political) influence the process, a more flexible approach is needed.

¹ These insights make the link between the Planned Change model and the previously mentioned rational prescriptive model of Strategic Management clear. As will be shown further on, the same goes for the link between the Organic Change Management model and the Strategic Management 'mixed' model presented here.

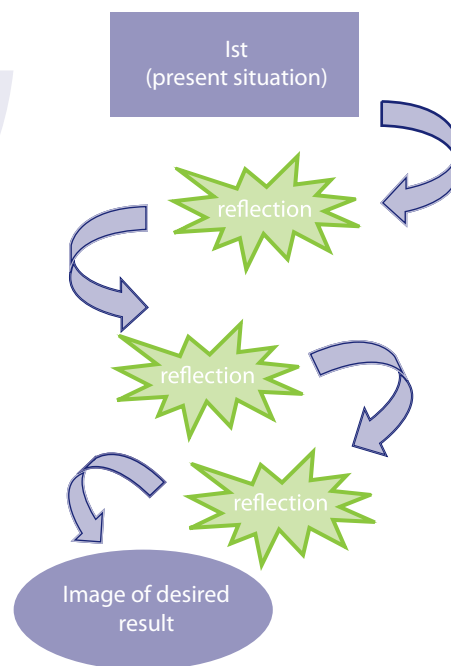
4.3 Organic Change Management

The main characteristic that distinguishes the Organic Change Management model from the Planned Change model is its flexibility. Based on actual developments, it offers its users the possibility to make adjustments along the way, both regarding the steps that are taken and in determining the intended goal. Both approaches are similar in many ways, for instance both start the process by determining a present and a desired state.

But the key difference is that in organic change processes, the steps taken to reach the goal alternate with moments of reflection. These reflection moments are used to:

- Look back at the prior steps, 'what went well, what did not?'
- Look at the new present situation, 'where are we now?'
- Decide whether the desired situation (the goal) should be altered as a consequence of the new reality,
- Decide what the next steps should be in order to reach the goal.

This specific way of handling the change process forms the core of Organic Change Management. In fact, all along the way, reflection and action alternate with each other. This approach offers Customs administrations the practical tools to implement the chosen Strategic Management action plans, in the manner described earlier in the section on Strategic Management. Namely, in a manner which combines factors such as learning, involvement of employees from various layers of the organization and continuous adjustment of action and goals.



4.4 Structuring the Organization to facilitate an Organic Change process

To structure the organization so that a change process can be successfully implemented, a distinction must first be made between the operational organization and the developmental organization.

The operational organization is the organization in its day to day, routine process. Every manager and employee has his regular task, which is defined in his/her job description. By performing their tasks, the members of the organization together achieve the necessary results. The main characteristic of the operational organization is that it is directed towards carrying out the regular tasks and results, it is not organized for renewal. People tend to stick to their regular tasks simply because everyone is obliged to fulfil his/her part of the organizational core process chain. In order to renew an organization and to bring about fundamental change, this operational context must be shaken up.

This can be done by building a developmental organization. A developmental organization consists of employees who cooperate with each other to create renewal. These employees may continue their operational tasks at the same time; they divide their working time between their operational tasks (for instance 3 days per week) and their renewal tasks in the change process (the remaining 2 days).

In order to implement the chosen Strategic action plans towards the Framework of Standards in an organic manner, a set of basic steps and guidelines are offered:

- *Creating an image of the desired result*

An image of the desired result is usually a statement about how the organisation wants to look in the eyes of the Government and public. It is a vision statement constantly providing the change process with direction. It is especially necessary to be aware that this image can be altered along the way.

- *Picturing the present state*

Contrary to picturing the future, which is aspirational, picturing the present is inspirational, requiring awareness of the facts and circumstances.

- *Naming the action plans*

Once the desired result and the present state are aligned, it becomes possible to prioritize action plans or development processes to achieve the desired result. One could state that the overall organizational change process consists of, or is built upon, several distinctive development processes, formulated in action plans. They are distinctive, but they also interconnected. The challenge is to treat them as such.

Two important remarks should be added at this point:

1. These first three steps of Organic Change Management are shown here, mainly in order to provide a complete overview of this approach. In the use of this Compendium, these steps are fulfilled to a large extent by using the information that resulted from working with concepts from the Strategic Management toolkit (such as Stakeholder Analysis, SWOT Analysis and the Innovation Frame).
2. As mentioned in the section on Strategic Management, all steps including implementation should be taken in collaboration with several key persons from within the organization. Firstly, because these persons can all contribute something worthy based on their own views, knowledge and perspectives. Secondly, because actual involvement and contributions to the change process provides a strong push for its eventual success.

4.5 Matching action plans (development processes) and project leaders

A project leader is responsible for a distinctive development process. His or her task is to drive the development process to make things actually happen. This task has clear goals stated in the strategic action plan. Most important is selecting a person is willing and capable to undertake this role, preferably having shown on past occasions that they are able to manage a development process.

On most occasions, the person playing the role of project leader is someone who is directly involved in the upcoming changes. They are extra motivated to make things work, because it will affect their operational job. In the chapter on Project Management, under Action Planning, a template is provided to guide project leaders in their implementation process.

- *Involvement of subject matter experts*

Subject matter experts give support by offering their specific subject matter skills and knowledge. The project leader decides when and where in the development process a particular type of expertise is needed. Subject matter experts can mostly be found within the organization, although sometimes it is necessary to hire external expertise.

- *Bringing rhythm into the change process*

As a consequence of the fact that the operational tasks tend to absorb all the employees' attention and time, it is of vital importance to work with a rhythm if actual results are to be achieved in the change process. This means that already at the beginning of the change process, forward process-meetings are planned at which all involved key persons are present.

These meetings must have a regular rhythm, because this regularity motivates the involved persons to produce regular results in the change process.

At the process meetings, the following items are discussed :

- Each project leader presents:
 - his/her recent activities (what went well, what did not)
 - what the current situation of the process is
 - the next steps to be taken in the upcoming period
- Project leaders receive tips to enhance the progress of their change process
- Specific new developments are being discussed that affect the change process
- Interconnections and consequences that arise between the development processes are discussed

- *Encouraging experimenting*

An excellent way to find out if something works is to experiment with it. The Organic Change model encourages experimentation on a small scale (for instance in one team or unit) or for a limited testing period, before a new method of working is applied on a larger scale. People involved in the change process should be aware of the fact that on many occasions experiments fail.

The consequence of a successful experiment, on the other hand, is that the decision makers (usually top management) need to make a decision about whether the new method of working is to be implemented in the operational organization (and on a larger scale). This implementation process is much easier when an experiment has been carried out and the information that results from it is available.

- *Monitoring the total process*

The integral monitoring of the total change process should be done by executive management. The top management monitors the progress of all the project leaders and of the total change process. It oversees the connections and consequences between the developments in the diverse areas of the organization and sees to it that they remain tuned in to one another.

Monitoring of the activities and progress of the project leaders is not only carried out at the process meetings. Also in between these moments, each process leader has regular contact with the responsible management. Depending on the weight of the development process and the skills of the project leader, coaching can be offered to support the process leader. This can be done by a manager, but also by an (external) change management consultant.

- *Working step by step*

In several of the Organic Change Management guidelines addressed, the very nature of this approach shines through. It is a method of working in which each next step is based upon the new reality (action – reflection – action – reflection...). As mentioned before, in this process, the goal or desired situation is sometimes altered, based on the new facts and insights.

CASE STUDY 1: Organic Change Management - Reducing clearance time

In recent years, Customs administration 'X' has increasingly been confronted with signals from national and international industry that companies are inhibited by the length of the clearance process, which is currently 11 days. Consequently, the logistical costs for individual companies are large, and huge on a national scale. International figures show that logistical costs are much higher within this country than in the surrounding countries. The top management of this Customs administration therefore wishes to act upon this, in order to reduce the clearance time. They decide to organize a conference on this matter, where the following questions need answering:

- Which stakeholders are involved and what exactly are their wishes?
- What should (and could possibly) be the benefits of a reduction of clearance time?
- What are the goals for the upcoming change process?
- Which internal processes and departments are involved in such a process?
- What seems a suitable approach to conduct the change process?
- What is the next step to be undertaken?

Because of the importance of the topic, the supposed impact on the organization and the complexity and number of questions to be answered, the conference will last 5 days. Furthermore, several key persons representing the diverse management layers and processes are invited. The conference is thoroughly planned, with guidance from a change expert.

During the conference, a Stakeholder Analysis, a SWOT Analysis and the 7-s model are used as instruments to provide the necessary information. At the end of 5 days of conferencing, the main results are:

- Besides the trade industry, the main stakeholders are
 - Other governmental agencies such as agriculture
 - Other border agencies (such as police)
 - Banks
- The goals of the changes will be to:
 - Halve the clearance time from 11 days
 - Reduce the costs for both industry and Customs

- These goals should contribute to:
 - > A better investment climate
 - > Better rewards for compliance?
 - > Sustained or increased revenues
- The involved departments or processes within the organization are:
 - > IT
 - > Enforcement
 - > Post clearance
 - > Licences and legal
 - > Financial
 - > Trade management
 - > Risk management
 - > Customs procedures
 - > Training
- All these processes will be represented in the change process by a project leader
- An approximate period of 3 to 5 years will be taken for the upcoming change process

A time release study (arrival stage – preparation stage – clearance stage) is then conducted by the Customs administration, with support from the WCO. Also other information on related systems (IT, customer orientation), (interrupting logistical) procedures and parties is gathered in a lateral study to get more insight in the existing situation. All these activities are carried out by participants from the conference.

The Customs administration further organizes a benchmark in another country to investigate how that country's Customs administration manages to keep clearance time within several hours and especially to investigate how they transformed the organization to reduce clearance time from days to hours.

Based on the information from the first conference, the benchmark and other studies, a second, two-day conference is planned to define the desired result and to make a global design of the overall change process and the diverse action plans. At this conference, the WCO guidelines on clearance will also be used as input. Participants are the same persons that were involved so far.

The views of all participants are discussed and merged into one vision to work with during the change process. In terms of the desired result, topics such as the possibility of working with deferred payments are raised, which involves co-operation with several banks; and 'one border stops' are fully introduced. Here, co-operation is either established between all involved border agencies; all parties are present at the border stop, or activities are performed on behalf of one party in particular. Furthermore, the vision requires that the clearance process be mainly paperless (e-duty payment). When the vision of the desired result is compared with the present state of the clearance process, the action plans can be defined; these are directly related to the above-mentioned processes and departments. And a start is made to construct the action plans (determination of the goals)

Next, the search begins for staff suitable to become project leaders. In some cases, these are the same persons that participated in the first conference; in other cases new persons are found. Every project leader continues to work partly in his/ her regular function during the change process. Each project leader will be coupled to his/her own action plan, in which the goals are clearly stated, the available means are defined, etc. The project leaders build up their action plans in collaboration with a member of the top management.

This manager is selected to be the main responsible strategic manager and should retain this role during the subsequent change process. The strategic manager at the time of appointment of the project leaders works actively with the Logframe, in order to get an overview of the total process. During the change process s/he will continue to work with this tool, updating the data in it after each process meeting.

At the start of the process, a time schedule is promptly made in which regular process meetings are planned. At these process meetings, which in the first year take place once every 6 weeks, the responsible strategic manager and all project leaders are present. At a process meeting, each project leader reports on the progress made during the previous period, and makes plans for the coming one: action – reflection – action. The interconnections between the different projects are continually monitored and discussed. When it is deemed appropriate to combine projects, or make adjustments to the actions plans, this is done. Experimenting or piloting with new working methods is encouraged. Working this way gives the change process its organic character. The process meetings begin increasingly to serve as a source of inspiration; people become enthusiastic through telling others about their own progress and by hearing their colleagues' stories.

During the whole change process, the project leaders have regular one-on-one meetings with the strategic manager. This helps the manager to keep a better overview, and to steer the different projects more directly.

In the first year, models such as the Cause & Effect model are used by the project leaders to analyze further any challenges to the process. Along the way, other employees are involved, mostly in the role of expert in some particular area. This means that the number of people who are actively involved becomes larger and larger, which likewise increases the feasibility of the change process within the organization, and the involvement and commitment with among the employees.

This notwithstanding, some internal and external difficulties arise and are dealt with:

- Scepticism and fear among employees that some (traditional) key functions of Customs are being relinquished
- to other agencies;
- Fear that Customs might lose it's role as primary border protection agency;
- The enormous challenge involved in making HS code-based item lists that need verification;
- Lack of awareness among high level policy makers;
- Lack of sufficient IT infrastructure;
- Fear among other agencies that they may lose control; with consequent resistance to change;
- Competition among other agencies.

In the subsequent phases of the change process the Customs administration fine-tunes the clearance process step by step. It works by piloting, investigating, experimenting and through intensive interaction and negotiation with external agencies. In this process, it is may sometimes feel as though several mountains are being climbed at once: up and down it goes, with successes and disappointments. Along the way, some projects are aborted, while others last the full 5 years and some new ones have been started up.

Eventually, some essential measures are implemented, such as:

- A 24-hour unloading program at the main border control;
- A reduced mandatory period of unloading declaration;
- A shortened storage period at port areas;
- A 25-hour clearance system;
- Penalties on declarations made later than one month after arrival;
- Simplified Customs transit procedures;
- Encouragement of pre-arrival declaration;
- Automatic acceptance of unloading declaration;
- Reduction of the number of goods that need Customs certification;
- Simplification of express consignment clearance.

After 5 years, the results of the change process are enormous: the time of clearance is reduced with 60 %, which results in an estimated economic benefit of 1.5 billion dollars per year. Because of these positive figures, and the clearly reduced bonded warehouse storage fees and the simplified procedures, foreign investments have risen substantially. Furthermore, surveys show an increase in company satisfaction and Customs' revenues are rising.

In addition to these results, the Customs administration reports that using the Organic Change Management approach, with the actual involvement and contributions of many employees and managers, has led to improved co-operation between departments. And working with experimenting and piloting has contributed to a culture in which taking initiatives and expressing ideas has become commonplace. Most of all, because of the obvious positive effects both for the Customs administration and its stakeholders, a positive attitude towards other necessarily arises which contributes substantially to staff engagement in permanent further modernization processes.

4.6 Resistance to change & how to deal with it ?

The soft sides of a change process often turn out to be the hardest. The soft factors that should be considered carefully in a change process are the people who are involved, who all bring to the process their own values, beliefs, habits of working. They are also accustomed to the existing, dominant organizational culture. There are many well-known examples of failed change processes as a result of these social factors.

Organizational change processes have two realities:

- the outer transformation of processes, structures, products & services, etc.;
- the personal process that this implies for those involved: this is a process of transition.

Both realities have to be dealt with, with respect for their own specific features. While the outer transformation process can be organized and structured to large extent, the inner process of human transition has its own rhythm. Moreover, practice has proven that transition occurs at different rates (tempo); the transformation of the organization may well be finished while the inner transition process is not yet complete. Inner changes need time and cannot be forced: people have to do it for themselves.

Effective change leadership requires dealing with both realities: the outer transformations and inner transitions. But in the daily practice of change management, the inner transition process is mostly underestimated and is often not given the attention that it deserves.

Some reasons for this phenomenon are:

- Managers are not familiar with it. Many managers do not pay attention to the feelings and emotions of the employees; or they may feel that it is not their job to take these in consideration;
- The inner transitions that people go through are multiple, i.e. they differ from person to person. This makes it difficult, if not impossible, to deal with all individual reactions;
- Fear. Fear of encountering possible conflicts, but also fear that if a person's inner feelings are taken into consideration this means that the goals of the outer change process are being neglected. In other words, when the personal feelings, objections and concerns of employees are taken seriously, doesn't that mean that the reorganization process is being questioned?

Resistance to change commonly has a negative connotation. Managers associate it with 'people don't act as I want them to', and for a manager who wants to bring about change, this is not useful. However, it is helpful to realise that people who are indifferent are much more difficult to handle. **There are basically three human ways of reacting to change:**

- Enthusiastic agreement
- Rejection and resistance
- Indifference

In the last situation, people employ little mental energy: they don't care. These people have mentally unhooked from the change process, and are difficult to get moving again. This apathetic group is far more difficult to reach than the resisting group. Complaining is an expression of indifference; this person expresses his displeasures, but the will to become active, to play a role to improve the situation, is lacking.

Resistance, on the other hand, shows involvement and requires a high level of energy. Raised voices, red faces, heated discussions (the specific expressions of resistance may vary according to country culture), energy drives people's actions and they are clearly not indifferent to what is happening. To handle resisting persons in a manner that will not obstruct the change process unnecessarily, indeed to make good use of their energy, leaders should first of all avoid the word resistance. This labels the resisting factions unnecessarily as 'reactionaries'. Moreover, using this word works as a self-fulfilling prophecy: people start to display the undesirable behaviour. Secondly, they should practice true listening. The real challenge here is to have a positive attitude and to be genuine about this. One should have a true interest in the grounds for people's resistance. This shows that people are being taken seriously.

Listening broadens a person's perspective and insights. True listening, however, requires self-confidence, because it means open-mindedly leaving your own position for a moment and exploring the other's arguments. True, open-minded listening shows strength and builds confidence and involvement with the resisting group. On top of this, it opens the possibility to encounter new perspectives that may well be worthy and could be used in the change process.

Being part of a change process means saying goodbye to the old situation. It is only human nature that saying goodbye is difficult. Basically, there are three psychological reasons for this:

- **First of all (on most occasions) the old situation provides a known and trusted shelter. We are creatures of habit; we seek the shelter of the familiar and fear the unknown;**
- **Secondly, we tend to hold onto the old situation because we have invested in it: it's a matter of psychological economics;**
- **The third cause is narcissistic. Changing the existing means admitting that the old situation was not good enough. Even if this is not expressed openly, things may be interpreted as such.**

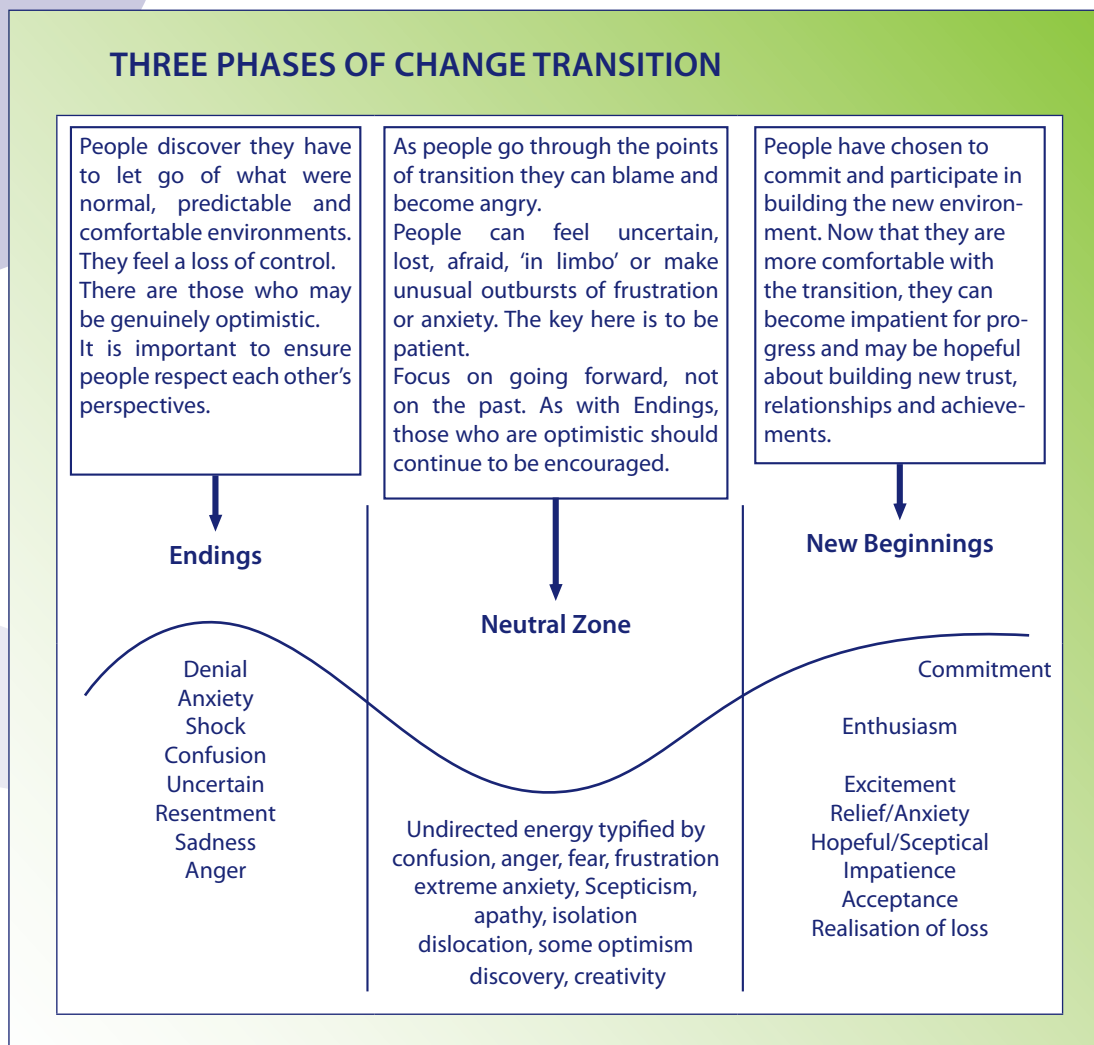
These reasons for feeling lost apply to everyone, although they may vary in extent from person to person. The specific reaction to changes, however, can differ dramatically. Psychology shows us that the manner in which people react to changes is determined to a great extent by the 'locus of control'. The locus, or centre, of control is either external to or internal in a person. People with an external locus of control, attribute what happens in their lives to factors outside their control. Consequently, they feel as if they have little control over what happens and over what changes in their lives; they feel like victims of circumstances. On the other hand, people with an internal locus of control, feel that control lies within them, and therefore they look for chances no matter what situation they are in.

The locus of control is mainly determined by a person's character and is not easily changed. The locus itself determines to large extent how a person will walk through his inner transition process: people with an internal locus of control will move faster through it than people with an external locus.

4.7 The three phases of transition

The transition that people go through in change processes, can roughly be divided into three stages:

- Endings
- Neutral zone
- New beginnings



The manner in which people go through these stages will differ from person to person. Nevertheless, in each change process this transition curve can be an immediate reality that needs to be addressed. The role of managers is then to help others through to the new beginnings stage. There are some practical guidelines that can be used in doing this:

- First of all it is very illuminating to uncover any existing feelings of anger, uncertainty, dissatisfaction, etc. Stating out loud what everyone in the organization already knows, but nobody has mentioned. By doing this, these feelings are being acknowledged from the very outset. This should, however, be coupled with communicating the need for change: 'this is why we are doing this!';
- A hopeful alternative should be given. This doesn't always have to be a finished picture, it's more about offering a new perspective: which steps are going to be undertaken, how much time will we spend on the process, what are the first results we hope to gain from it?;
- People are helped to let go of the past, by being given the opportunity to express what they will miss from it. They are not so much against the new, but tend to stick to the old. By acknowledging that people have to give up something, the basis for a new beginning is formed;
- The first question that people ask themselves when confronted with changes is 'what's in it for me?' It is essential that people are given space to investigate the answers to this question;
- The last, but most important, element concerns action. Successful changes happen because people play an active role in them. Playing a real role in a change process means that change is occurring partly because of your own actions. It creates involvement, ownership and above all it creates the feeling of being in control. The more people contribute to the change process by playing an active role, the more a culture of community is created around it, which is a powerful force in favour of its progress.

5 ■ Project Management

5.1 Introduction

5.1.1 Project Management

Project Management is the process and activity of planning, organizing, motivating, and controlling resources, procedures and protocols to achieve specific goals. A project has a beginning and an end and is designed to produce a product, service or result. The temporary nature of projects stands in contrast with business as usual (or operations), which are repetitive, permanent, or semi-permanent functional activities to produce products or services. In practice, the management of these two systems is often quite different and as such, requires the development of distinct technical skills and management strategies.

The primary challenge of project management is to achieve all of the project goals and objectives within set constraints.

5.1.2 Project Management Methodologies

There are a variety of project management methodologies that can be used (Chapter 13 of these guidelines provides further details of the relative advantage and disadvantages of each approach). Which option a Customs administration selects will largely depend on the type and scale of the project and the available resources. Listed below is a selection of commonly used project management methodologies.

PRINCE2® (PRejects IN Controlled Environments) is a widely used project management methodology that can be applied to projects of any scale. It is a process-orientated approach with each process having inputs and outputs, tasks and activities to complete.

The System Development Life Cycle (SDLC) is a generic approach to project management that includes needs analysis; concept; design; training; delivery and support.

Control Objectives for Information and Related Technology (CORBIT) is a relatively new methodology. The process moves from planning and organization; acquisition and implementation; delivery and support; to monitoring and evaluation.

Plan-Do-Check-Act (PDCA) is a basic approach to project management, also referred to as the Deming Cycle or the Deming Wheel. The PDCA cycle has four phases: identifying and analyzing the problem; developing and testing solutions; measuring the effectiveness of the preferred solution and finding ways to improving it; and implementing the solution.

Six Sigma uses statistics to improve processes and minimize defects in a product or service.

Lean Six Sigma is primarily concerned with speed and quality by reducing waste and cutting out unnecessary steps.

Waterfall model is used in software development and comprises seven steps, each of which is dependent on the step before. The steps are:

- > Requirement gathering;
- > Design;
- > Implementation;
- > Integration;
- > Testing;
- > Software or process installation; and
- > System maintenance.

Agile Management relies on customer involvement and empowering the team to make decisions quickly to implement changes. Agile is an umbrella term for multiple project management methodologies, including:

- > **Scrum** - A holistic approach to development that focuses on iterative goals set by the Product Owner through a backlog, which is developed by the Delivery Team through the facilitation of the Scrum Master.
- > **Extreme Programming** (XP) - Practices based on a set of principles and values, with a goal to develop that provides real value by implementing tight feedback loops at all levels of the development process and using them to steer development. XP popularized Test Driven Development (TDD) and Pair programming.
- > **Extreme Manufacturing** (XM) - An agile methodology based on Scrum, Kanban and Kaizen that facilitates rapid engineering and prototyping.
- > **Crystal Clear** - An agile or lightweight methodology that focuses on colocation and osmotic communication.
- > **Kanban** - A lean framework for process improvement that is frequently used to manage work in progress (WIP) within agile projects. Kanban has been specifically applied in software development.
- > **Scrum Ban** - a mixed scrum and Kanban approach to project management. It focuses on taking the flexibility of Kanban and adding the structure of scrum to create a new way to manage projects.

Rational Unified Process (RUP) allows customization of the project, manage risk and requirements, and continuously verify quality and control changes.

Critical Chain Project Management (CCPM) is a method of planning and managing project execution designed to deal with uncertainties inherent in managing projects while taking into consideration limited availability of resources needed to execute projects. CCPM is based on the application of the theory of constraints (TOC) to projects. The goal is to increase the flow of projects in an organization.

5.1.3 The Purpose of the Project Management Guidelines

Each project management methodology has its own detailed guidance. The WCO does not recommend any particular project management methodology as the approach selected will depend on the type and scale of any individual project. What these guidelines set out to do, is suggest a generic step-by-step approach that will help manage projects effectively.

5.1.4 What is a successful project?

To be successful a project must:

- > Deliver the outcomes and benefits required by the organization and other stakeholder organizations;
- > Create and implement deliverables that meet agreed requirements;
- > Meet time targets;
- > Stay within financial budgets;
- > Involve all the right people;
- > Make best use of resources in the organization and elsewhere;
- > Take account of changes in the way the organization operates;
- > Manage any risks that could jeopardise success; and
- > Communicate with and take into account the needs of staff and other stakeholders who will be impacted by the changes brought about by the project.

5.1.5 Are projects different from other work?

Projects are different from the normal operation of the organization in that they:

- > Have specific objectives to deliver new benefits;
- > Are for a specific duration (they have a start and finish);
- > May introduce significant changes to the way the organization operates;
- > Create new outputs/deliverables that will enable benefits to be realised;
- > Have a specific, temporary management organization and governance arrangements set up for the duration of the project;

- > Are susceptible to risks not usually encountered in the day to day operational work of the organization;
- > Involve a range of stakeholders from different parts of the organization and beyond; and
- > May use methods and approaches that are new or unfamiliar.

5.1.6 The Project Lifecycle

In order to manage effectively it is important to understand the typical lifecycle of a project. A decision is needed on how the management activities of the lifecycle steps will be achieved, and precisely who will be involved. Much of the project management effort across the lifecycle will be driven by the owner/sponsor of the project (known as the Senior Responsible Owner (SRO)), and the Project Manager. To achieve success, they will almost certainly need to draw upon the skills and experience of many others from within the organization, its partners and suppliers.

There are a variety of Project Lifecycle models available to use. Some show 4 steps whilst others show 5, 6 or even 7 stages but they are all based on the following key principles:

- > Decision making criteria and procedures are defined at each phase (including key information requirements and quality assessment criteria)
- > The phases in the cycle are progressive – each phase should be completed before the next to be tackled with success; and
- > New programming and project identification draws on the results of monitoring and evaluation as part of a structured process of feedback and institutional learning

Project Lifecycle¹ is a term used to describe the activities and decision-making procedures used during the lifecycle of a project (including key tasks, roles and responsibilities, key documents and decision options). The Project Lifecycle helps to ensure that:

- > Projects are supportive of overarching policy objectives of the organization and of development partners (where relevant);
- > Projects are relevant to an agreed strategy and to the real problems of the target groups/beneficiaries;
- > Projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and capabilities of the implementing agencies; and
- > Benefits generated by projects are likely to be sustainable.

To support the achievement of these aims the management of the Project Lifecycle:

- > Requires the active participation of **key stakeholders** and aims to promote **local ownership**;
- > Uses the **Logical Framework Approach** (as well as other tools) to support a number of key assessments/analyses (including stakeholders, problems, objectives and strategies);
- > Incorporates **key quality assessment** criteria into each stage of the project cycle; and
- > Requires the production of **good-quality key document(s)** in each phase (with commonly understood concepts and definitions), to support well-informed decision-making.

The Logical Framework Approach is an analytical and management tool that is now used in one form or another by most multi-lateral and bi-lateral aid agencies, international NGOs and by many partner governments. Further guidance on the development of Logframes is contained in Chapter 3 of this guidance.

For the purposes of this guidance a five-step process is shown. The key elements in each step are as follows:

Figure 1 - Five Step Project Lifecycle

Step 1 Start up ▼	<ul style="list-style-type: none">> define and justify the need for the project (Project Brief)> ensure aligned with strategic/business plan
Step 2 Initiating the project ▼	<ul style="list-style-type: none">> develop a Project Initiation Document (including Business Case)> plan how to deliver the required outcomes and benefits
Step 3 Implementing ▼	<ul style="list-style-type: none">> plan, monitor and control the work> are results being achieved efficiently and effectively
Step 4 Closure ▼	<ul style="list-style-type: none">> evaluate the project against the PID/Business Case> ensure that lessons learned are shared
Step 5 Evaluation ▼	<ul style="list-style-type: none">> post project reviews> potential improvements/changes/opportunities identified

Further information on each step of the project cycle is detailed under relevant sections of this chapter.

5.1.7 Program and Project Governance

All projects involve decision-making and stakeholder relationship management at different points in the project lifecycle and at a variety of different levels. The decision-making element should ensure that a new project does not start or continue unless it is:

- > Worthwhile;
- > Viable;
- > Affordable;
- > Good value for money;
- > Planned and controlled; and
- > Within tolerances for acceptable risk.

Governance provides the framework for such decision-making. The project governance arrangements must be designed during Project Start-up and will usually be a tailored blend of the basic requirements mandated by the organization and any specific arrangements to meet the needs of a particular project. The tailoring will depend on thing such as predicted benefits, cost, urgency, complexity, risk and type/quantity of stakeholders.

5.1.8 What Project Governance involves

Project Governance provides a framework within which to manage the project and should cover:

- > Initial and continuing justification of the project;
- > Setting up an appropriate management organization;
- > Establishing a framework for decision-making (roles/responsibilities/authorities);
- > Ensuring sufficiently thorough plans are prepared and updated as necessary;
- > Implementing a stakeholder management strategy;
- > Putting in place a quality management strategy;
- > Setting up and operating a project monitoring and control regime;
- > Managing uncertainties (threats and opportunities); and
- > Managing problems and changes.

The basic Governance framework is established at project Start-up and results in a decision being taken whether or not the proposal as documented in the Project Brief should go ahead. This decision is taken by the Senior Responsible Officer (SRO), perhaps supported by other key stakeholders as part of a Project Board, and is the formal start of the project.

5.1.9 Scaling project management to suit the project

Each project must be considered on its own merits when it comes to deciding how best to apply these guidelines. The factors that will contribute towards the decision on how extensively these guidelines will apply include:

- > Criticality to the work of the organization and/or its delivery partners;
- > Value of benefits expected from the project;
- > Degree of risk;
- > Likely duration;
- > Amount of effort required to deliver;
- > Complexity;
- > Potential cost;
- > Multi-disciplinary requirements;
- > Source of funding;
- > Degree of impact on different parts of the organization and beyond; and
- > Requirement to involve external suppliers and partner organization the project.

5.2 Step 1: Starting up a new project

5.2.1 Purpose

Start-up is triggered when the SRO agrees/decides to take responsibility for a new initiative that might best be run as a project. The trigger may come from business planning, an external driver (e.g. new legislation, international agreements, compliance requirement) or identification of a significant challenge that cannot be dealt with as a matter of routine.

The start-up decision is made in the light of the information gathered during start up and recorded in a Project Brief. In essence, the Project Brief says why the project is needed, what it must achieve and who should be involved. There is no set method for conducting start up, in practice it will depend on the size and complexity of the work and whether, for example, some form of feasibility study has been completed.

By the end of project start-up all interested parties should be satisfied that the following terms of reference of the project are clearly defined and understood:

- > The reasons for the project;
- > Desired benefits and who will realize them;
- > Scope - what is in and what is out;
- > Objectives - achievable and measurable;
- > Background;
- > Constraints that must be taken into consideration during the project;
- > Assumptions;
- > Any known risks;
- > Dependencies on other projects/activities/decisions;
- > Stakeholders (internal and external);
- > Deliverables/outcomes;
- > Estimated timescale;
- > Estimates for resources required; and
- > Lessons learned from similar projects and/or from people who have completed similar projects.

5.2.2 The Project Brief

The Project Brief is an initial write-up of what the project is to achieve and will identify key elements of the project and steps that will be followed to reach the objectives. It forms the basis of agreement between the SRO and the Project Manager and team and sanctions moving the project forward so more detailed planning can be undertaken.

5.2.3 How the Project Brief is used

At the outset of a project there may be a mandate (often as simple as an email) from a senior manager indicating what is required. Following further discussion and a review of how to achieve the objectives it is useful to record this information in a project brief to ensure buy-in from senior management and stakeholders before significant resources or costs are committed.

Completing the sections of the brief will ensure all key areas of the project have been thought-through and buy-in obtained.

Approval of the Project Brief is the official start of the project where the SRO/members of the Project Board must confirm that they:

- > Understand and agree the terms of reference of the project;
- > Are willing and able to commit their time to the direction of the project;
- > Are willing to take joint ownership of the project; and
- > Are willing to provide the Project Manager with the time and resources needed to plan the project in detail and to produce the PID.

The degree of formality of this control will vary. The members of the Project Board or SRO could use email to give the Project Manager authority to proceed to the Project Initiation stage or on a large project they might use it as an opportunity to meet (perhaps for the first time all together in the same room) and ensure common understanding and commitment to the project.

5.2.4 Contents

The Project Brief will cover all the key areas of the project as listed at para 5.2.1.

5.2.5 Developing a Project Brief to suit the project context

The Project Brief, giving details of what is expected from the project, should be developed early on in the project's life and is produced under the direction of the project SRO by the Project Manager.

For small projects this will be a very short document often with only a few sentences for each section. Larger projects may require more detail to ensure the full scope and complexity of the project can be understood and recorded.

If the project will be of short duration, well defined and it is absolutely certain that it must proceed then it might be appropriate to move straight on to production of the PID (see Step 2: Initiating the Project) after a short start-up phase but without the intermediate step of the Project Brief.

5.2.6 What is meant by the "Scope" of a project?

To define a project's scope:

- > Ensure that the boundary between this project and other projects is clearly understood;
- > Ensure that the activities are clearly defined and agreed; and
- > Create a baseline for subsequent change control.

Spend time discussing and agreeing the scope with stakeholders during Project Start-up. This is a useful way of managing the expectations of those who find it difficult to distinguish between the "Must have" elements of a project and the "Nice to have's". A Project Start-up Workshop is an effective way to achieve this.

5.2.7 Setting project objectives

The setting of objectives is a prerequisite for management at all levels in an organization. It enables interested parties/ stakeholders to agree at the start of a piece of work:

- > Why it is being done;
- > What must be done for the work to be complete;
- > How to know that the work has been successful; and
- > Timeframe within which the work must be completed.

Objectives will be set at different levels with increasing levels of detail and measurability as progress occurs from high-level mission statements down to a task level objective for an individual working as part of a Project Team. Example levels are shown in the Figure 2 below;

Figure 2 - Possible hierarchy of objectives

Corporate Mission & Objectives	> The organisational mission/goals and related targets
Business Plan	> What the organisation intends to do within a particular time frame in order to make its contributions to the higher level organisational goals/objectives
Project Objectives	> What tangible outcomes and benefits should be realised in what time frame as measured against defined baselines
Workstream Objective	> What deliverables must be completed and accepted as fit for purpose and signed off within what time frame
Team Objective	> What deliverable(s) must be completed, quality checked as fit for purpose and signed off within what timeframe
Individual Objective	> What work towards the creation of a deliverable must be completed in a fit for purpose manner within what time frame

5.2.8 Defining the Benefits

The benefits anticipated as a result of the project should be identified and defined in as measurable terms as possible and agreed with those who will have responsibility for realizing them after the project. The desired benefits should be identified by discussions with the SRO and project stakeholders during project start up. Then, when producing the Business Case during Project Initiation, the benefits should be specified in terms of quantified targets and timing of realization in conjunction with production of the project plan.

5.2.9 Types of Benefits

Some benefits will be tangible, quantifiable and achievable as a direct result of the project:

- > Compliance with new legislation;
- > Avoiding expenditure or reducing costs;
- > Reducing made when handling casework;
- > Reducing the amount of effort required to follow up complaints; and
- > Increasing effectiveness of controls and facilitations.

Some 'soft' benefits - difficult to quantify and measure include:

- > Increasing staff morale; and
- > Improving the image of the organization.

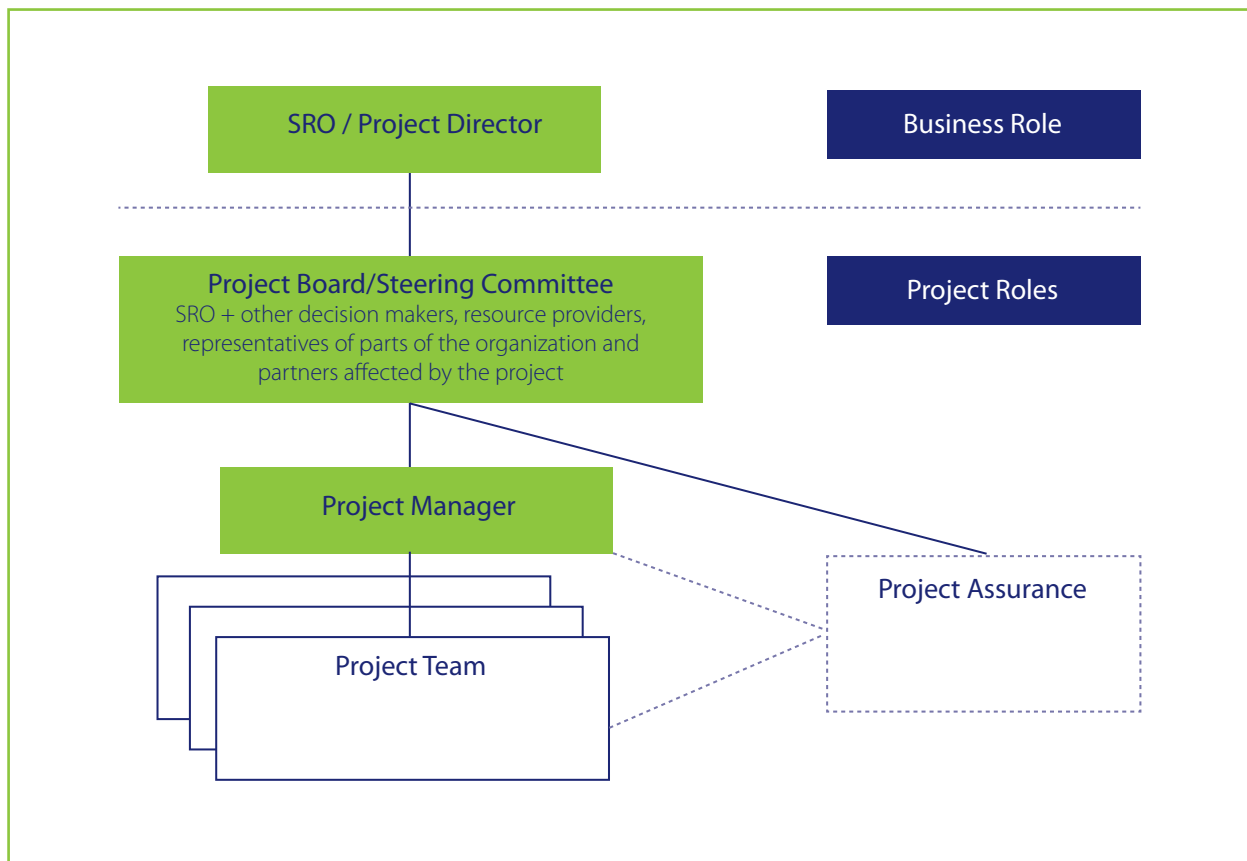
For each required benefit there may be a number of measures that will give the opportunity to set targets for the project.

5.2.10 Designing the Project Organization

Every project must have its own management structure defined at the start and absorbed or disbanded at the end. The definition of the management roles, responsibilities, relationships and accountabilities and authorities provides the basis of the governance arrangements for the project. **Note that** it is unlikely that an existing line management structure will be sufficient or appropriate to use as a project management organization, except perhaps where a small task is being run within a single business unit with no external impact.

The following organization structure, which is based on the PRINCE2® model, can be used as start point for organizational design. There are other alternative approaches available but they all follow the same broad principles.

Figure 3 - Organization Structure



A well-designed project will involve the right people with the right skills and the right levels of authority so that, once approved, the project may proceed with minimal requirements to refer outside the project organization other than to deal with exception situations outside authority of the project's SRO. There is no "one-size fits all" model for the project organization.

Designing the structure and getting people to agree to take on roles takes time and may require many discussions/negotiations with management at appropriately senior level.

5.2.11 Key roles (See Annex A for further details)

The **SRO** is the project's owner and champion and is ultimately accountable for delivery of the project. The SRO is not just a figurehead but plays an active role as a key member of the project management team.

If the project involves a number of organizations working together and/or has a cross cutting impact, it may require more than one person to be the decision-making authority. If this is the case, setting up a Project Board with the SRO as Chair is one solution.

The **Project Board** should include:

- > The SRO representing the 'business' interests of the sponsoring organization as a whole;
- > Senior representative(s) from areas that will be impacted by the outcome and must adopt changes;
- > Senior representative(s) from the organization(s) that will design, build and implement the solution to meet the business need.

Members of the Project Board should decide how they will assure themselves that the integrity of those aspects of the project for which they are accountable is being maintained. This may involve appointing suitable skilled individual(s) to **Project Assurance** roles.

The SRO and other Project Board members must assure themselves that the project for which they are accountable is properly planned, organized and controlled.

They may decide to delegate Project Assurance responsibility to one or more people. This has two benefits. It allows a qualified or skilled person/team review the fine detail within the project plans, progress reports and quality controls. This then allows the SRO and board members to attend to broader or cross-cutting organizational and governance issues. The Project Assurance role would usually be a part-time role.

The **Project Manager** will be responsible on behalf of the SRO for day-to-day execution of the project plan and for dealing with issues that might affect achievement of the plan.

5.3 Step 2: Initiating the Project

Project Initiation is creating a sound baseline for management of a project by taking current understanding of the “what” and “why”, as documented in the Project Brief, and extending it to include a detailed definition of “how”, “when”, and by “whom” in a Project Initiation Document (PID).

5.3.1 Purpose of the PID

The purpose of the PID is to provide the information required by senior management and stakeholders to enable them to commit to the resources and timelines proposed. It is a sort of ‘contract’ between the Project Manager and SRO/Project Board that defines how the project will be run.

The PID provides a detailed proposition against which success can be measured. To do this the PID builds on the approved Project Brief by defining in detail how the project will be developed and when it will be delivered. It provides a more detailed understanding of the costs and benefits of the project and, in particular, the resources, risks and timelines required for successful delivery.

5.3.2 How the PID is used

The PID is presented to the SRO/Project Board so that the views of key stakeholders can be considered. This is an essential stage in the process to ensure engagement and buy-in from all interested parties to the proposed outcomes. Acceptance of the PID is the start of the next stage of the project where teams are pulled together to execute the project over the agreed timeline under the accountability of the SRO. It is possible that the detailed analysis undertaken for the PID will uncover increased costs or risks such that the project is cancelled.

5.3.3 Developing the PID

The PID is all about explaining how the project will be delivered and managed. It will update the Project Brief on all aspects of the project, but specifically it should provide the following:

- > Accountabilities, roles and responsibilities of each of the project team, including part time members (who will do what);
- > An activity plan (e.g. a Gantt Chart) on when each deliverable should be completed (who will do what), and when they will do it by. This will include dependencies and milestones;
- > An updated assessment of risks, including their probability and impact, as well as some mitigation plans and contingency arrangements;
- > Updated cost/benefit analysis, in particular a detailed resource and timing plan (resources and timing often have a direct impact on each other);
- > Governance plan that details how the project will be monitored and controlled in terms of decision points, reports and reporting cycles, including whether updates will be on an exception or ongoing basis; and
- > Communications Plan that will start to determine how the project will be communicated to the different audiences, including the press if necessary.

When defining a new project it is often worth running a Project Planning Workshop with representatives from parts of organization (and partner organizations, if appropriate) impacted by the project. This speeds up the process and ensures that all interested parties meet early in the life of the project and agree what the project is intended to achieve and, in broad terms, how it will be achieved. The bullets above can be used as the agenda for the workshop.

The PID must document the project management organization and the stakeholders with an interest in the project’s outcome.

5.3.4 Business Case

The Business Case documents the justification for the undertaking of a project. It is based on the costs of development and the anticipated benefits to be gained. It provides an initial appraisal of the different options available, drives the decision-making processes, and is used continuously to align the project’s progress to the achievement business objectives.

5.3.5 Using the Business Case

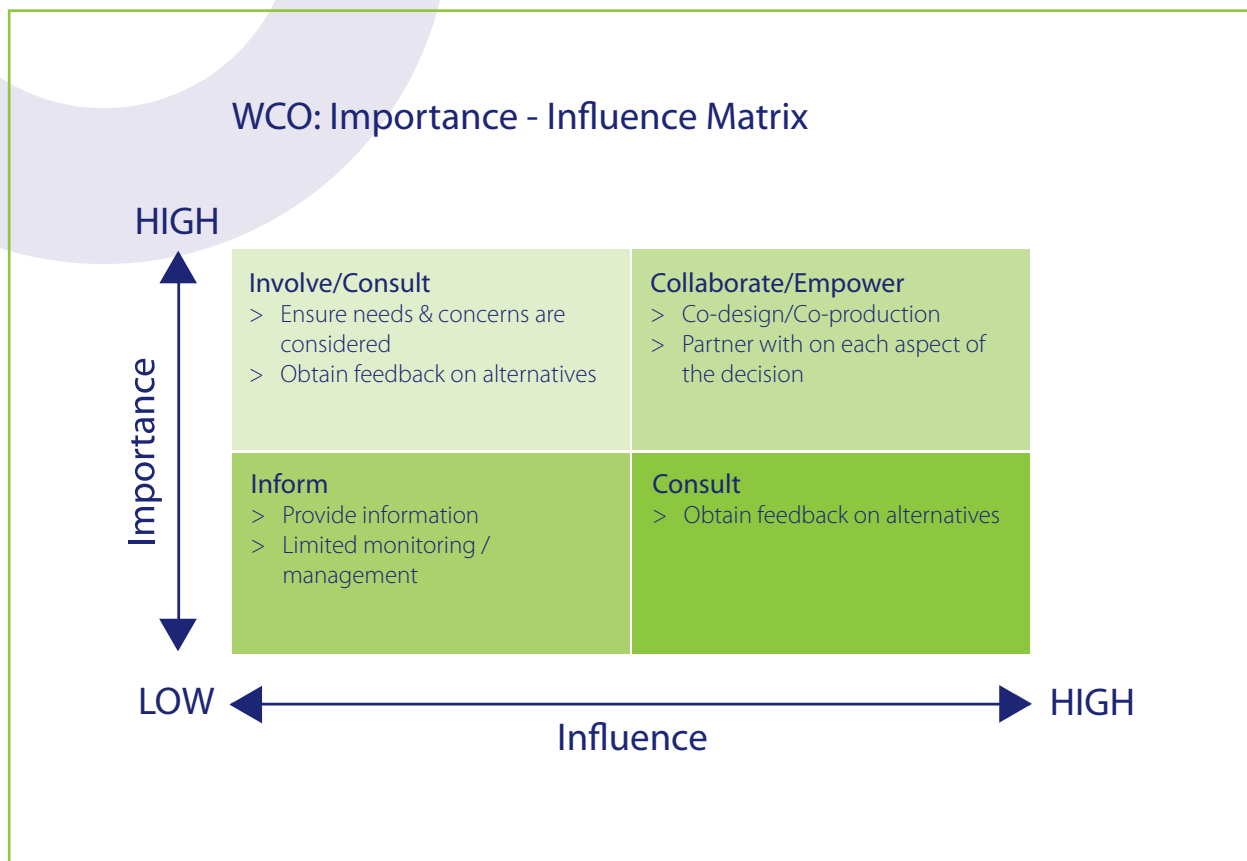
- > **During the project:** The Business Case should be updated to reflect actual costs incurred and any changes to forecast costs and benefits. This information can be used by the SRO/Project Board to assess whether the project remains viable and to take decisions accordingly.
- > **At project closure:** The updated Business Case should be handed over to whoever is going to take long-term responsibility for delivering the benefits (SRO by default)
- > **At the Evaluation stage:** The Business Case will be used as the baseline against which to measure achievement of the actual benefits and to inform any resulting decision-making. A Benefits Realization Plan (BRP) should be used to establish what each benefit should be, how and when it should be measured and who is responsible.

5.3.6 Stakeholder analysis and management

Managing stakeholder relationships steps include:

- > Identify the stakeholders;
- > Analyze their attitudes to, and potential need for involvement in, the project. It is useful to summarize this with a Stakeholder Influence Matrix (see Figure 4);
- > Establish a stakeholder management strategy to ensure a consistent, appropriate and cost-effective approach is adopted across the project (perhaps formalized as a Stakeholder Management Strategy);
- > Identify potential approaches to engage, manage relationships and communicate (both ways) with each stakeholder;
- > Select the approaches that are likely to be cost-effective, proportionate and affordable, and build them into the Project Plan as appropriately resourced and scheduled activities; and
- > Execute the plan, monitor its effectiveness and revise as necessary.

Figure 4 - Stakeholder Influence Matrix



For each stakeholder consider:

- > What is their interest in the project?
- > How important are they to the project?
- > What is their impact on the success or failure of the project?

Will change affect such things as:

- > The way they work (e.g. new processes, information or technology)?
- > Their attitudes (e.g. to customers, suppliers, employers, the public)?
- > The speed/productivity of their work?
- > The people they work with and/or communicate with?
- > Their level of accountability/responsibility/authority?
- > The timing of events in their working day, or its duration?
- > The working environment or the location(s) of their work?
- > Which aspects of the project might they wish to/try to influence in some way?
- > How much power do they possess to influence the project in some way?
- > Are they mostly for or against the project?

Establish:

- > Who is the key day-to-day contact from among the stakeholders, and who in the project will be responsible for managing the relationship with them?
- > Who from within the stakeholder organization/department will be the person to whom to escalate issues that can't be dealt with day-to-day level? Who in the project will be responsible for such escalation?
- > Is it clear which aspects of the project are of most interest to a particular stakeholder?

Example – the Ghana Revenue Authority prepared a Stakeholder Engagement Strategy that identifies all key internal and external stakeholders. The Strategy was prepared using a Stakeholder Influence Matrix.

5.3.7 Planning the project

Without careful planning it is likely that the project will fail to achieve its objectives. In a small project it is possible that one plan may be used to define the entire scope of work and all the resources needed to carry out that work. For larger projects, planning will be carried out at different levels of detail at different times. In all types and sizes of project, be prepared to re-plan in the light of experience.

5.3.8 Contents of the project plan

The Project Plan will typically contain the following:

- > Plan Description (a brief narrative description of the plan's purpose and what it covers);
- > Pre-requisites (things that must be in place for the plan to succeed);
- > External dependencies (e.g. commitments required from outside agencies);
- > Planning Assumptions (e.g. availability of resources);
- > Gantt/Bar chart showing Stages and/or Activities;
- > Financial budget - planned expenditure;
- > Resource requirements (e.g. in a table produced using a spreadsheet or project planning tool);
- > Requested/assigned specific resources.

5.3.9 Steps in planning

Planning should be carried out in the order shown but bear in mind that iteration around some or all of the steps will be necessary for all but the simplest of plans.

- > Make sure the project's desired outcome, scope, objectives, constraints, assumptions and the purpose and level of detail of the plan is understood;
- > Define the deliverables to be created as a result of the plan;
- > Specify the activities necessary to develop the deliverables;
- > Put the activities in a logical sequence taking into account interdependencies;
- > Estimate resource requirements (people, skills, effort, money and other things that will be needed to carry out each activity);
- > Estimate the timescale for each activity (e.g. elapsed duration);
- > Schedule the work from the target start date onwards;
- > Define project management progress controls and decision points;
- > Identify and deal with risks and uncertainties;
- > Document the plan; and
- > Gain approval to proceed with the plan.

Annex B contains a detailed planning checklist.

5.3.10 Approving the PID

At the end of the Initiation Stage, and before starting the expensive and resource intensive Implementation Stage, the SRO/ Project Board should decide if it can:

- > Approve the PID; and
- > Give the project manager authority to proceed to the project delivery phase.

5.3.11 Method of PID approval

The SRO/ Project Board should decide how they wish to approve the PID. The method may be formal through a meeting of the SRO/Project Board, Project Manager and any staff with project assurance roles. Sometimes a less formal approach may suffice via email or correspondence.

5.3.12 Risk Management - avoiding pitfalls and managing opportunities

A risk is any area of uncertainty that represents a threat or an opportunity to the project. Most attention to risk will be to avoid or reduce the likelihood of events that might cause the project to be thrown off course. To manage and mitigate risks, first identify them, assess the likelihood of them happening and estimate the impact they might have on the project. The identification and consideration of risk is an integral part of project management and the successful delivery of change.

5.3.13 Risk Management process

- > **Risk identification** - risks should be directly related to the project objectives and agreed by the whole project management team and its key stakeholders. Risk management means identifying and managing uncertainties to delivery of objectives, not managing issues that might be constant. Focus on issues alone can lead to fire fighting. Enter details into a Risk Log/ Risk Register
- > **Risk evaluation** - what is the impact of each risk should it occur? What impact might they have on benefits, time, cost, quality, reputation, people, etc. How likely is it that these risks will occur? The probability and impact can both be scored, e.g. using a High/Medium/Low scale. A Risk Profile could be used to show the overall pattern of risk
- > **Risk prioritization** - what is the priority of each risk? The urgency and importance of a risk is not the same thing - deal with the urgent risks quickly, deal with the important risks comprehensively

- > **Risk management planning** – is there a strategy for mitigating the risks identified and preventing the project from being derailed? What actions and resources are needed to reduce the impact and/or probability of the risk happening?
- > **Planning and resourcing** - actions should be built in to the project's plans. If it has been decided to accept a particular risk without action, inform key stakeholders
- > **Risk monitoring** - Individual risks, and the project's overall exposure to risk, must be reviewed throughout the life of a project and where necessary actions to mitigate risks must be changed or revisions to the project Business Case or assumptions must be considered, if circumstances alter.

Chapter 3 of this compendium describes strategic risk and the WCO Risk Management Compendium provides guidance for dealing with risk in the customs context.

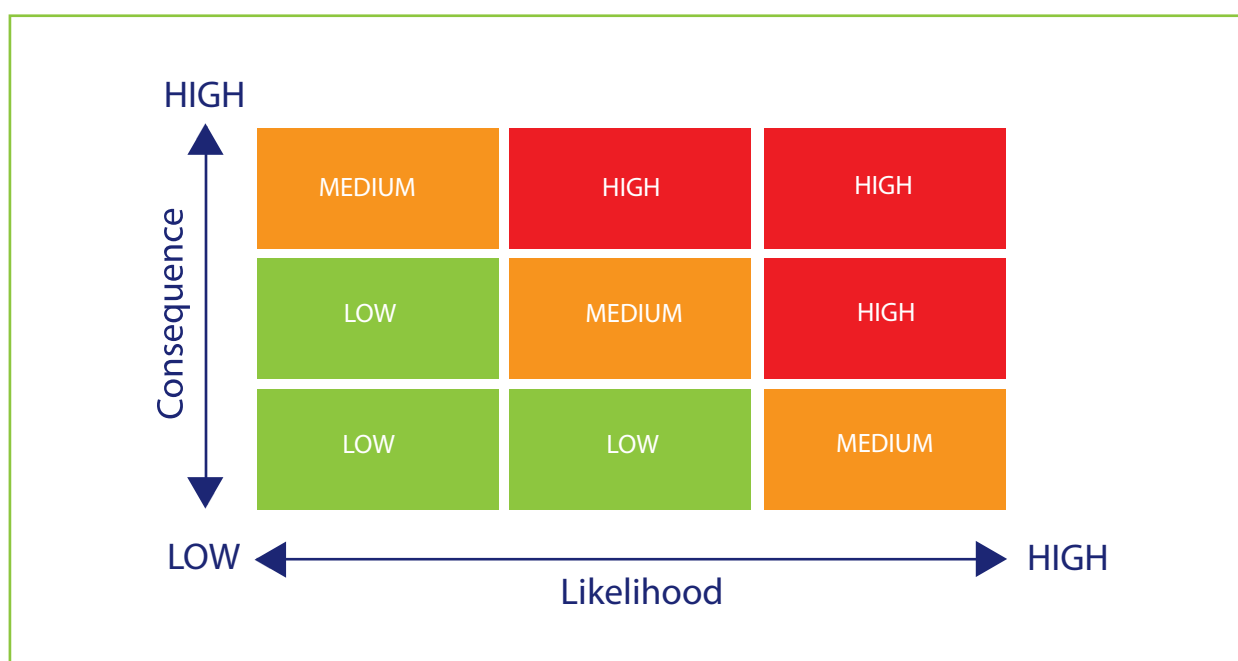
5.3.14 Documenting risks and actions

In small projects, management of risk may be an informal process and the Project Manager may simply record the risks and proposed actions as part of the PID and as part of subsequent reports to the SRO/Project Board.

In medium size projects a basic Risk Log should be established to aid the recording, management, tracking and communication of risks and mitigating actions.

In large projects it is usually sensible to conduct a risk workshop involving key stakeholders during initiation of the project. As a result such a workshop a full Risk Log will be established that should be maintained throughout the life of the project.

Likelihood and impact may be graded on a «traffic light» system Red, Amber, Green (RAG), where Red is the highest e.g.



It might also be useful to track the Status of each risk and thereby focus management attention on risks that are most severe or tending to increase in severity. It will also help avoid wasting effort on risks that no longer pose a threat. Categories for Status include:

- > Open: risk identified but no actions agreed.
- > Actioned: actions have been agreed and responsibility allocated.
- > Closed: risk no longer is a threat to this project.
- > Increasing: the likelihood and/or impact have increased since the last review of risk.
- > Decreasing: the likelihood and/or impact have decreased since the last review of risk.
- > Issue: the risk has become reality and is now an issue for direct management.

5.4 Step 3: Implementing the project

5.4.1 Purpose

The purpose of this stage of the project is to:

- > Deliver the results, achieve the purpose(s) and contribute effectively to the overall objective of the project;
- > Manage the available resources efficiently; and
- > Monitor and report on progress.

Step 3 of the project cycle is in many ways the most critical as it is during this stage that planned benefits are delivered. All other stages in the cycle are therefore essentially supportive of this stage.

5.4.2 Control - the key to a successful project

To appreciate how project control works, it is important to understand that despite all the effort devoted to developing and gaining commitment to a plan, there is little chance that the resulting project will run precisely according to that plan.

This doesn't mean that failure to achieve the objectives of the plan is likely or probable - on the contrary, there must be a very high level of confidence that those objectives can be achieved and delivery of the full scope, on time and to budget is possible.

The plan describes what Customs would like to do but it models just one of the infinite number of routes from where it is now to where it wants to be. In practice the project will follow a different route to the one shown in the plan.

The power of the plan is that it gives a baseline against which actual achievement, cost and time can be compared and determine the amount of deviation from plan and hence take corrective action if required.

The essential requirement for control is to have a plan against which progress can be monitored to provide the basis for stimulating management action if the plan is not being followed. Control then becomes a regular, frequent iteration of the following cycle:



5.4.3 Creating the right environment for control

The basic requirements for control are:

- > A process for monitoring and managing progress and resource usage;
- > Explicit authority to proceed granted by those who are accountable for the project (i.e. the SRO/ Project Board); and
- > A Project Plan

If you do not have all these things there is little point proceeding with the project.

5.4.4 Breaking the project down into manageable stages

In all but the smallest or shortest projects, think about how to break the project into manageable 'chunks' called stages. Every project will have a minimum of two stages - the first being Project Initiation. A large project may have a number of stages, each of which has its own stage plan. When designing the project's stage structure look for points where the SRO/Project Board should:

- > Review achievements to date and assess project viability;
- > Take key decisions outside the level of authority of the Project Manager;
- > Approve a more detailed plan for the next phase of work;
- > Commit resources in accordance with the project or stage plan; and
- > Assess the impact of some significant external event that will influence the project (e.g. legislation, decision point in other project, review of business operation).

The Project Manager will also be able to identify stage boundaries by thinking about how far ahead is it sensible to plan in the fine detail needed for day-to-day control. In practice, the detailed plan for a stage will be produced towards the end of the preceding stage, when the information needed for planning is available.

Example – South African Revenue Service routinely appoint external Project Managers to ensure that their projects are successfully implemented. A specialist Project Manager enables the organization to progress with business as usual whilst not allowing day-to-day activities to get in the way of successful project implementation.

5.4.5 SRO/Project Board decisions during delivery

At key milestones during delivery the SRO/Project Board might wish to take stock of the project and satisfy itself that it is sensible and viable to continue. To do this it must be sure that:

- > Quality of the deliverables produced to date is acceptable;
- > Required benefits are still achievable;
- > Actual costs incurred plus revised estimates for future costs are acceptable;
- > Resources required for planned future work can be made available;
- > Need for the project has not changed;
- > Risks are acceptable; and
- > Overall the project is still viable.

The Project Manager must provide the SRO/ Project Board with the information it will need to make its decision.

5.4.6 Highlight Reports

To keep the Project Board informed of stage status, and significant changes and issues that occur, the Project Manager should present regular Highlight Reports covering:

- > Project, date and period covered;
- > Progress achieved as measured against the current plan – e.g. deliverables completed;
- > Use of Resources (actual versus planned);
- > Budget status (actual versus planned);
- > Actual or potential problems or exceptions;
- > Impact of Issues and Changes (e.g. requests for changes to requirements);
- > Products due to be completed during next period; and
- > Revised forecasts for cost and schedule.

5.4.7 Project Manager's Controls

As soon as the SRO/Project Board gives authority to commence work, the Project Manager must take control of day-to-day actions and manage the project so that it runs as close as possible to the approved plan. This means:

- > Allocating work to the project team(s) in accordance with the plan;
- > Monitoring progress during development of the deliverables products by the team(s);
- > Ensuring that deliverables meet specified levels of quality;
- > Ensuring the delivery of completed deliverables to the required destination(s);
- > Monitoring costs and use of resources; and
- > Reporting progress and exceptions to the SRO/ Project Board via Highlight Reports.

5.4.8 Processing changes

It is possible that changes in the way the organization operates will necessitate changes to the objectives, scope and benefits of a project after they have been agreed and documented in the PID. The process for managing changes (and fault corrections) includes evaluation of the implications so that the SRO/Project Board can make a decision whether or not it is sensible and viable to proceed with the change or fault correction.

Once the Project Manager has been notified of a potential change or fault correction issue by anyone associated with the project the process for managing it involves:

- > Recording and tracking its progress, perhaps using an Issues Log; (Project Manager or delegated support role)
- > Confirming whether the issue is a definitely a new requirement, i.e. a Request for Change, or is perhaps an omission or other fault in a product that has already passed through quality checking; (Project Manager, Project Assurance, experts)
- > Calculating the impact on the work already done and the plans for the rest of the current stage and project; (Project Manager, Project Assurance, experts)
- > Analyzing the implications for the organization, other projects, delivery partners (Project Manager, Project Assurance, experts)
- > Calculating the overall costs of the change; (Project Manager, experts)
- > Calculating the impact on planned benefits; (Project Manager, Project Assurance, experts)
- > Identifying risks and evaluating methods and costs for their mitigation; (Project Manager)
- > Deciding the priority (see below); (Project Board)
- > Taking a decision at an appropriate level; (SRO/Project Board/Project Manager)
- > Implementing amended plans to achieve the new scope/objectives/requirements; (Project Manager)
- > Quality checking any existing products that have been modified, and any new products created. (Project team members under Project Manager's direction)

5.4.9 Making the decision

If any of the following criteria is met the Project Manager should refer the change or fault correction to the SRO/Project Board for a decision whether or not to implement:

- > Would implementation result in changes to the budget and/or resources and/or timescale beyond the limits of the Project Manager's delegated authority?
- > Will it require changes to deliverables already accepted by the SRO/Project Board as being complete and acceptable, e.g. things signed off at an earlier stage in the Project?
- > Is there an increase in risk, or an increase in the costs of mitigating risk, that merit the SRO/ Project Board's attention?
- > Is there a loss or other significant change in potential benefits?

5.4.10 Change Management

Key to the success of the Implementation Phase is the effective management of change. Change is inevitable in any organization and approaching change in a systematic way constitutes the principle of Change Management. Projects by their very nature are all about implementing changes to systems and procedures all of which have a significant impact on organizations and people.

Change Management is critical in supporting those who are impacted by change through the transition process whether they are internal or external stakeholders (within or outside the Customs Administration). Chapter 4 of this guide provides detailed information on how to manage change effectively but in the context of Project Management the success or failure of a project may well depend on the ability of the Customs administration to manage this process effectively.

5.5 Step 4: Closing the Project

5.5.1 Purpose

Closure may occur as planned at the end of the project or early if the need or justification for the project no longer exists. The steps below apply primarily to normal termination.

Towards the end of the project the Project Manager performs an evaluation of the project against the PID and a report to the SRO/Project Board so that it may formally close the project, perhaps at a closure meeting.

The purpose of the evaluation is to make a systematic and objective assessment of an ongoing or completed project including its design, implementation and results. An evaluation should provide information that is credible and useful enabling lessons learned to be incorporated into the future decision making processes.

The checklist below will help the SRO/Project Board assure itself that the project can be closed down:

5.5.2 Project closure checklist

- > Is the work of the project complete as measured against the PID and any subsequent agreed changes?
- > Have all project deliverables been created, quality controlled, accepted and handed over to those who will operate and maintain them?
- > Has information about known errors to those who will use/operate/ maintain the deliverables?
- > Has responsibility for ongoing operation, training and maintenance of the deliverables been accepted by appropriate parts of the organization?
- > Have those who provided resources been informed of impending project deadline?
- > Have all outstanding requests for change been passed to appropriate 'owners'?
- > Have all risks that might affect the achievement of benefits been communicated to an appropriate 'owner' in the organization?
- > Has information about any errors in the deliverables been communicated to those with operation and maintenance responsibilities?
- > Is a plan in place for a Post Implementation Review (PIR) to measure the actual achievement of benefits after the project (terms of reference, timing and responsibilities should be defined)?
- > Have lessons learned been recorded and disseminated to interested parties?
- > Has project management documentation been filed/archived for future reference?

Once the SRO/Project Board has confirmed closure the project organization is disbanded and the project roles and responsibilities no longer exist. No costs or other resources should be 'charged' against a closed project.

5.6 Step 5: Evaluating the Benefits

5.6.1 Purpose

This Step in the project cycle is designed to avoid the situation where a project delivers some form of operational facility, system or service without having a clear agreed plan for how the organization will determine the degree to which the project has delivered benefits. For these reviews or audits to be a success, SRO/Project Board members must satisfy themselves (before closing the project) that:

- > Each benefit is “owned” by an operational manager who will be accountable for the delivery of that benefit;
- > Someone with appropriate authority and resources is accountable for ensuring that the achievement of actual benefits is measured and reported to the SRO;
- > Someone other than the ‘owner’ is tasked with conducting measurement of achievement of benefits as a normal part of their duties and/or as part of a one-off review activity (e.g. a Post Project Review/PIR); and
- > The terms of reference, timing, method of conducting and resources required for any PIR are agreed.

The Post Project Review of benefits is not part of the project so it is for the “owner” of the review to make sure it happens according to the plan established at project closure.

5.6.2 The Benefits Realization Plan

The Benefits Realization Plan (BRP) provides the basis for post-project reviews and audits of the achievements of benefits. The BRP will record:

- > What types of benefits are anticipated?
- > How they are defined?
- > What units of measure are appropriate?
- > What values are agreed for each quantified measure?
- > When will they be realized?
- > What part(s) of which organization(s) will reap the benefits?
- > What will the benefits be to external stakeholders?
- > Who is responsible for realization of each benefit?
- > How will each benefit be measured?
- > When to measure them?
- > Who will measure them?
- > Who will act on the findings?

The SRO should take ownership of the BRP at Project Closure and should thereafter ensure that it is implemented and any findings acted upon.

5.7 Why do projects fail?

5.7.1 Top 8 Reasons for Project failure

There are many reasons why projects fail but there are many common mistakes that can easily be avoided. Based on evaluations of many projects the following list includes a selection of common reasons for project failure (**a detailed list is provided at Annex C**);

- > Lack of clear links between the project and the organization's key strategic priorities, including agreed measures of success;
- > Lack of clear senior management and Ministerial ownership and leadership;
- > Lack of effective engagement with stakeholders;
- > Lack of skills and proven approach to project management and risk management;
- > Too little attention to breaking development and implementation into manageable steps;
- > Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits);
- > Lack of understanding of, and contact with, the supply industry at senior levels in the organization; and
- > Lack of effective project team integration between clients, the supplier team and the supply chain.

5.7.2 Establishing a Project Office

There are many practical steps that a Customs Administration can take to help avoid these common mistakes. The establishment of a Project Office (PO) with responsibility for providing technical assistance and advice to project managers can significantly improve the capacity of the organization to successfully initiate, plans and deliver projects. A PO can provide the following key benefits;

- > Provide a comprehensive picture of all the organization's planned and ongoing projects and how they fit into an overall change or modernization program;
- > Ensure consistency of approach and the application of standard methodologies across all projects; and
- > Act as a coordination point for the management of the organization's project portfolio.

Typically the tasks carried out by a PO would include the following;

- > Co-ordination between projects covered by the organization's project portfolio and, where capable, projects decided upon and executed within internal departments;
- > Quality assurance and assessment of new project ideas and proposals;
- > Identify and record all examples of best practice – this involves monitoring the progress of projects and evaluating all the final project reports; and
- > Offering advice and technical support to project teams.

In addition to or as part of the PO a Project Support Office (PSO) can also be established. The PSO provides a support service that acts as a central repository of knowledge, experience and data about the running of projects within the organization. The main tasks performed by a PSO include the provision of tuition and guidance in the use of planning and estimation tools, financial data, availability of training and detailed knowledge of the various project management methodologies and the standards to be used.

In recent years many organizations have also started to establish Project Management Offices (PMOs). PMOs differ from POs in that they have a far more strategic role and have a seat at the executive table so that they can work as part of the senior management team to drive forward the organization. PMOs typically have the following responsibilities;

- > Create a clearly defined strategic vision – they work with the senior management team to help ensure that the right initiatives are delivered at the right time;
- > Ensure business success through the delivery of consistent working practices that focus on controlling risks; and
- > Enable the organizational change needed for growth – they help the organization understand the nature of change, why it is occurring and how it will benefit the organization in the long-term.

Example – The Kenya Revenue Authority, as part of its organizational structure, has a Project Office that deals with all projects until handover to the final users. A Project Manager who works with all the project teams heads the Project Office.

5.8 Conclusion

5.8.1 Key success factors for project management

The key to successful project management does not rely solely on the knowledge of project management skills. It is a combination of a strong foundation in business skills, process skills and people skills. Since working on a project is an endeavor, a Project Manager must be equipped with the knowledge and expertise either acquired through training or experience. The best project managers have a good knowledge of the technical aspects of project management methodologies allied to many years of practical experience. When planning any project regardless of size and complexity there are a number of key factors to consider.

Before starting any project, the senior management team must have a clear understanding of the project and are committed to providing active leadership to the organization. Key to achieving this is to allocate sufficient time in the Start-up and Initiation phases of the project to engage with senior managers and to involve them in the planning process.

Make sure that there are clear links between the project and the organization's key strategic priorities, including agreed measures of success. If the links are difficult to identify or can't be agreed within the senior management team then the project should not proceed. Spending time making sure that the objectives are clear and readily understood and agreed by all involved is a step in ensuring the success of any project

Failure to identify and engage with stakeholders is another common mistake made by project managers and their teams. Effective engagement is critical to the success of any project and sufficient time needs to be made available to ensure that all stakeholders are identified and appropriate engagement strategies developed.

The project team should have a mix of technical skills and practical experience. A Project Manager without the required level of practical experience is unlikely to be able to provide the necessary direction and support to their project team. Likewise a project team with detailed knowledge of the business but without any experience of working in a project environment is unlikely to deliver a successful project. When selecting a project team careful consideration needs to be given to ensuring that they have the right mix of skills and experience.

Any successful project needs to allocate sufficient time to develop a detailed project plan that breaks development and implementation into manageable steps. All stages of the project need to be carefully defined and agreed and a detailed plan prepared. Poor planning will result in project failure.

Many projects fail because the option selected was driven by initial price rather than long-term value for money. Evaluation of any technical proposal should also focus on long-term benefits and particularly the link to the delivery of the organization's objectives.

If the project involves working with an external supplier then there needs to be careful consideration of how best to integrate them with the project team. If this process is not handled effectively then the project is unlikely to be successful.

All projects should come to an end and managing the closure phase is critical to success. A "lessons learned" workshop is a good way of making sure that all the organizational learning is identified and shared. This will help make sure that the organization does not repeat the same mistakes and looks to identify and share best practice.

Annex A – Project Organization: Key roles

1. Senior Responsible Officer (SRO) – also referred to as Project Sponsor or Project Director

The SRO is the project's owner and champion and is ultimately accountable for delivery of the project and so must:

- > Provide leadership and direction to other members of the Project Board and to the Project Manager;
- > Ensure that all key stakeholders are committed to the project and adequately represented in the project's organization structure;
- > Ensure that budget holders and resource owners are committed to the project and that the necessary funds and other resources are made available when required;
- > Ensure that project governance arrangements of appropriate rigour are put in place;
- > Brief senior stakeholders on the current and forecast status of the project;
- > Receive, consider and act on regular frequent reports/briefings from the Project Manager;
- > Chair meetings of the Project Board;
- > Ensure that all members of the Project Board understand their roles the commitments they must make in order that the required outcomes/ benefits from the project are achieved;
- > Ensure that the Project Manager is empowered to lead the project on a day to day basis;
- > Ensure that the Project Manager is aware of the limits of her/his authority and understands that issues outside those limits must be escalated to the SRO at the earliest opportunity;
- > Negotiate with senior stakeholders to broker solutions to project issues that are outside the level of authority of the Project Manager; and
- > Decide how responsibility for SROs Project Assurance will be met, e.g. by delegation to a suitably skilled individual.

2. Project Board

The Project Board should include:

- > SRO representing the 'business' interests of the sponsoring organization as a whole
- > Senior representative(s) from areas that will be impacted by the outcome and must adopt changes; and
- > Senior representative(s) from the organization(s) that will design, build and implement the solution to meet the business need.

The Project Board must jointly:

- > Create an environment where the project can succeed in delivering the changes necessary for the benefits to be realized;
- > Set the direction for the project and to approve key milestones;
- > Approve the PID;
- > Ensure the appropriate resources required by the projects within the project are made available in accordance with the latest agreed version of the Project Plan;
- > Take decisions as necessary throughout the life of the project; and
- > Give the Project Manager the authority to lead the project on a day-to-day basis.

Members of the Project Board should decide how they will assure themselves that the integrity of those aspects of the project for which they are accountable is being maintained. This may involve appointing suitable skilled individual(s) to Project Assurance roles.

3. Project Assurance

The SRO and other Project Board members must assure themselves that the project for which they are accountable is properly planned, organized and controlled.

The Project Assurance role would usually be a part-time role to:

- > Brief the relevant members of the Project Board at regular intervals and/or key milestones in order to support their project direction and decision-making responsibilities;
- > Ensure that good project management practice is being followed, to identify any perceived weaknesses and suggest improvements;
- > Review and advise on the integrity of the Business Case at Project Initiation and subsequently whenever it is updated for SRO/ Project Board approval;
- > Review and advise on the integrity of the PID, Project Plan and Stage plans (integrity meaning such things as completeness, level of detail, quantity/quality of resources, achievability of the schedule, amount of contingency, approach to risk management);
- > Assess the project's progress towards delivery of the required outcome and business benefits (this might include attendance at selected project team meetings);
- > Assess whether communications with users are appropriate and effective and that user interests are being taken into account by the project team;
- > Help identify and communicate potential/actual problems in good time for them to be resolved before they damage the integrity of the project;
- > Advise on the impact of any requests for change that may be raised for consideration by the Project Board; and
- > Contribute to the Lessons Learned Review at project closure.

4. Project Manager

The Project Manager will be responsible on behalf of the SRO for day-to-day execution of the project plan and for dealing with issues that might affect achievement of the plan. The Project Manager must:

- > Prepare the PID;
- > Submit the PID to the Project Board for approval;
- > Submit any revised versions of the Project Plan and Business Case to the Project Board for approval;
- > Monitor progress of the project and identify and take action to deal with any potential/actual exceptions that might jeopardize achievement of the project's objectives;
- > Maintain a Risk Register/Log and actively manage risks using resources and approaches within limits of delegated authority;
- > Escalate to the Project Board recommendations for risk mitigations actions outside the scope of delegated authority limits;
- > Report progress to, and take advice from, the SRO at regular intervals as agreed between SRO and Project Manager during Project Initiation on project milestones and financial situation;
- > Manage stakeholder relationships and communications (in accordance with an agreed Communications Plan); and
- > Liaise with any nominated Project Assurance staff throughout the project.

Annex B - Planning Checklist

This checklist may be used when planning an entire project, a phase/stage within a project, an activity within a stage/phase or a task that contributes towards completion of an activity. You might also find it useful if you are applying project management techniques to help you manage non-project work.

a) Confirm scope and purpose of the plan

- > Are you clear about the purpose of the plan? (e.g. to gain commitment and approval for a project/stage, for day to day management and control, to establish feasibility or viability, to define contingency arrangements)
- > Do you understand the objectives to be met by the plan?
- > Is it clear what is within the scope of the piece of work you are planning?
- > Are there any constraints (e.g. resource availability, mandated delivery dates)?
- > Do you understand the high-level structure of the plan (e.g. for a procurement stage it might be: Specify requirements: Invite tenders: Evaluate tenders: Award contract)?
- > Are there any assumptions you must make in order to construct the plan?

b) Define the deliverables

- > Identify the final, and any interim, deliverables required from the project. Specify for each deliverable:
 - What it must contain/cover;
 - Who will be responsible for its development;
 - What it is dependent on (e.g. information, resources);
 - The required quality characteristics that must be built in to it;
 - The types of quality checks to be applied; and
 - The skills, resources, individuals needed to develop the deliverable and to apply the quality checks.
- > Establish the logical order for development of the deliverables (what must be developed in sequence, what can be done in parallel).

c) Identify and estimate activities:

- > Consider need to involve experts who will understand the detail of the development processes (e.g. Policy, Lawyers, IT staff, Procurement specialists);
- > Identify all the activities necessary to develop each deliverable;
- > Identify all the activities necessary to quality control each deliverable;
- > Agree the order in which activities must be carried out;
- > Include activities that take into account the interest of stakeholders who will use, operate and maintain the deliverables from the project;
- > Break down 'large' activities that are difficult to estimate into sets of smaller activities of a size you can estimate resource requirements and durations with confidence;
- > Identify the skill types required to carry out each activity;
- > Estimate the amount of effort and optimum numbers of individuals;
- > Identify and estimate any non-human resources and services required;
- > If required, calculate the estimated cost to develop each deliverable/product;
- > Calculate the overall cost for all activities; and
- > Make sure you use appropriate units taking into account staff availability.

d) Schedule the work and resources

- > Has the scheduling of activities been based on a realistic start date and does it allow for weekends, Public Holidays and other non-working days?
- > Will the resources/skills be available in sufficient quantities when you need them?
- > Are there any internal and/or external stakeholder tasks/events that coincide with the project and will limit the availability of resources?
- > Are any individuals scheduled to work on other projects when you need them?
- > Will any individuals or skill/types be overloaded with project work at any time?
- > Have you adjusted the timing and allocation of work to spread the load evenly?
- > Can you meet the time constraints/target delivery dates?
- > Do you need to include recruitment, procurement, training or induction activities?

e) Identify risks and design controls:

- > Is it clear when the SRO/ Project Board must review viability and take decisions?
- > Would it be sensible to break the project down into a series of separately planned stages to minimize risk and enable SRO/ project Board control?
- > Have you identified key milestones? (e.g. deliverable sign-offs)
- > Does the plan identify formal quality controls and audit activities?
- > Have you identified any risks that may prevent you executing the plan and delivering:
 - To the required specification and ability to deliver benefits?
 - On time?
 - Within budget?
 - Without damaging the organization's reputation?
- > Are you confident partner organizations and/or external suppliers will meet their commitments in accordance with the plan?
- > Does the plan allow contingency (time and effort) to allow for the fact that you will identify the need for new unplanned activities when you execute the plan?
- > Does the amount of contingency you have allowed reflect the degree of uncertainty you have about the accuracy of the estimates for effort, costs and timescales?
- > Can you forecast any events in the business year that coincide with important activities in the plan (e.g. recess, audits, end of year reporting)?
- > Have all resource 'owners' committed to the plan?

f) Document and gain approval for the plan

- > Is the plan to a form that will be understood by its audience?
- > Does the version of a plan for the SRO/Project Board include, as a minimum:
 - Narrative describing the purpose, author(s), current status, assumptions, constraints, pre-requisites, recommendations and next actions required
 - Definition of deliverables
 - Risk assessment and countermeasures
 - Gantt/bar chart(s) showing a schedule of major activities.
 - Resource schedules showing resource requirements against time
- > Does the working plan for project and team management go to a fine enough level of detail for management and control purposes? (e.g. the lowest level of plan for day to day control should have activities of no more than 10 elapsed days duration, allocated to a named individual or small defined team)
- > Is the plan acceptable to those who must:
 - Provide the staff?
 - Provide non-human resources/services?
 - Commit financial resources?
 - Do the work to create the deliverables?

Annex C – How to avoid common mistakes

To help you in trying to avoid these common mistakes it is worth considering the following questions (this list is based on research undertaken by the Office of Government Commerce, United Kingdom).

Lack of clear links between the project and the organization's key strategic priorities, including agreed measures of success

- > Do we know how the priority of this project compares and aligns with our other delivery and operational activities?
- > Have we defined the Critical Success Factors (CSFs) for the project?
- > Have the CSFs been agreed with suppliers and key stakeholders?
- > Do we have a clear project plan that covers the full period of the planned delivery and all business change required, and indicates the means of benefits realization?
- > Is the project founded upon realistic timescales, taking account of statutory lead times, and showing critical dependencies such that any delays can be handled?
- > Are the lessons learnt from relevant projects being applied?
- > Has an analysis been undertaken of the effects of any slippage in time, cost, scope or quality?

Lack of clear senior management and Ministerial ownership and leadership

- > Does the project management team have a clear view of the interdependencies between projects, the benefits and the criteria against which success will be judged?
- > Is the project aligned with the business objectives of all the organizations involved?
- > Are all proposed commitments and announcements first checked for delivery implications?
- > Are decisions taken early, decisively, and adhered to, in order to facilitate successful delivery?
- > Does the project have the necessary approval to proceed from its nominated Minister either directly or through delegated authority to a designated SRO?
- > Does the SRO have the ability, responsibility and authority to ensure that the business change and business benefits are delivered?
- > Does the SRO have a suitable track record of delivery? Where necessary is this being optimized through training?

Lack of effective engagement with stakeholders

- > Have we identified the right stakeholders?
- > Have we secured a common understanding and agreement of stakeholder requirements?
- > Does the Business Case take account of the views of all stakeholders including users?
- > Do we understand how we will manage stakeholders (e.g. ensure buy-in, overcome resistance to change, allocate risk to the party best able to manage it)?
- > Has sufficient account been taken of the organizational culture?
- > Whilst ensuring that there is clear accountability, how can we resolve any conflicting priorities?

Lack of skills and proven approach to project management and risk management

- > Is there a skilled and experienced project team with clearly defined roles and responsibilities? If not, is there access to expertise, which can benefit those fulfilling the requisite roles?
- > Are the major risks identified, weighted and treated by the SRO, the Director and Project Manager and/or project team?
- > Has sufficient resourcing, financial and otherwise, been allocated to the project, including an allowance for risk?
- > Do we have adequate approaches for estimating, monitoring and controlling the total expenditure on projects?
- > Do we have effective systems for measuring and tracking the realization of benefits in the Business Case?
- > Are the governance arrangements robust enough to ensure that «bad news» is not filtered out of progress reports to senior managers?
- > If external consultants are used, are they accountable and committed to help ensure successful and timely delivery?

Too little attention to breaking development and implementation into manageable steps

- > Has sufficient time been built-in to allow for planning applications in Property & Construction projects for example?
- > Have we done our best to keep delivery timescales short so that change during development is avoided?
- > Have enough review points been built-in so that the project can be stopped, if changing circumstances mean that the business benefits are no longer achievable or no longer represent value for money?
- > Is there a business continuity plan in the event of the project delivering late or failing to deliver at all?

Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits)

- > Is the evaluation based on whole-life value for money, taking account of capital, maintenance and service costs?
- > Do we have a proposed evaluation approach that allows us to balance financial factors against quality and security of delivery?
- > Does the evaluation approach take account of business criticality and affordability?

Lack of understanding of, and contact with the supply industry at senior levels in the organization

- > Have we tested that the supply industry understands our approach and agrees that it is achievable?
- > Have we asked suppliers to state any assumptions they are making against their proposals?
- > Have we checked that the project will attract sufficient competitive interest?
- > Are senior management sufficiently engaged with the industry to be able to assess supply-side risks?
- > Do we have a clear strategy for engaging with the industry or are we making sourcing decisions on a piecemeal basis?
- > Are the processes in place to ensure that all parties have a clear understanding of their roles and responsibilities, and a shared understanding of desired outcomes, key terms and deadlines?
- > Do we understand the dynamics of industry to determine whether our acquisition requirements can be met, given potentially competing pressures in other sectors of the economy?

Lack of effective project team integration between clients, the supplier team and the supply chain

- > Has a market evaluation been undertaken to test market responsiveness to the requirements being sought?
- > Are the procurement routes that allow integration of the project team being used? Is there early supplier involvement to help determine and validate what outputs and outcomes are sought for the project?
- > Has a shared risk register been established?

If the answers to the above questions are unsatisfactory, projects should not be allowed to proceed until the appropriate assurances are obtained.

6 ■ Benchmarking

6.1 Definition of benchmarking

Benchmarking – or comparative analysis - involves identifying best practices in other administrations or work areas in order to reveal potential improvement opportunities, and then implementing those best practices in your own administration. The overall aim of benchmarking in a customs context is to improve efficiency and effectiveness in national customs administrations by comparing procedures or processes with the same or similar procedures/processes used by other countries. It can also be used to provide useful information to donors about the operation of customs procedures which will help them focus on areas where they need to provide support and take action to facilitate improvement.

Benchmarking supports the detailed analysis of specific processes and procedures, and targets predetermined priority areas in a planned and clearly defined manner. It is a well-established business improvement tool, first developed by the private industry. It is effective in making an impact on performance and in meeting the challenge of delivering outcomes that contribute to continuous improvement.

Working together as partners is a vital aspect and can increase co-operation and effectiveness within the Columbus program.

Benchmarking is :

- a process used to seek specific information based on the practices, procedures and processes carried out by (an) other customs administration(s), in order to compare them;
- a collaborative process – that means sharing information on processes and measures that stimulate innovative practices and improve performance;
- a technique which helps us to improve processes, efficiency, effectiveness and/or economy;
- initiated and carried out by the customs administrations concerned.

6.2 Motivation for benchmarking

Within the customs field, benchmarking is likely to be most useful as a means for contributing to the improvement of service delivery or policy functions.

Customs administrations are required to meet the challenges of the globalization of trade, to counter the threat of fraud and criminality and to ensure security at borders. Benchmarking can be a useful mechanism to help customs services rise to these challenges and threats. As benchmarking can be conducted more than once, it offers the possibility of ensuring that performance improvement is sustained.

A key principle of international benchmarking is partnership: the initiating organization will seek partners with whom to work, as without partners work cannot proceed. It is therefore important to be ready and willing to support other countries, even if at first it may seem that there will be no immediate benefit to one's own administration. The motivation for participation should be based on a desire to contribute to the improvement of the applicant country, wherever that may be.

6.3 Benefits of benchmarking

Benchmarking is an effective tool for systematically studying and improving performance in a very specific work area. It encourages administrations to be pro-active in seeking better business solutions, to be outward-looking and never complacent.

Benchmarking can be carried out to evaluate and improve an existing system, procedure or working method or it can be undertaken as part of the creation of new systems etc, to ensure that implementation is achieved in the best possible way. Furthermore, a benchmarking exercise can be used as just one business process within a change or restructuring programme so that the outcome is not itself the primary catalyst for change but is instead used to confirm that the administration's ideas about the intended direction of change are correct.

Benchmarking is therefore a very flexible tool. Participants can choose how and when they will use it, and can select the level of complexity and detail they will incorporate into their benchmarking exercise. Opportunities for improvement or optimum strategies for change are identified. A simple exercise that merely compares working methods can be just as valid as a more complex comparison, for instance a detailed comparison of performance measurement data.

Each benchmarking partner can use the final benchmarking report to evaluate their performance and/or their procedures against the identified best practices. The extent to which the initiating administration does not operate according to best practice can be used to identify opportunities for improvement and to create an agenda for change. Implementing the agenda for change so that the identified improvement opportunities are adopted is the point at which the true benefits of benchmarking are realised.

6.4 How benchmarking works

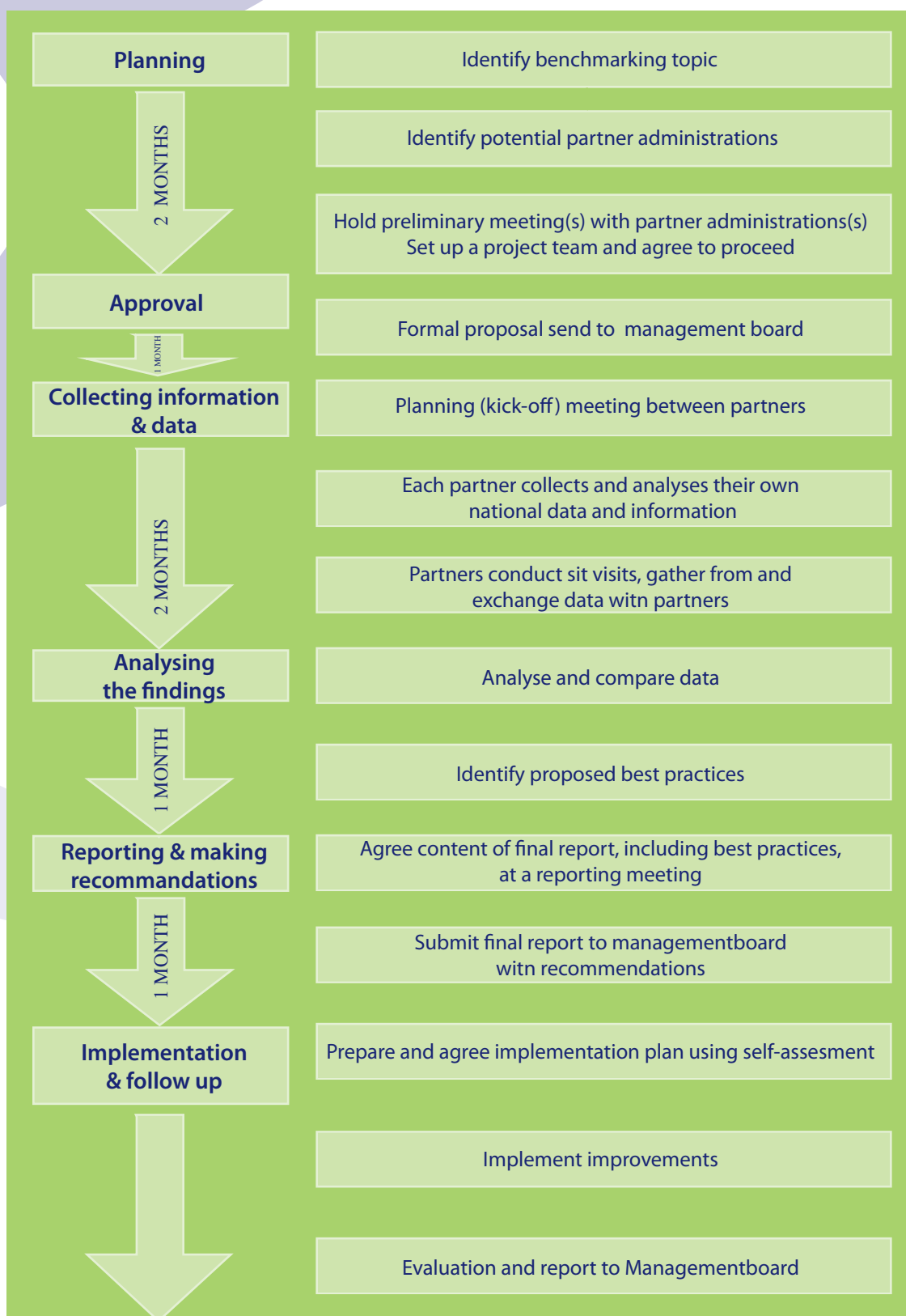
The benchmarking process involves two or more partners working together to undertake systematic research, analysis and comparison to identify and learn from best practices. The partners must be open and honest, particularly where discussions about problems and difficulties are concerned.

There are, however, a number of different approaches for conducting an exercise that can be adopted, and combined as necessary, depending on the specific needs of the benchmarking partners. For example:

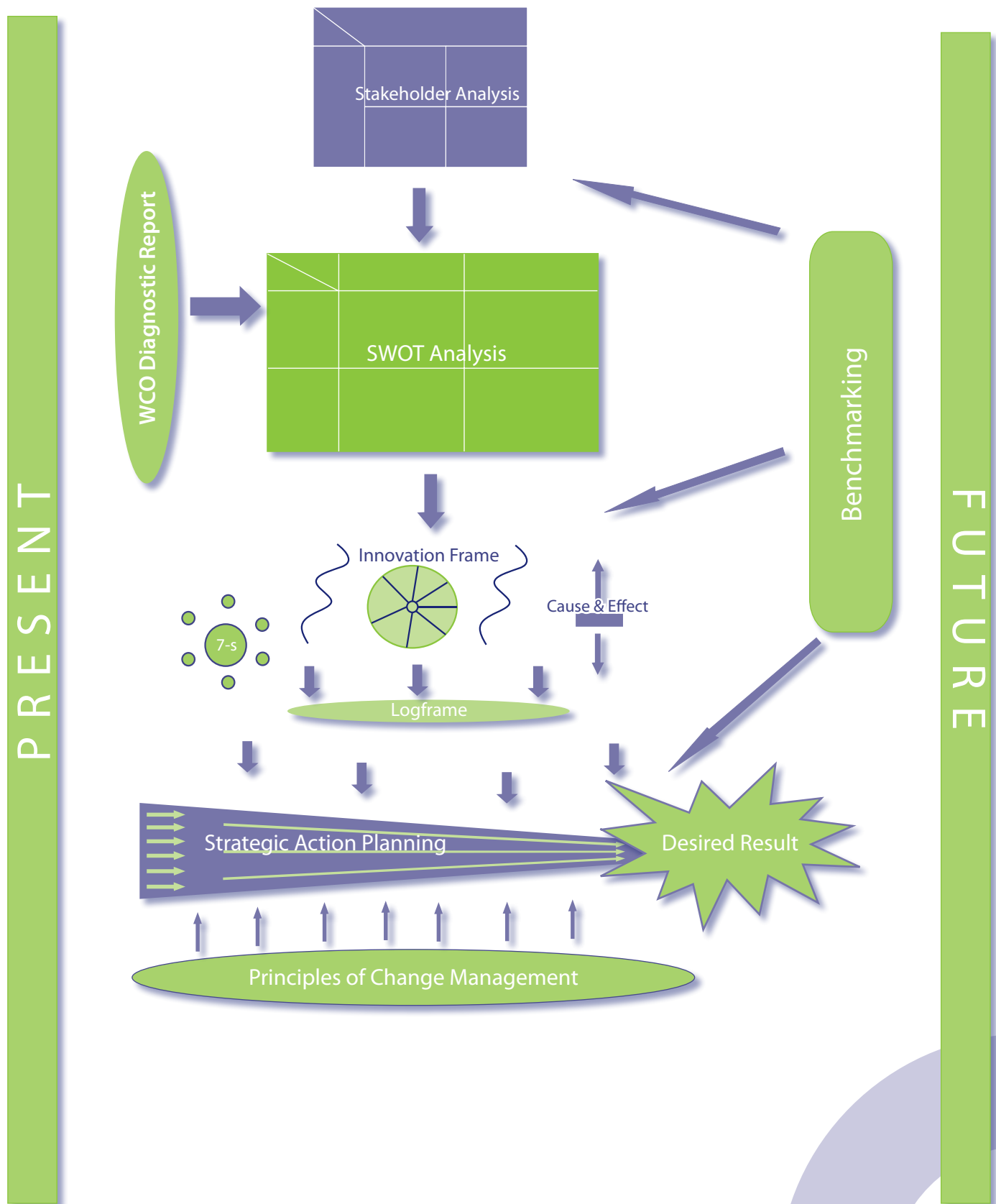
- A benchmarking exercise can be carried out:
 - Once only: a one-off exercise to achieve a step-change in performance.
 - Repeatedly: carried out on the same subject periodically (e.g. on a multi-annual basis) to monitor and improve performance continuously in a specific area.
 - As a pre-feasibility study: to develop new processes, understand how best to implement them and avoid mistakes
 - As a validation study: to confirm that the chosen approach on an issue is correct and to assess the benefits.

- **Benchmarking can be:**
 - Internal: used to compare one specific process within your own administration. For instance: comparing how different customs offices inside the own organization control goods under the warehousing regime;
 - External: used to compare one specific process with a similar one from an external customs administration. For instance: comparing how customs offices of different countries control warehoused goods.
- **The benchmarking partner(s) can be either:**
 - 2-way (fully reciprocal): all partners exchange information, make site visits to each other's organization and share responsibility for analysis, agreeing on conclusions and report writing; or
 - 1-way: the partners are happy to supply information and to host inward site visits but, perhaps due to resource constraints or having to give precedence to other priorities, are unable to participate more fully. The passive partner therefore does not request information or make a return site visit, and does not contribute to the analysis of the data/information collected, to drawing conclusions or to writing the final report. However, a copy of the final report and information on how the recommendations have been implemented should be made available to the partners.
- **Benchmarking exercises involving large numbers of partners can be run by a small project team under the guidance of a member of the Management board.**
- **The comparison carried out during a benchmarking exercise can focus on:**
 - the working methods used: this involves studying the procedures used, e.g. whether a process is computerized or carried out manually; or whether a specific control is random, risk-based or based on percentages; and/or
 - the performance achieved: this involves studying performance indicators or measures, e.g. the proportion of checks resulting in the identification of an irregularity; or the actual costs of a specific function.
- **The data and information gathering process can be based on:**
 - Site visits: visits to the relevant experts and workplaces where the activity being benchmarked is carried out, with discussions with relevant officials; and/or
 - Questionnaires: written communication with relevant officials requesting specified performance measurement data and/or other information. This approach is especially appropriate for benchmarking exercises involving numerous partners.

Whatever approach has been adopted, at the end of the benchmarking exercise a final report is produced in which the best practices are identified.



6.5 Integral image of Strategic Management



7 Technology acquisition process

7.1 Basic Guidelines

The introduction of technology in Customs processes proved to be essential to enhance the efficiency of its own work as well as to facilitate trade. Nevertheless, modern systems are not magic machines which can totally replace good, traditional techniques. They are just an additional tool, and are only as good as the way they are used.

The success of a modernization program is highly related to a proper preliminary needs assessment, careful technology specification, adequate capacity building policy and a proper purchasing process.

1. Needs assessment

Obviously, it is essential to carefully review the actual situation and consider the needs for technology introduction:

- describe the actual process of Customs operation and identify needs/improvements.
- set objectives and main drivers for the new concept
- describe new services/functions to be provided
- describe expected improvements for both Trade and Administration
- indicate any other reason justifying the acquisition
- evaluate reactions to change from both Trade and Administration
- consider technical and organizational risks to change

A preliminary report must be presented to management for strategic decision on project start. This report should present an analysis of the above-mentioned items, as well as an idea of budget and schedule.

2. Technology and solutions available

Once the concept is defined and approved at Management level, the Customs Administration must look for the solutions available on the market.

Industry is proposing various alternatives which must be considered and selected before starting the specification work.

To save time and effort, some Administrations do not spend too much time evaluating and specifying their needs in detail. They launch tenders with open specifications (only defining their needs), enabling all vendors to provide a quotation. This complicates the tenders' analysis and obliges the Administration to make a decision during the tendering process, before it is really convinced that its needs will be met.

Today, most of the technology is accessible and already in use in other countries. It is therefore possible for Administrations to make decisions about this with the help of bilateral cooperation, consultancy assistance, etc.. An important item to be taken into account is the obsolescence of the technology as well as the expected new developments forecast for the near future. A preliminary review of the market must be undertaken and presented to Management for selection of the technological concepts.

3. Project definition

With a clear view of the project objectives and technology concept selected, the scope of the project has to be further studied and defined.

The following items have to be defined in a Project Document:

- Executive Summary presenting general information on the project as well as its main goals and characteristics
- Detailed presentation of the project
- Type of technology to be used
- Customs process to be modernized/reformed
- Map of deployment
- Schedule of implementation
- Budget and financing solutions
- Procurement strategy
- Ownership strategy and external assistance needs
- Operation mode of the systems acquired
- Organizational change to be implemented
- Customs Administration subsequent capacity building needs
- Impact on Customs Administration Human Resources
- Impact on Trade and Stakeholders
- Project Management Organization within Customs Administration
- Possible external co-operation from other members and international agencies
- Possible partnership with private sector for acquisition, operation and financing

4. Technology specification

Once the initial choice of the type of the technology is made, it is necessary to draw up a detailed technical specification which will adapt it to the identified needs and constraints.

This work usually requires the assistance of specialized experts who can quickly understand the situation and propose the adapted solution. Experts can be drawn from among Customs colleagues or independent consultants.

The technical specification of the systems to be acquired must be as detailed as possible but also open to alternatives/options that may be offered by manufacturers.

The specification must not only describe the equipment required but also the support needed from the vendor for documentation, training, commissioning, maintaining, up-grading of the systems to be installed.

To ensure that all systems offered are comparable, the performance of the equipment and its measurement procedure must be also clearly described.

The specification will also state the requested time frame for the delivery, installation, commissioning, training... of the systems.

5. Project organization

From the moment Management decides to go ahead with the modernization program, a Project Management Team has to be organized and established. The Project Manager must be clearly identified and introduced to all internal and external stakeholders.

His mission must be defined and objectives specified. He will have to use project management software and report on project progress on a regular basis. The important milestones of the project are to be set up and approved by Management;

To assist the Project Manager, it may be necessary to appoint officers in charge of some specific part of the technical and/or commercial aspects of the program. Additional expertise may be sourced outside the Administration from independent and neutral specialized organizations and companies. Foreign co-operation with Customs colleagues is quite useful to benefit from previous experience.

6. Purchasing process

Every country has its own procurement procedure but some common guidelines can be established in order to ensure that the procurement process is transparent, fair and comprehensive.

The Request For Proposal (RFP)

Whether the procurement approach is through a formal tendering process or a negotiating mode, the following documents must form the basis of the quotation to be made by vendors:

Technical Request for Proposal

- Detailed technical specifications
- Alternative/Options requests
- Minimum Performance expected from the systems
- Performance Test Procedure
- Maintenance Procedure and requirements

Commercial Request For Proposal

- Schedule of prices and delivery
- Schedule of prices for maintenance for one year and subsequent years
- Request for list of references of the bidder and of the systems offered
- Conditions of eligibility
- Request for Guarantees (Bid bond)
- Format of Contract, including format for guarantees to be issued by the contractor (performance bond, advance payment bond, Guarantee bond...)

Rules and procedures of the RFP

The RFP must also present the rules and procedures of the acquisition process and define the following:

- **Proposal documents**
 - Content and format of bidding documents
 - Schedules to be filled
 - Clarification of bidding documents
 - Pre-bid meeting
 - Amendment of bidding document
- **Preparation of Proposals**
 - Language
 - Documents comprising the Proposal
 - Currency
 - Bid security
 - Period of validity of the Proposal
 - Signing of the Proposal
- **Submission of the Proposal**
 - Sealing and marking
 - Deadline for submission
 - Late Proposals
 - Modification and withdrawal of Proposals

- **Proposal opening and Evaluation**
 - Opening of Proposal
 - Clarification of Proposal
 - Preliminary examination of Proposals
 - Conversion to single currency
 - Technical evaluation
 - Commercial evaluation
 - Domestic preference
 - Contacting the Customer
- **Award of Contract**
 - Post qualification
 - Award criteria
 - Notification of Award
 - Signing of Contract agreement
 - Performance securities

The Proposal

The proposals submitted must include at least the following documents:

Technical proposal

- **Bid Form**
- Executive summary showing vendor understanding of the request
- Technical offer as per the requested format
- Clause by clause approval of the Technical Specification, including appropriate comments showing capacity to fulfill each requirement
- Alternatives/option to the requested technical specification
- Preventive and corrective program, including MTBF and MTTR as well as the service organization which will be put in place in the country.
- Validated performance test results
- Company presentation

Commercial proposal

- Commercial offer as per the requested format
- Schedules of prices and delivery
- Schedules of prices for preventive and corrective maintenance
- Demonstration of eligibility
- List of references together with evidence (end user certificates, customer certificates)
- Financial guarantees (bid bond)
- Contract clause by clause approval/comments

Technical evaluation (criteria, table of calculation)

The offers must be evaluated using a table of evaluation which takes the following items into account:

- Overall completeness and compliance with the Technical Specification
- Company accumulated experience and background in the field
- Minimum acceptable standards (including compliance with national and international standards such as ISO, WHO)
- Achievement of performance criteria by the systems offered
- Time to deliver and commission
- Availability of the system for the duration of one year
- Responsiveness to preventive and corrective maintenance needs
- Organization to service the equipment on site
- Availability of spare parts in the long term
- Training facilities and organization
- Capacity to assist the Administration in its capacity building needs related to the equipments use

7. Guidelines for a Contract

The following items are to be included in a contract:

- Contract and Interpretation
 - Definitions of key words
 - Relationship between the parties
 - Language
 - Notices
 - Governing law
 - Settlement of disputes
- Subject Matter of the Contract
 - Scope of the Contract
 - Time of commencement
 - Time of completion
 - Contractor's responsibilities
 - Employer's responsibilities
- Payment
 - Contract price
 - Currency
 - Terms of payment
 - Mode of payment
 - Securities
 - Taxes and duties
- Intellectual property
 - Copyright
 - Confidential information

- Execution of the Scope of the Contract

- Work program
- Schedule of delivery
- Subcontracting
- Design and engineering
- Procurement
- Installation
- Specific regulations/law to install
- Factory test and inspection
- On-Site acceptance Test
- Final completion certificates

- Guarantees and liabilities

- Completion time guarantee
- Penalty in case of late delivery
- Penalty in case of late maintenance
- Performance bond
- Warranty guarantee
- Patent indemnity

- Risk distribution

- Transfer of ownership
- Care of facilities
- Loss & Damage to property
- Accident or injury to workers
- Insurance
- Force Majeure

- Change in Contract elements

- Extension of Time for completion
- Termination
- Assignment

The following documents may be annexed to the Contract:

- Detailed Technical Specification approved by the vendor
- Drawings and any other technical document defining, in detail, the scope of work of the Contract
- Detailed maintenance and warranty program
- Factory test acceptance procedure
- On-site acceptance test procedure
- Price Schedules
- Security bond

7.2 CASE STUDY:

The following case study is related to the **Zambian Revenue Authority (ZRA)** project to purchase scanners to strengthen its border control.

It's a quite good example which shows the full process from preliminary analysis of the situation until purchasing.

The following documents highlight the process described in this compendium:

- The preliminary evaluation report
- The bidding document which comprises the instructions to bidders as well as the contract draft.

To avoid disclosing confidential information and to reduce the volume of pages, the initial document has been considerably reduced so as to show only the main aspects of the process.

“The Preliminary Evaluation Report”

Scanner Project Preliminary Evaluation Report

ZRA is considering installing Non Intrusive Inspection (NII) systems at the borders of the country to better control and facilitate its foreign trade. With a view to initiating a technology deployment, ZRA has asked the WCO to add this specific item to the agenda of the Diagnostic Mission undertaken as part of the implementation of the SAFE Framework of Standard.

1. Purpose of the evaluation mission

- To analyse current border control efficiency
- To consider the need for scanners
- To review the preparatory work done by ZRA
- To envisage the way forward

2. Analysis of border control efficiency

- On: Imports
- Exports
- Transit
- Effect on Trade, and
- Conclusion.

3. The need for scanners

- The use of scanners would definitely help to improve the situation:.....
- With the use of scanners, ZRA would ensure its mandate better:.....
- Nevertheless, the following items must be taken into account:.....
- ZRA should go forward with the deployment of scanners through an appropriate approach.....

4. Review of the preparatory work done by ZRA and recommendations to finalise the project preparation

(text)

5. The Way Forward

5.1 Program definition

The first action is to create a Scanner Project Team. This team is responsible for the preparation and implementation of the Scanner Program

Very shortly, the Team must propose a Scanner Program for approval from the ZRA Authorities. To this end, a document should be prepared that defines:

A. Map of scanner deployment and its Schedule.

Establish a map of scanner deployment according to priorities and flow rates of each entry point. It defines, for each point of installation, the type of system to be installed and the expected date of operation start

B. Budget and Procurement strategy

Determine a budget for the investment as well as for the recurrent costs of operation and maintenance. Besides providing the various costs and their financing solutions, it will also define the expected involvement of the manufacturer in maintaining ZRA scanner infrastructure in the medium/long term. Taking into account budget constraints and PPP possibilities, the document will propose various alternative procurement methods.

C. Description of the type of scanners to be used

Describe the most appropriate scanners for the type of trucks and goods to be inspected at each entry point.

D. Operation and Maintenance outsourcing strategy

Propose a redistribution of the job functions involved in scanner operation among ZRA and third parties. Identify the need for maintenance support and suggest solutions

E. ZRA dedicated Human Resources strategy

Define needs of ZRA scanner operators' resources and propose adapted HR organization.

F. ZRA capacity building needs

Identify ZRA capacity building needs for scanner operation and sustainability

G. Stakeholder participation and contribution

Propose possible partnership with private sector to implement the program.

5.2 Program preparation

Before the tender is launched, the following items must be prepared.

Technical

- Sites analysis and definition of the preparatory works
- Detailed technical specification of the various types of system requested.
- List of ZRA needs for infrastructure, ICT and tools
- Outsourcing strategy for operation and maintenance

Administrative

Prepare the tender process. This includes the technical documentation, the minimum qualifying terms required in order to participate, and the contractual conditions.

Stakeholders

Consider involvement of Trade and other stakeholders in financing the program through levying of a fee. Trade seems willing to contribute to the cost of the scanner program as long as its implementation decreases the constraints and costs involved in crossing the border today. Transparent management of the fees collected will be demanded.

Organization

Propose a dedicated Scanner Workforce within Customs Services.

This will define the quantity of personnel, job descriptions, personnel profiles, selection criteria, management organization, etc...

6. Tentative Schedule

1	Creation of the SCANNER PROJECT TEAM & Organisation of the preparatory work	xxx
2	SCANNER PROGRAM document	xxx
4	SCANNER PROGRAM preparation	xxx
5	Tender launch	xxx
6	Offer submitted	xxx
7	Offer analyses and attribution	xxx
8	Negotiation and signing of Contract	xxx
10	Site preparatory works	xxx
11	Officer selection and training	xxx
12	Scanner commissioning	xxx

"The Bidding document"

Zambia National Tender Board



Government of The Republic of Zambia

Bidding document

TB/ORD/0.../07

Tender for the supply, delivery, installation, commissioning, operation and maintenance of container scanners

Zambia Revenue Authority.

Funding Agency: Zambia Revenue Authority

Zambia National Tender Board
Red Cross House
Los Angeles Boulevard, LUSAKA

August 2007

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Section II. Instructions to Bidders

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Can be obtained by contacting the WCO at: Capacity.building@wcoomd.org

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Table of Clauses

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Can be obtained by contacting the WCO at: Capacity.building@wcoomd.org

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Section I. Invitation for Bids

TB/ORD/0.../07: Tender for the supply, delivery, installation and commissioning of container scanners

- 1 The Zambia National Tender Board on behalf of the Zambia Revenue Authority invites sealed bids from eligible Bidders for the supply, delivery, installation, operation and commissioning of container scanners as follows:

S/N	Item Description	Quantity	Delivery Period
	Mobile scanners	xx	xx Weeks

- 2 Bidders must quote for all the quantities to be treated as substantially responsive. Bids not offering full quantities shall be considered non responsive and shall be rejected.
- 3 Interested eligible Bidders may obtain further information from the Zambia National Tender Board and inspect the bidding documents at the address given below from 08:00 to 13:00 hrs and from 14:00 to 17:00 hours.
- 4 A complete set of bidding documents in English may be purchased by interested Bidders from the Zambia National Tender Board at the address given below upon payment of a non-refundable fee of ZMK1,000,000.00 or its equivalent in any freely convertible currency at the prevailing exchange rate in cash or by bank certified cheque.
- 5 Bids should be sent clearly marked "Tender for the Supply, Delivery, Installation and Commissioning of Container Scanners – Zambia Revenue Authority" and addressed to the Director General, Zambia National Tender Board and must be received not later than Friday..... 2007 at 14:00 hours local time.
- 6 Sealed bids must be deposited in the Tender Box at the Zambia National Tender Board Offices, 2nd Floor, Red Cross House, Corner Los Angeles Boulevard and Kumoyo Rd, Longacres, Lusaka on or before Friday, 2007 at 14:00hrs local time. All bids must be accompanied by a Bid Security of not less than two (2%) percent of the Bid Sum duly signed by the Guarantor(s). Late bids will be rejected. Bids will be opened soon after closing in the Conference Room on the 2nd Floor, Red Cross House in the presence of Bidders' representatives who choose to attend.

Mr. D. Kapitolo
Director General
Zambia National Tender Board
Red Cross House,
Corner of Los Angeles Boulevard and Kumoyo Rd
Longacres
P.O. Box 31009,
Lusaka, Zambia.

Section II – Instructions to bidders

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- 3 Eligible Plant, Equipment, and Services
- 4 Cost of Bidding

B The Bidding Documents

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- 7 Amendment of Bidding Documents

C Preparation of Bids

- 8 Language of Bid
- 9 Documents Comprising the Bid
- 10 Bid Form and Price Schedules
- 11 Bid Prices
- 12 Bid Currencies
- 13 Bid Security
- 14 Period of Validity of Bid
- 15 Format and Signing of Bid

D Submission of Bids

- 16 Sealing and Marking of Bids
- 17 Deadline for Submission of Bids
- 18 Late Bids
- 19 Modification and Withdrawal of Bids

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- 21 Clarification of Bids
- 22 Preliminary Examination of Bids
- 23 Conversion to Single Currency
- 24 Technical Evaluation
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- 2 Requirements in general
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- 3 Requirements for X-RAY emission unit
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- 9 Requirements for system mobility
 - 9.1
 - 9.2
 - 9.3
- 10 Requirements for training and documentation
 - 10.1
 - 10.2
 - 10.3

11 Requirements for technical tests & commissioning

11.1

11.2

11.3

12 Standards and quality

12.1

12.2

12.3

B Operation and Maintenance

During the first 12 months after the completion of the facilities, the Contractor will provide full service to the scanners as follows:

1 System operation.

2 Preventive Maintenance

3 Corrective Maintenance

4 Penalties

5 Assistance with system integration

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6	Form of Completion Certificate.....	XX
7	Form of Operational Acceptance Certificate.....	XX

1.1 Bid Form

Date: _____
IFB N°: _____

[Name of Contract]

To: *[Name and address of Client]*

Ladies and/or Gentlemen,

Having examined the bidding documents, including Addenda Nos. [insert numbers], the receipt of which is hereby acknowledged, we, the undersigned, offer to design, manufacture, test, deliver, install, commission, operate and maintain the facilities under the above-named Contract in full conformity with the said bidding documents for the sum of: [amount of foreign currency in words], [amount in figures], and [amount of local currency in words], [amount in figures] or other such sums as may be determined in accordance with the terms and conditions of the Contract. The above amounts are in accordance with the Price Schedules attached hereto and are made part of this bid.

We undertake, if our bid is accepted, to commence the facilities and to achieve completion within the respective times stated in the bidding documents.

If our bid is accepted, we undertake to provide an advance payment security and a performance security in the form, in the amounts and within the times specified in the bidding documents.

We agree to abide by this bid, which consists of this letter and Attachments 1 through [number] hereto, for a period of 90 days from the date fixed for submission of bids as stipulated in the bidding documents, and it shall remain binding upon us and may be accepted by you at any time before the expiration of that period.

Until a formal contract is prepared and executed between us, this bid, together with your written acceptance thereof and your notification of award shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any bid you may receive.

Dated this _____ day of _____ 20 _____

[signature]

In the capacity of _____
[position]

Duly authorized to sign this bid for and on behalf of _____
[name of Bidder]

1.2 Price Schedule

Preamble

General 1 The Price Schedules are divided into separate Schedules as follows:

Schedule No. 1	Plant and Equipment (including Mandatory Spare Parts) supplied from Abroad
Schedule No. 2	Plant and Equipment (including Mandatory Spare Parts) supplied from within the Client's Country
Schedule No. 3	Local Transportation
Schedule No. 4	Installation Services
Schedule No. 5	Grand Summary
Schedule No. 6	Recommended Spare Parts

Add any other Schedules as appropriate

2 The Schedules do not generally give a full description of the plant and equipment to be supplied and the services to be performed under each item. Bidders shall be deemed to have read the Technical Specifications and other sections of the bidding documents and reviewed the Drawings to ascertain the full scope of the requirements included in each item prior to filling in the rates and prices. The entered rates and prices shall be deemed to include for the full scope as aforesaid, including overheads and profit.

3 If Bidders are unclear or uncertain as to the scope of any item, they shall seek clarification in accordance with the Instructions to Bidders in the bidding documents prior to submitting their bid.

Pricing 4 Prices shall be filled in indelible ink, and any alterations necessary due to errors, etc., shall be initialed by the Bidder.

5 Bid prices shall be quoted in the manner indicated and in the currencies specified in the Instructions to Bidders in the bidding documents.

Prices given in the Schedules against each item shall be for the scope covered by that item as detailed in the Technical Specifications, Drawings or elsewhere in the bidding documents.

6 Where there are discrepancies between the total of the amounts given under the column for the price breakdown and the amount given under the Total Price, the former shall prevail and the latter will be corrected accordingly.

Where there are discrepancies between the total of the amounts of Schedule Nos. 1 to 4 and the amount given in Schedule No. 5 (Grand Summary), the former shall prevail and the latter will be corrected accordingly.

Where there are discrepancies between amounts stated in figures and amounts stated in words, the amounts stated in words shall prevail.

7 Payments will be made to the Contractor in the currency or currencies indicated under each respective item.

8 Items left blank will be deemed to have been included in other items. The TOTAL for each Schedule and the TOTAL of the Grand Summary shall be deemed to be the total price for executing the facilities and sections thereof in complete accordance with the Contract, whether or not each individual item has been priced.

9 When requested by the Client for the purposes of making payments or part payments, valuing variations or evaluating claims, or for such other purposes as the Client may reasonably require, the Contractor shall provide the Client with a breakdown of any composite or lump sum items included in the Schedules.

Schedules of Rates and Prices

Schedule No. 1. Plant, Equipment, and Mandatory Spare Parts Supplied from Abroad

Item	Description	Code	Qty.	Unit Price	Total Price
				CIP	
			(1)	(2)	(1) x (2)
Total (to Schedule No. 5 Grand Summary)					

Code	Country

Name of Bidder

Signature of Bidder

Schedule No. 2. Local Transportation, Insurance and Other Incidental Services

Item	Description	Qty.	Unit Price ¹	Total Price ¹
			Local Currency Portion	
		(1)	(2)	(1) x (2)
Total (to Schedule No. 5 Grand Summary)				

Code	Country

Name of Bidder

Signature of Bidder

Note: This Schedule will only cover items in Schedule No. 2. Since the named place of destination is the project site, the transportation costs for Schedule No. 1 items are covered under CIP and therefore should not be stated here.

Schedule No. 3. Installation, Commissioning and Training Services

Item	Description	Qty.	Unit Price		Total Price	
			Foreign Currency Portion	Local Currency Portion	Foreign	Local
		(1)	(2)	(3)	(1) x (2)	(1) x (3)
Total (to Schedule No. 5 Grand Summary)						

Name of Bidder

Signature of Bidder

Schedule No. 4. Maintenance and operation services for 1 year (including Mandatory Spare Parts)

Item	Description	Qty.	Unit Price		Total Price	
			Foreign Currency Portion	Local Currency Portion	Foreign	Local
		(1)	(2)	(3)	(1) x (2)	(1) x (3)
Total (to Schedule No. 5 Grand Summary)						

Name of Bidder

Signature of Bidder

Item	Description	Total Price	
		Foreign	Local
	Total Schedule No. 1.		
	Total Schedule No. 2.		
	Total Schedule No. 3.		
	Total Schedule No. 4.		
TOTAL (to Bid Form)			

Signature of Bidder

[illegible]

Signature of Bidder

Schedule No. 7. Technical Options

Item	Description	Qty.	Unit Price		Total Price
			CIP (foreign parts)	EXW (local parts)	
		(1)	(2)	(3)	(1) x (2) or(3)

Name of Bidder

Signature of Bidder

2. Form of Bid Security (Bank Guarantee)

[Bank's name and address of issuing Branch or Office]

Beneficiary: _____ [Name and address of Client]

Date: _____

BID GUARANTEE No.: _____

We have been informed that [name of the Bidder] (hereinafter called "the Bidder") has submitted to you its bid dated (hereinafter called "the Bid") for the execution of [name of contract] under Invitation for Bids No. [IFB number] ("the IFB").

Furthermore, we understand that, according to your conditions, bids must be supported by a bid guarantee.

At the request of the Bidder, we [name of Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [amount in figures] ([amount in words]) upon receipt by us of your first demand in writing accompanied by a written statement stating that the Bidder is in breach of its obligation(s) under the bid conditions, because the Bidder:

- (a) has withdrawn its Bid during the period of bid validity specified by the Bidder in the Bid Form; or
- (b) having been notified of the acceptance of its bid by the Client during the period of bid validity, (i) fails or refuses to execute the Contract Form, if required, or (ii) fails or refuses to furnish the performance security, in accordance with the Instructions to Bidders.

This guarantee will expire:

- (a) if the Bidder is the successful bidder, upon our receipt of copies of the Contract signed by the Bidder and the performance security issued to you upon the instruction of the Bidder; or
- (b) if the Bidder is not the successful bidder, upon:
 - (1) our receipt of a copy of your notification to the Bidder of the name of the successful bidder; or
 - (2) twenty-eight days after the expiration of the Bidder's Bid;Whichever is earlier.

Consequently, any demand for payment under this guarantee must be received by us at the office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458.

[signature(s)]

3. Form of Contract Agreement

THIS CONTRACT AGREEMENT is made the _____ day of _____, 20_____.

BETWEEN

(1) [Name of Client], a statutory body established under the Zambia Revenue Authority Act Chapter 321 of the Laws of Zambia and having its principal place of business at Revenue House, Kabwe Roundabout, Lusaka (hereinafter called "the Client"), and (2) [name of Contractor], a corporation incorporated under the Laws of [country of Contractor] and having its principal place of business at [address of Contractor] (hereinafter called "the Contractor").

WHEREAS the Client desires to engage the Contractor to design, manufacture, test, deliver, install, complete and commission certain facilities, viz. [list of facilities] ("the facilities") and the Contractor has agreed to such engagement upon and subject to the terms and conditions hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:

Article 1. Contract Documents

1.1 Contract Documents

The following documents shall constitute the Contract between the Client and the Contractor, and each shall be read and construed as an integral part of the Contract:

- (a) This Contract and the Appendixes attached hereto;
- (b) Bid and Price Schedules submitted by the Contractor;
- (c) Special Conditions of Contract;
- (d) General Conditions of Contract;
- (e) Technical Specifications and Drawings;
- (f) Procedures (as listed); and
- (g) Any other documents.

1.2 Order of Precedence

In the event of any ambiguity or conflict between the Contract Documents listed above, the order of precedence shall be the order in which the Contract Documents are listed in Article 1.1 (Contract Documents) above.

1.3 Definitions (Reference GCC Clause 1)

Capitalized words and phrases used herein shall have the same meanings as are ascribed to them in the General Conditions of Contract.

Article 2. Contract Price and Terms of Payment

2.1 Contract Price (Reference GCC Clause 11)

The Client hereby agrees to pay to the Contractor the contract price in consideration of the performance, by the Contractor, of its obligations hereunder. The contract price shall be the aggregate of: [amount of foreign currency in words], [amount in figures] as specified in Price Schedule No. 5 (Grand Summary), and [amount of local currency in words], [amount in figures], or such other sums as may be determined in accordance with the terms and conditions of this Contract.

2.2 Terms of Payment (Reference GCC Clause 12)

The terms and procedures of payment according to which the Client will reimburse the Contractor shall be as follows:
For Schedule No. 1 and Schedule No. 2

- (1) Ninety (90%) of the cost for Schedule 1 and Schedule 2 shall be paid through an irrevocable confirmed letter of credit opened in favour of the Contractor in a bank in its country, upon submission of the following documents:
 - Three (3No.) Originals and two (2No.) copies of the Contractor's invoice showing Goods' description, quantity, unit price, and total amount;
 - Original and two (2No.) copies of the negotiable, clean, on-board bill of lading marked "freight prepaid" and two (2No.) copies of the non negotiable bill of lading;
 - Two(2No.) copies of the packing list identifying the contents of each package;
 - Insurance certificate;
 - Manufacturer's or Contractor's warranty certificate; and
 - A Factory Operational Acceptance Certificate.
- (2) Ten (10%) percent of the cost for Schedule 1 and Schedule 2 shall be paid within thirty (30) days of receipt of the Goods upon submission of claim supported by the acceptance certificate issued by the Client.

For Schedule No. 3

- (1) Ninety percent of the cost shall be paid prior to commencement of the installation, commissioning and training upon presentation of a claim by the Supplier.
- (2) Ten percent of the cost shall be paid within thirty days of completion of installation, commissioning and training upon presentation of a claim supported by the completion certificate.

For Schedule No. 4

Payments shall be made within 30 days of presentation of an invoice after the services have been provided.

In the event that the Contractor demands an advance payment, it shall not exceed 10% of the cost and shall only apply to Schedules Nos. 1 to 3. The Contractor shall be required to provide an advance payment guarantee to the sum of the advance payment being claimed.

Article 3. Effective Date for Determining Time of Completion

3.1 Effective Date (Reference GCC Clause 1)

The time of completion of the facilities shall be determined from the date when all of the following conditions have been fulfilled:

- (a) this Contract has been duly executed for and on behalf of the Client and the Contractor;
- (b) the Contractor has submitted to the Client the performance security and the advance payment guarantee;
- (c) the Client has paid the Contractor the advance payment; and
- (d) the Contractor has been advised that the documentary credit referred to in Article 2.2 above has been issued in its favour.

Each Party shall use its best efforts to fulfill the above conditions for which it is responsible as soon as practicable.

3.2

If the conditions listed under 3.1 are not fulfilled within two (2) months from the date of this Contract notification because of reasons not attributable to the Contractor, the Parties shall discuss and agree on an equitable adjustment to the contract price and the time for completion and/or other relevant conditions of the Contract.

Article 4. Appendices

4.1

The Appendices listed in the attached List of Appendices shall be deemed to form an integral part of this Contract.

4.2

Reference in the Contract to any Appendix shall mean the Appendices attached hereto, and the Contract shall be read and construed accordingly.

IN WITNESS WHEREOF the Client and the Contractor have caused this Agreement to be duly executed by their duly authorized representatives the day and year first above written.

Signed by, for and on behalf of the Client

[Signature]

[Title]

in the presence of _____

Signed by, for and on behalf of the Contractor

[Signature]

[Title]

in the presence of _____

4. Performance Security Guarantee

_____ [Bank's Name, and Address of Issuing Branch or Office]

Beneficiary: _____ [Name and Address of Client]

Date: _____

PERFORMANCE GUARANTEE No.: _____

We have been informed that [name of Contractor] (hereinafter called "the Contractor") has entered into Contract No. [reference number of the contract] dated _____ with you, for the execution of [name of contract and brief description of Facilities] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we [name of Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [amount in figures] (____) [amount in words]¹, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee shall be reduced by half upon our receipt of:

- (a) a copy of the Operational Acceptance Certificate; or
- (b) a registered letter from the Contractor:
 - (i) attaching a copy of its notice requesting issuance of the Operational Acceptance Certificate; and
 - (ii) stating that the Project Manager has failed to issue such a Certificate within the time required or provide in writing justifiable reasons why such a Certificate has not been issued, so that Operational Acceptance is deemed to have occurred.

This guarantee shall expire no later than the earlier of:

- (a) twelve months after our receipt of either (a) or (b) above; or
- (b) eighteen months after our receipt of:
 - (1) a copy of the Completion Certificate; or
 - (2) a registered letter from the Contractor, attaching a copy of the notice to the Project Manager that the facilities are ready for commissioning, and stating that fourteen days have elapsed from the receipt of such notice (or seven days have elapsed if the notice was a repeat notice) and the Project Manager has failed to issue a Completion Certificate or inform the Contractor in writing of any defects or deficiencies; or
 - (3) a registered letter from the Contractor stating that no Completion Certificate has been issued but that the Client is making use of the facilities; or
- (c) the _____ day of _____, 20 _____.

Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date. This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458, except that subparagraph (ii) of Sub-article 20(a) is hereby excluded.

[signature(s)]

¹The Guarantor shall insert an amount representing the percentage of the Contract Price specified in the Contract and denominated either in the currency(ies) of the Contract or a freely convertible currency acceptable to the Employer.

5. Bank Guarantee Form for Advance Payment

[Bank's Name, and Address of Issuing Branch or Office]

Beneficiary: [Name and Address of Client]

Date: _____

ADVANCE PAYMENT GUARANTEE No.: _____

We have been informed that [name of Contractor] (hereinafter called "the Contractor") has entered into Contract No. [reference number of the contract] dated [date] with you, for the execution of [name of contract and brief description of Facilities] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum [amount in figures] (____) [amount in words] is to be made against an advance payment guarantee.

At the request of the Contractor, we [name of Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [amount in figures] (____) [amount in words] upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract because the Contractor used the advance payment for purposes other than towards the execution of the works.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Contractor via his or her account number _____ at [name and address of Bank].

The maximum amount of this guarantee shall be progressively reduced in proportion to the value of each part-shipment or part-delivery of plant and equipment to the site, as indicated in copies of the relevant shipping and delivery documents that shall be presented to us. This guarantee shall expire, at the latest, upon our receipt of documentation indicating full repayment by the Contractor of the amount of the advance payment, or on the _____ day of _____, 2 _____, whichever is earlier. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458.

[signature(s)]

6. Form of Completion Certificate

Date: _____

Loan/Credit No: _____

IFB No: _____

[Name of Contract]

To: [Name and address of Contractor]

Dear Ladies and/or Gentlemen,

Pursuant to GCC Clause 24 (Completion of the Facilities) of the General Conditions of the Contract entered into between yourselves and the Client dated [date], relating to the [brief description of the Facilities], we hereby notify you that the following part(s) of the facilities was (were) complete on the date specified below, and that, in accordance with the terms of the Contract, the Client hereby takes over the said part(s) of the facilities, together with the responsibility for care and custody and the risk of loss thereof on the date mentioned below.

1. Description of the facilities or part thereof: [description]
2. Date of completion: [date]

However, you are required to complete the outstanding items listed in the attachment hereto as soon as practicable.

This letter does not relieve you of your obligation to complete the execution of the facilities in accordance with the Contract nor of your obligations during the Defect Liability Period.

Very truly yours,

Title
(Project Manager)

7. Form of Operational Acceptance Certificate

Date: _____

Loan/Credit No: _____

IFB No: _____

[Name of Contract]

To: [Name and address of Contractor]

Dear Ladies and/or Gentlemen,

Pursuant to GCC Sub-Clause 25.3 (Operational Acceptance) of the General Conditions of the Contract entered into between yourselves and the Client dated [date], relating to the [brief description of the facilities], we hereby notify you that the Functional Guarantees of the following part(s) of the facilities were satisfactorily attained on the date specified below.

1. Description of the facilities or part thereof: [description]
2. Date of Operational Acceptance: [date]

This letter does not relieve you of your obligation to complete the execution of the facilities in accordance with the Contract nor of your obligations during the Defect Liability Period.

Very truly yours,

Title
(Project Manager)

8. Customs Enterprise Architecture

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8.1 Enterprise Architecture; a brief introduction

What is architecture?

There is no universal definition of architecture.

Some one-dimensional statements are: *"the complex structure of something"* or *"the art of designing and constructing buildings"* or, more relevant to this chapter, *"the conceptual structure and logical organisation of a computer-based system"*.

A high level definition is: *"Enterprise Architecture describes a system as a sum of smaller components and how those components relate to and co-operate with each other to perform the work of the system"*.

A more detailed definition is: *"Enterprise Architecture is the organising logic for business processes and IT infrastructure reflecting the integration and standardisation requirements of the firm's operating model"*.

Source: Massachusetts Institute of Technology (MIT): Centre for Information System Research

Enterprise Architecture aims at finding direct links between the business imperatives of the enterprise and the deployment of technology in order to achieve some kind of alignment between the two. This invariably leads to the possibility of putting resources to best use, 'doing more and better with what you have', and removing those resources that are not part of the solution.

The result of Enterprise Architecture is a streamlined and improved use of Information and Communication Technology in an organisation ensuring high-return-on-investment (ROI) and low-total-cost-of-ownership (TCO).

In the absence of an architectural solution, enterprises risk having:

- ICT solutions that are not directly meeting business challenges
- ICT resources being used sub-optimally with redundancies/ duplications in processes.
- The burden of maintaining infrastructure that plays little part in achieving key business goals.
- Little control over ROI or TCO.

Business is changing.

Customs Administrations are well aware of, and must be fully responsive to, the political imperatives of our times, notably the urgent need to address economic re-expansion, enablement of secure but hassle-free trade and the environment.

Customs can make major contributions to facilitating economic re-expansion through effective revenue collection and simple, effective, standard controls and procedures.

Security has added new, wide-ranging and urgent responsibilities to traditional Customs practice but these can be offset and made much more acceptable to traders if resulting border controls are focused, rationalised, standardised and co-ordinated.

Environmental protection, rising very rapidly in political ranking, is bound to bring its own set of border regulations and controls. It is vital that Customs minimise any potential cross-border trade constraints by optimal use of modern technology and uniform global standards.

All these considerations combine to give new weight and reality to the case and need for further Trade Facilitation without losing sight of the regulatory requirements. A possible architectural solution could be based on 'Single Window' oriented border control concepts.

Ever changing technologies

Not only is business changing but technology has changed and continues to change at a rapid rate. New technologies are helping Customs respond to new requirements and add new services and sometimes new users. Technology has become ubiquitous in our lives.

Political imperatives or new technologies can be the rational for Customs to re-engineer its business to keep abreast with these new developments and to provide added value.

Simply providing an electronic infrastructure will not be sufficient. Intelligent management of the infrastructure is a must. A unified approach to monitor the infrastructure and services proactively is essential. The ability to detect and identify a problem and its source without huge investment in human resources is a must.

Key component

Enterprise architecture has become a key component to control information and communication technology developments in many organisations by implementing a formal enterprise architecture process as part of the ICT management strategy. It must be said that although enterprise architecture is closely related to IT, it should be viewed in the broader context of optimisation of the business -business architecture- and process architecture.

Enterprise architecture needs to have a framework. This framework is a collection of tools, process models, and guidelines used to assist the architects with the establishment of the descriptions of organisation-specific architecture.

High quality documentation to actually capture architecture in written form may fulfil its purpose as a vehicle for communication. It may provide a unified design vision to all of the stakeholders of a development project.

Team work

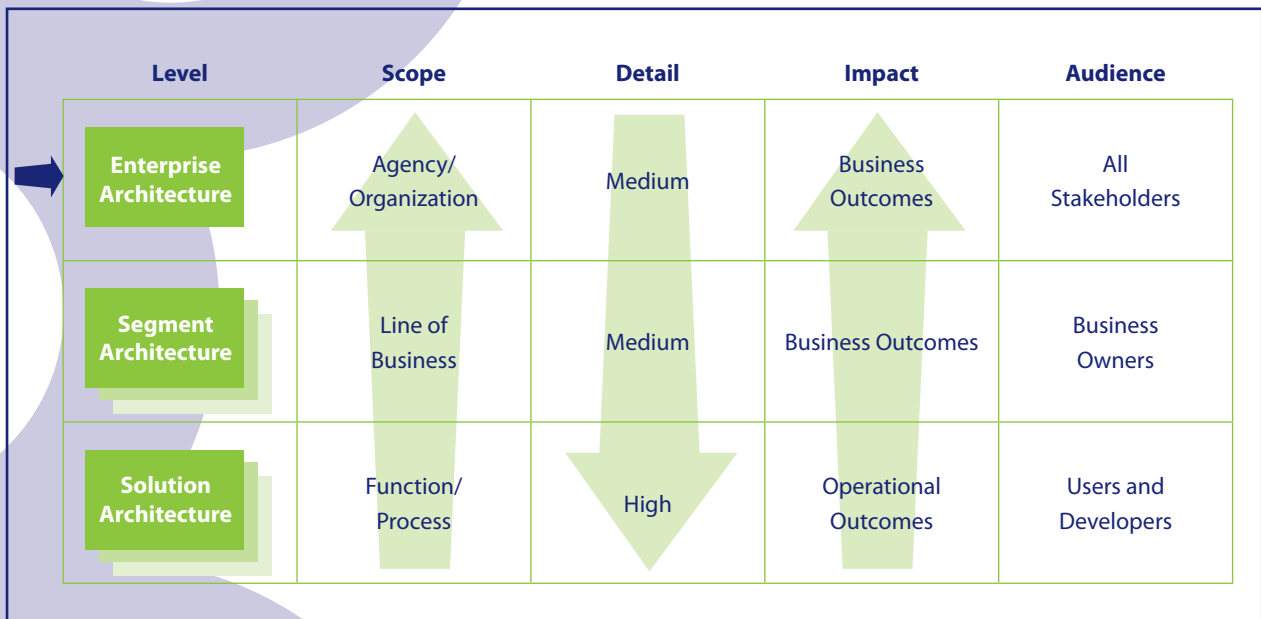
As is the case for all projects, an Enterprise Architecture development project needs a project team. Setting up an Enterprise Architecture Team from all business units involved is a delicate task. The big challenge is to foster acceptance of the Enterprise Architecture concepts and to build trust among the team members. This goal can be achieved through communication, repeated awareness-raising and constant monitoring of the ICT staff.

Finding good architects is a great challenge. They should have the ability to understand the culture of the organisation / administration, to understand where business/functional experts are coming from and what motivates them. Building and maintaining relationships is a very important goal.

It is advisable to give Enterprise Architecture projects lots of internal publicity to also emphasise the new level of sophistication, automation and process control. The role of the Enterprise Architecture Team should also be made extremely clear.. The Team should get involved in the strategic planning with business units. The Team should actually be engaged with the business experts / functional experts on how to get them where they want to go.

Creating an Architectural Steering Committee can be of great value specifically if more than one architectural project has been launched.

The place of Enterprise Architecture amongst other Architectures.



The place of Enterprise Architecture amongst other Architectures.

8.2. Re-engineering business processes and IT in Customs

Customs Administrations have to deal with continuous changes which have an impact on processes, organization, applications and technical infrastructure. It is essential to be able to adjust to these changes quickly and flexibly. The essential first step for establishing the direction in which an organization is heading is to create or update a strategic mission, vision and strategy. This information can be used to arrive at an overall strategic action plan containing projects which are distinct but which are described in broad terms. This has all been described in more detail in the first chapters of this Compendium.

However, in today's complex world, it is of vital importance for large organizations such as Customs Administrations to gain a more precise overview of the relatedness and impact of these distinct projects. There are too many goals, drivers and external influences which might interfere or conflict. Picking just one goal as the basis for starting a project may result in partial solutions, disinvestment and implementation problems during project execution.

This section describes an architecture-driven approach to getting from a strategic action plan to concrete projects that change business processes, organization, applications and technical infrastructure. In an Enterprise Architecture, the various projects are positioned and prioritized based on their relatedness and impact. Furthermore, this section emphasizes the role played by Information Technology (IT), which is a standard part of modern business. Enterprise Architecture deals with IT systems in such a way that the latter are used by the organization to support strategic goals and changes. With this in mind, IT should have a solid and permanent place in the strategic management of large organizations such as Customs Administrations.

Method framework

To gain maximum benefits, it is crucial that architectural design and the surrounding change-management and decision-making processes be closely linked. In the diagram below, a simplified framework is used to illustrate the approach:

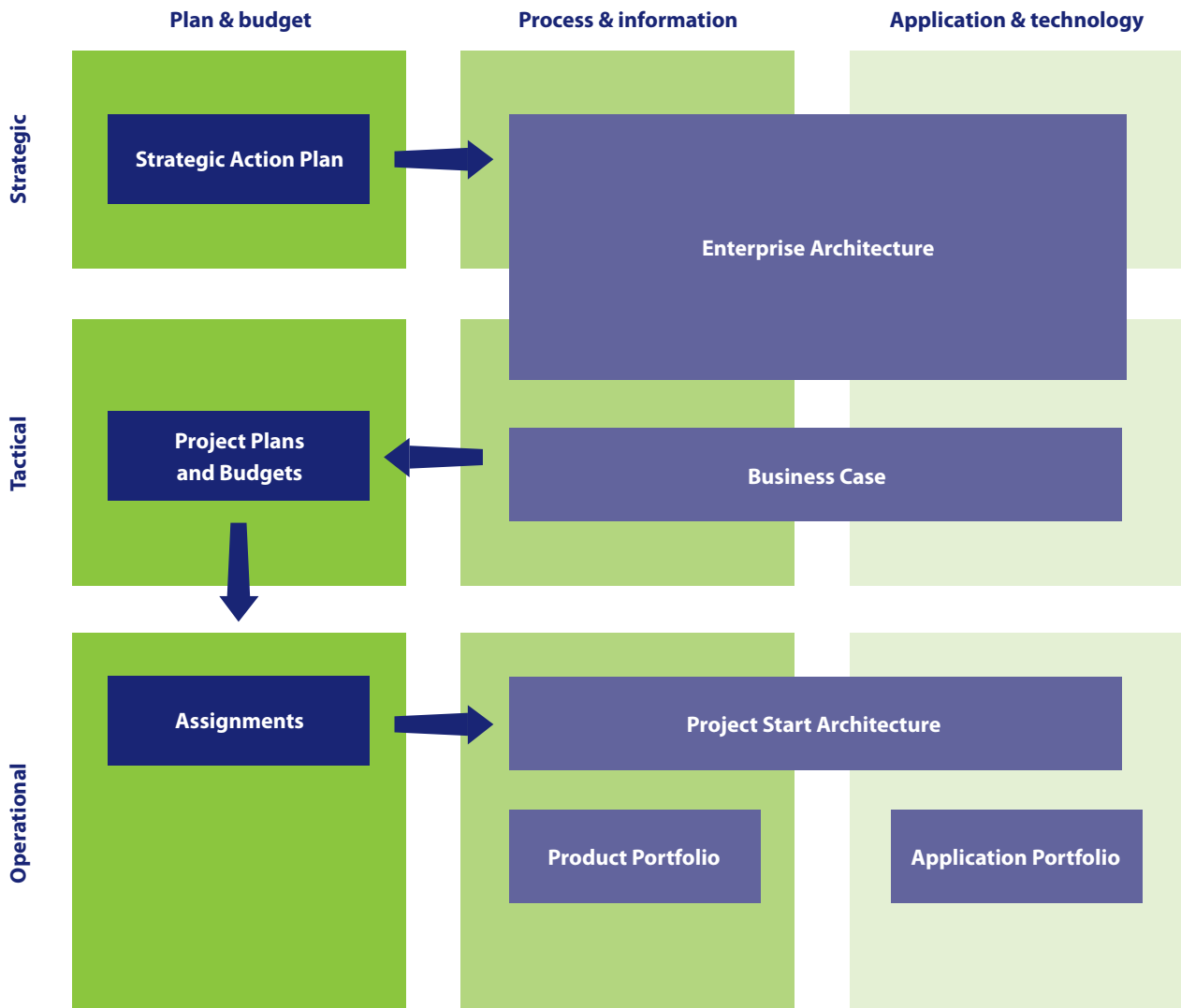


Figure 1: method framework

Key issues in this approach are:

- the notion of different levels (strategic, tactical and operational) with different time and scope perspectives, and the consistency between these levels (vertical)
- the notion of different aspects (plan & budget, process & information, application & technology) and the mutual alignment between these aspects (horizontal)
- the use of architecture to support strategic decision-making and to guide redesign and implementation projects

Levels

The first dimension of the method framework relates to the different levels.

At a *strategic level*, architecture is often called Enterprise Architecture. An up-to-date Enterprise Architecture can support management in their decision-making processes, and is also a tool to scope and guide projects. At the strategic level, it is possible with architecture management to:

- realize long-term goals;
- align changes in business processes, organization, IT applications and technology;
- combine changes and prioritize and sequence projects;
- divide the IT of a Customs Administration into multiple, autonomous areas to facilitate development;
- decide on high-level principles and make design decisions;
- indicate black spots and risks;
- indicate the impact of changes in legislation, milestones, and budgets.

At a tactical level, the Enterprise Architecture can be given more detail, covering the next 1-3 years. Furthermore, business cases and scenarios can be used as instruments to support decision-making for certain areas within the Enterprise Architecture.

At the operational level, assignments for projects are prepared and projects are executed. At this level, the role of architecture is mainly focused on feasibility and on guiding design and construction for a single project or change:

- supporting a business case before the project start;
- designing interfaces with related systems;
- usage of underlying technical infrastructure components;
- indicating project development risks and measurements.

Aspects

The second dimension of the framework relates to aspects.

The planning aspect is not directly part of the architecture, but is closely connected with it. It is almost impossible to derive the projects directly from strategic action plans. Doing so runs the risk that every action will result in an isolated, partial solution. Instead, it is better to start with the strategy, and then fill in the other aspects at the same level, before deriving the projects at the operational level.

The process and information aspect mainly focuses on the business side. The process aspect deals with the services a Customs Administration delivers to its external customers, the business processes that deliver these services, and the organizational structure. The information aspect deals with the information which is used internally and which is exchanged with external parties.

The application and technology aspect focuses on the IT side. It describes the applications or IT systems which support the business processes, and the technical infrastructure which is needed to run these applications.

Products

The third dimension of the framework relates to the various architecture products:

The main goal of an Enterprise Architecture is to act as a bridge between strategic choices and objectives on the one hand, and operational activities on the other. An Enterprise Architecture must provide an overview of all relevant aspects in order to support strategic decision-making.

It is good working practice to design and update the Enterprise Architecture periodically, for instance on a yearly basis. As part of this, goals, mission, vision and strategy are compiled and drivers and changes are identified.

Business cases are used to facilitate decision-making at a strategic or tactical level. In cases where the Enterprise Architecture is not up-to-date or lacks the right level of detail, these architecture products can be very helpful not only for decision-making, but also for inputting into the operational level.

Examples are investment decisions or make-or-buy decisions.

The Project Start Architecture aims to create a high-level design document which contains business needs on the one hand, and IT solutions on the other. A Project Start Architecture must be able to establish whether a required change is technically feasible and can be realized within the time and budget constraints.

It is good working practice to start designing a Project Start Architecture only when there is a project assignment and it is uncertain whether the required change is feasible.

The product portfolio is a catalogue of products and services the organization delivers, both externally to other organizations or customers, and internally to other business processes.

The application portfolio is a catalogue of applications currently in use by the organization. It can be used to gain a more detailed insight into the current situation, but also to flag end-of-life situations so that replacement or renewal can be planned in time.

8.3. Enterprise Architecture in Customs

This section describes in more detail a possible approach to building an Enterprise Architecture and when to do so.

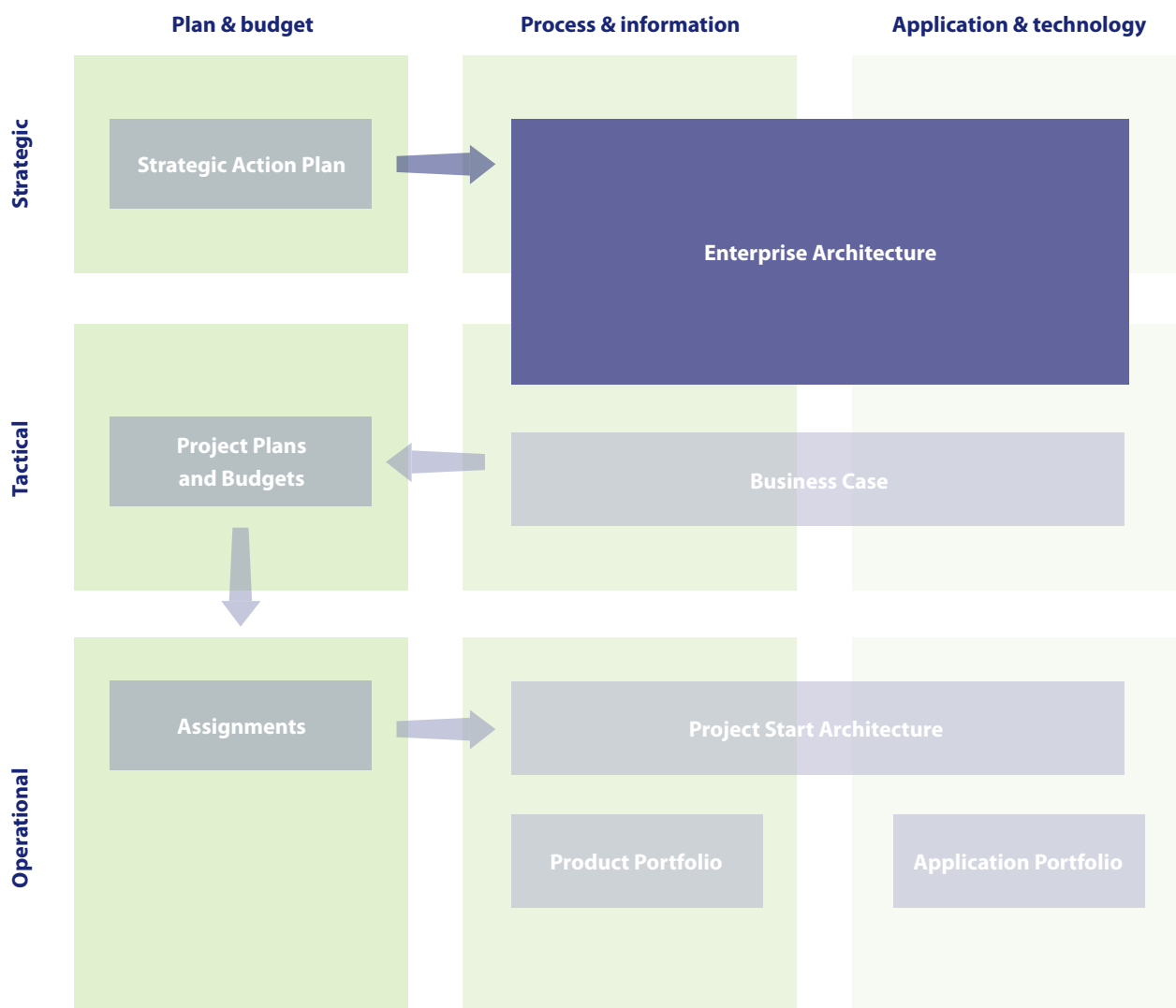


Figure 2: method framework - Enterprise Architecture

The main goal of an Enterprise Architecture is to act as a bridge between vision, strategic choices and objectives on the one hand, and operational activities on the other. In order to do this, an Enterprise Architecture must combine all the relevant aspects, at the right level of detail.

A commonly used definition of architecture is:

“The fundamental organization of a system, consisting of components, their mutual relations, the relations to the environment, as well as the principles that guide the design and evolution of the system”.

For Enterprise Architecture in Customs Administrations, this means:

“The fundamental organization of a Customs Administration, consisting of business processes, organizational entities, applications and technical infrastructure components, their mutual relations, the business services provided to the environment, as well as the principles that guide the design and evolution of the Customs Administration’s processes and applications”.

Several methods exist for setting up an Enterprise Architecture: TOGAF’s Architecture Development Method (ADM), Dynamic Architecture (DYA), Enterprise Architecture Approach (E2A), Enterprise Architecture Process Model, Federal Enterprise Architecture (FEA), etc. However, the approach chosen here is not to elaborate on one of these methods, but to briefly address the topics

which are generally included in any Enterprise Architecture.

Topics that need to be addressed in an Enterprise Architecture:

- Change drivers and requirements
- Vision
- Process viewpoint
- Information viewpoint
- Application viewpoint
- Technology viewpoint
- Roadmaps

Change drivers and requirements

An important input for an Enterprise Architecture are the changes or change drivers. Changes can be derived from objectives, and can be both internally and externally driven. At the level of an Enterprise Architecture, changes can be seen as the high-level requirements.

A possible way to determine the relevant changes needed is to examine the categories below:

Change category	Source(s)
Policy	Information from Government, Ministry, Customs on policy
Pull	Information from Customs on goals, drivers, strategy, new developments, problems and bottlenecks related to functionality
Push	Information on new developments and trends from customers, standardization organizations, market research organizations, IT vendors
Portfolio	Information from the IT department, end-of-life technology, problems and bottlenecks related to applications and technology

It is important not only to determine the changes needed, but also to analyse them:

- What will be the impact of these changes on the business processes, information, applications and technology?
- Which changes will affect the same process or application and should be combined?
- Are there conflicting changes?
- When should these changes be implemented?

An example of a change driver is the need to lower the administrative burden on traders. Analysis could result in exploiting documents and information already used by trade, in minimizing the amount of information exchanged between trade and Customs, in simplifying regulations, and so on. The results of the analysis can then be used to determine the high-level impact on business processes and applications and, finally, the projects that have to be started to implement these changes.

In an ideal situation, the Enterprise Architecture already in place is used to identify the impact of changes. When setting up an Enterprise Architecture for the first time, this is not possible and the impact should be based on experiences.

Vision

A vision provides an image of the desired future situation, expressed in the form of long-term objectives and general principles, and describes how the interests and objectives of the most important stakeholders will be served. The vision should focus on what one wants to achieve within the next 2-5 years.

The *strategy* of the organization is directly linked to the vision; it describes how the organization wants to move towards this future state. No single strategy fits all situations. However, a good strategy should address the transition from the current situation to the future situation (vision), and the diverse parts of the strategy should form a coherent whole.

Based on key stakeholders' wishes and on internal and external drivers, both the vision and the strategy can be updated by using the Strategic Management tools presented in earlier chapters of this Compendium. With this information, a Strategic Action Plan can be drawn up, containing the main strategic actions. This Action Plan provides the main input for the Enterprise Architecture.

Part of the vision consists of *principles*. Architecture principles are fundamental guiding statements or general rules that structure the way in which an organization wants to achieve its objectives. Every design decision in either the Enterprise Architecture or the Project Start Architecture should be validated against the principles.

There are many generic architecture principles in the literature. It is therefore not so much a matter of defining your own principles, as of selecting an appropriate set of principles that suits your organization and objectives.

The typical elements of a principle are:

- principle name – the name of the principle
- description – the statement of the principle
- rationale/benefits – the reasoning behind the principle and, where applicable, the traceability to business objectives
- impact – impact made by the principle

Regarding viewpoints: in a typical organization, there are many stakeholders with different roles and different concerns, i.e. top management is interested in long-term goals, business managers are interested in functionality and end-user support, IT managers are interested in standardization of technology, etc.

It is difficult to cater for all these stakeholders by means of a single design. Their interests are best met when the architecture is composed of different perspectives or viewpoints. This makes it possible to address the specific needs and requirements of different stakeholders and to communicate the architectural design in a way that is understandable to them. It is also a good way of avoiding describing everything in a single picture and thereby making a design unreadable.

Process view

The process view describes the business processes a Customs Administration executes to deliver services to its external customers, and the organizational structure of the enterprise.

Besides the primary processes, i.e. the processes that result in a product or service being delivered to the external customer, and that directly contribute to the mission and goals of the organization, it is also possible to distinguish secondary processes for internal use.

For example, the business area CARGO MANAGEMENT contains business processes related to the movement of goods, i.e. import, export, transit and warehousing. TRADER MANAGEMENT contains business processes that deal with trader licences and certificates, and inspection of traders' administrations.

Information view

The information view describes the information used within the organization, and the information exchanged with external parties. This view can also act as a glossary of terms.

For example, it can contain the definition of a DECLARATION, a TRADER, a LICENCE, etc.

Application view

The application view focuses on applications. At this level, an application is a piece of software which is meaningful for the end-user organization.

Typically, the application viewpoint could contain a set of architecture principles to guide design and construction, and landscape maps to give an overview of the current and future situation. The last section gives an example of how to construct a landscape map which can be used in this view.

		Business Areas				
		Cargo management	Tracer management	Risk management and intelligence	Data management	Support and other
Function areas	Information exchange	K				
	Risk assessment	L				
	Levy	A+D				G
	Support		E	L	F	H I
Data Areas	Declaration data					
	Tariff data	B				
	Tracer data	C				
	Employee data	J				

Figure 3 : example of a landscape map

Viewpoints are different perspectives of the same thing. It is therefore essential to keep the views in alignment. This means not only that the viewpoints can be related, but also that they have the same level of detail and the same time scope.

For example, it does not make sense to have applications which do not serve any business process. Consequently, it should be possible to link applications in the application view to business processes in the process view.

Technology view

The technology view deals with technical infrastructure components. Technology is not really specific to the Customs domain: every large organization which processes large amounts of data has to deal with technology issues which are more or less the same. The advantage of this is that a lot of generic technology products are available to support Customs applications.

The technology view can be split up into several technology areas, for example:

- network – connectivity, networking technology
- platforms – hardware and operating systems
- middleware – database management systems
- security – identification and authorization systems
- service management – service management tools, backup and recovery

Roadmaps

At this point, changes are identified and analysed, a vision is stated, and the high-level design and the guiding principles are described for all the aspects. The final step in constructing the Enterprise Architecture is to define roadmaps.

In this way, the architecture at a strategic level is an important input for action plans at a more operational level.

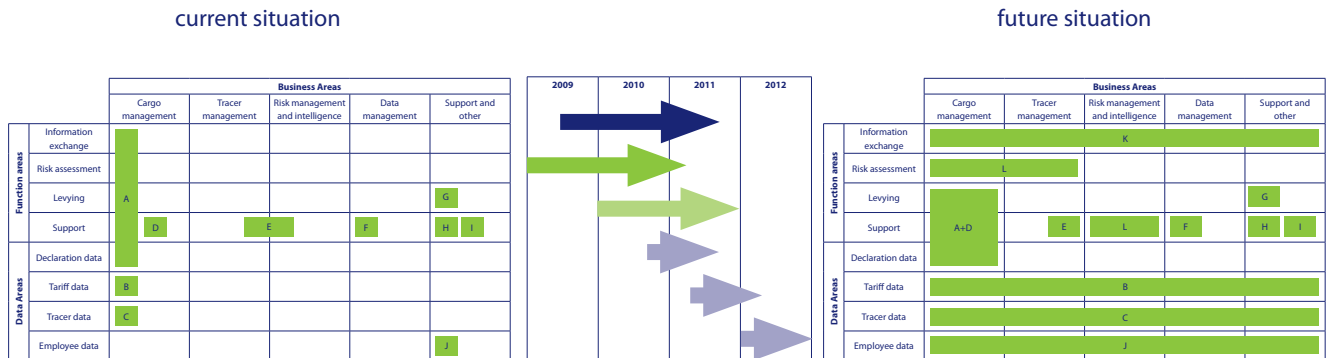


Figure 4: deriving roadmaps from landscape maps

For each business area, the projects that have to be started in order to implement the desired changes can be displayed in a high-level time schedule which includes milestones and dependencies with other projects. Every project should be explained in more detail, and a business case is probably needed to justify the investments. Then, when a project actually starts, a Project Start Architecture can be constructed to guide the project.

By way of example:

Projects in 2009

- start a project to purchase a new system L
- start a project to build a new system K

Projects in 2010

- continue with the implementation of system L
- start a project to combine system A and D
- start a project to extend system B

Projects in 2011

- continue with the project to combine system A and D
- continue with the project to extend system B
- start a project to extend system C

Projects in 2012

- continue with the project to extend system C
- start a project to extend system J

8.4. Business case

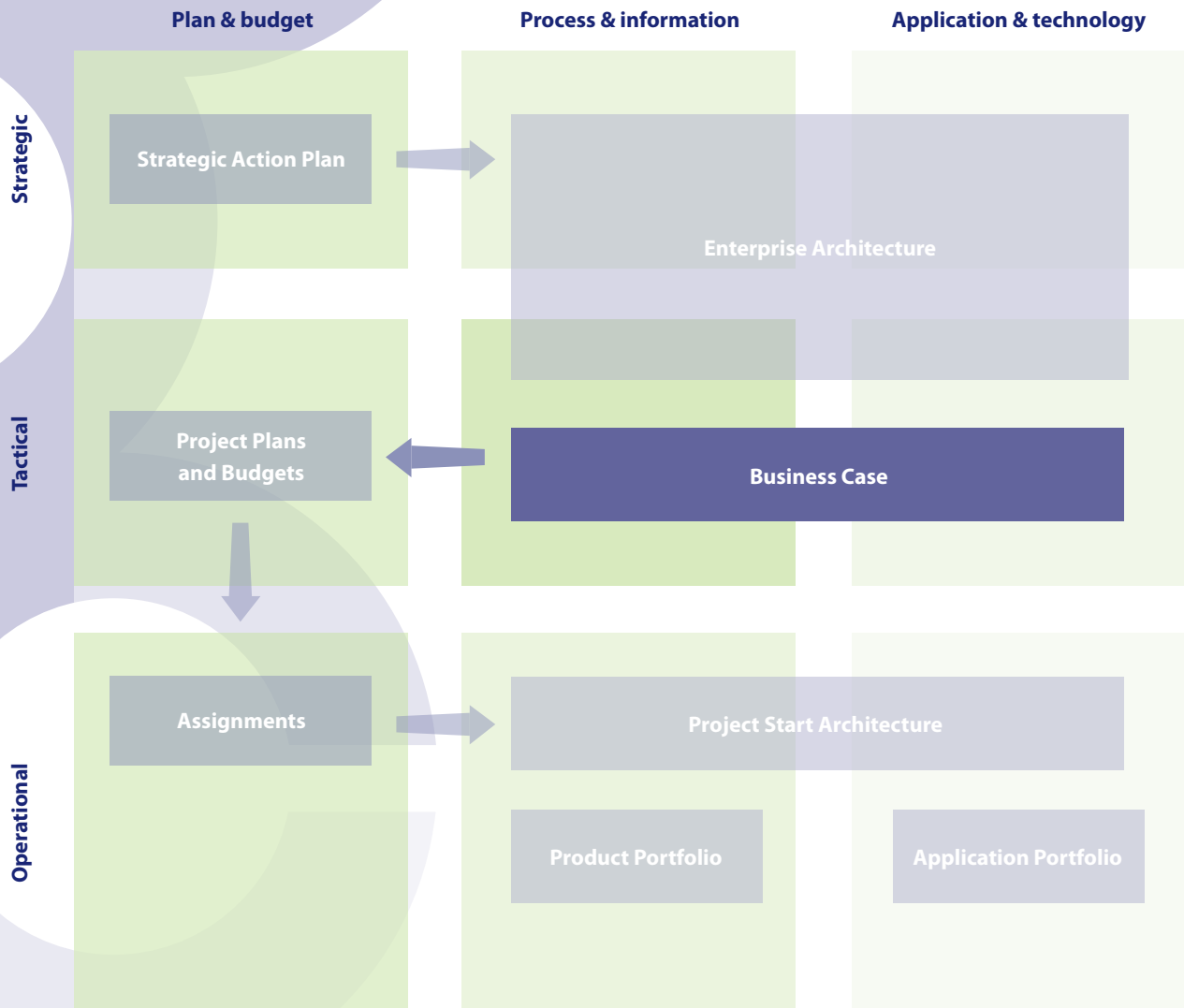


Figure 5: method framework – business case

One of the goals of the architecture is to support decision-making. An Enterprise Architecture is very useful for this at a strategic level. However, in order to decide whether to start a new project, it might be necessary to have more detailed information, or to work up more alternatives or scenarios before the project actually starts. In these situations, business cases are a good add-on to the Enterprise Architecture.

Business case

First of all, the proposed solution has to be described. An explanation should be given as to why this is the preferred solution at this time. If appropriate, alternatives should be described, with their advantages and disadvantages. This is very useful if there is more than one option to choose from but insufficient information at the Enterprise Architecture level to make a decision. An example of an alternative is when a re-use/buy/build decision has to be made.

Another alternative is to do nothing – for example, to defer the project for a certain period of time.

Projects have specific costs, benefits and risks. A business case can take these elements into account, and can be used to justify starting a new project. What are the costs of the project? Which benefits will the project have for the organization? What are the risks of the project?

- Costs mean all project-associated costs and the ongoing operational costs like licence and maintenance costs that will change as a result of the project. Describe the cost assumptions and the level of confidence in the estimates. Use total cost of ownership (TCO) analysis to ensure that all costs are recognized.
- Benefits are not only estimated savings, but also the project's contribution to business goals.
- Risks are related to successful implementation. The business case should describe the strategies to manage and mitigate risks.

8.5. Project Start Architecture

Assignments for projects are prepared and projects are executed at the operational level. At this level, the role of architecture focuses mainly on feasibility, on translating high-level goals into specific goals, and on guiding design and construction for a single project or change.

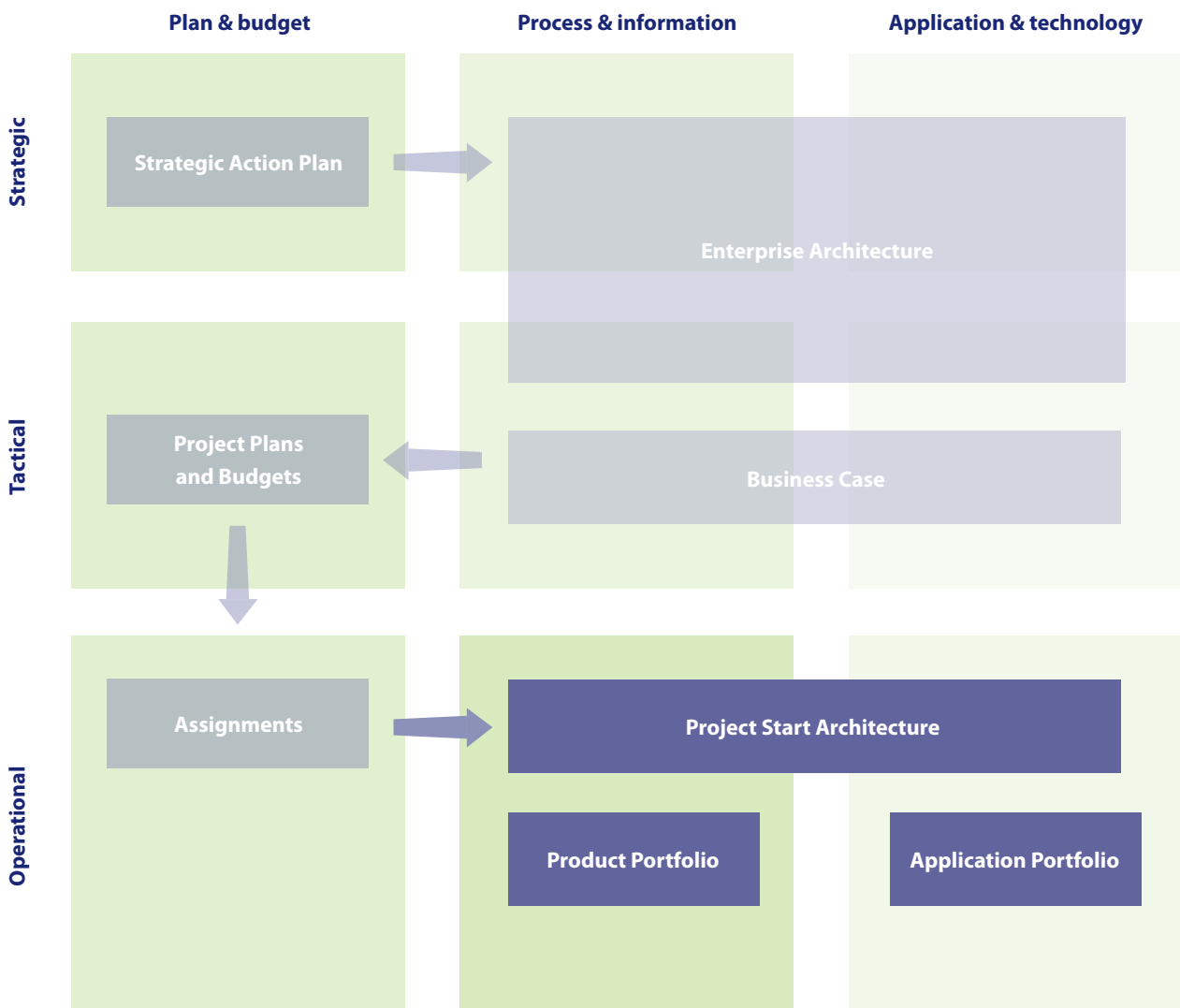


Figure 6: method framework - Project Start Architecture

To be helpful, a Project Start Architecture needs to contain 'just-enough, just-in-time' architecture. "Just-enough" here means that everything that is outside the scope of the project is not included in the architecture, and that the level of detail is sufficient to start and guide the project. "Just-in-time" means that the architecture is constructed just before the project is due to start. In this way, the architecture is always up-to-date when the project begins.

A Project Start Architecture contains project-specific information related to goals, scope and the assignment. As with the Enterprise Architecture, a Project Start Architecture also contains a holistic view of all relevant viewpoints.

8.6. Architecture usage in practice

In this section, some practical examples of using architecture are described.

Architecture principles

Examples of architecture principles:

principle name	AP.1 common use of applications
description	Development of applications that can be used enterprise-wide is preferred.
rationale/benefit	Business processes with strong similarities could be served by one application. This gives fewer applications in total. Also, common use leads to standardization within the organization.
impact	<ul style="list-style-type: none"> • Development of applications that can be shared should be planned. • Development of a new application is not allowed if an alternative is already available.

principle name	AP.2 common use of data
description	Data that is common to multiple business processes (for example trader information, tariff information) must be shared. Data is accessible for everyone within the organization with the right authorization.
rationale/benefit	Data is a crucial asset in executing business processes. Insufficient access to data leads to problems with efficiency and effectiveness.
impact	<ul style="list-style-type: none"> • One organizational unit should be responsible for the common data and its quality.

principle name	AP.3 applications are interoperable
description	Applications have the ability to interoperate with other internal and external applications.
rationale/benefit	Business processes are part of larger process chains which could be internal but also partially external. Within these chains, information is exchanged. The corresponding applications should facilitate this information exchange.
impact	<ul style="list-style-type: none"> • Use of open standards for information exchange. • The technical infrastructure should support interoperability with external entities.

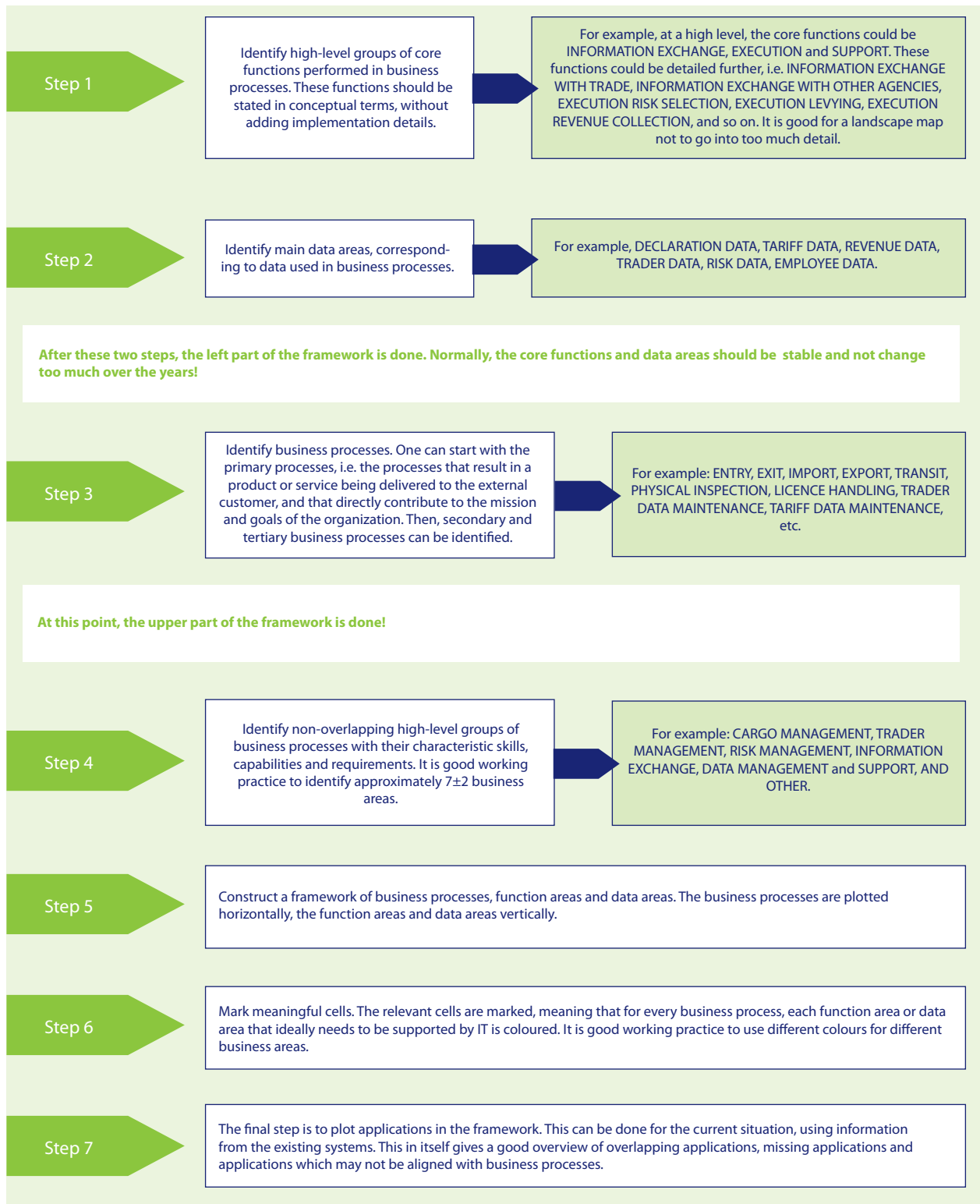
principle name	AP.4 re-use before buy before build
description	<p>Before a project is started, management decides whether to re-use, buy or build the solution, in that order.</p> <ul style="list-style-type: none"> • Re-use the existing solution if it is suitable or can be adjusted within the time and budget. • Otherwise, investigate buying a commercial solution if it is available. • Finally, build a bespoke solution if re-using and buying are not possible.

rationale/benefit	Using an existing solution is often easier and less time-consuming than developing a bespoke solution.
impact	<ul style="list-style-type: none"> • Buying a commercial solution often implies that processes have to follow the solution. • Commercial solutions should fit within the overall architecture to avoid isolated solutions.

Landscape maps

A typical Customs Administration uses many applications. It can be difficult to have an ongoing overview of these applications and their interdependencies. A very useful way to provide one is by using landscape maps. In a landscape map, business processes, function areas, data areas and applications are combined to give one high-level overview.

An overview landscape map could be drawn up using the following steps:



		Business Areas				
		Cargo management	Tracer management	Risk management and intelligence	Data management	Support and other
Function areas	Information exchange					
	Risk assessment					
	Levy	A				G
	Support	D	E		F	H I
Data Areas	Declaration data					
	Tariff data	B				
	Tracer data	C				
	Employee data					J

Figure 7: example of Customs IT landscape map

Landscape maps can be used to illustrate the current applications portfolio. In addition, however, landscape maps can be used to visualize change by using the same framework for both the current situation and the future situation. In such a case, future applications are based much more on architecture principles and high-level design decisions. Using the same framework means that both diagrams are comparable and give a good overview of necessary changes.

		Business Areas				
		Cargo management	Tracer management	Risk management and intelligence	Data management	Support and other
Function areas	Information exchange	K				
	Risk assessment	L				
	Levy	A+D				G
	Support		E	L	F	H I
Data Areas	Declaration data	A+D				
	Tariff data		B			
	Tracer data		C			
	Employee data		J			

Figure 8: example of Customs IT landscape map for the future situation

Compare and collaborate

The European Commission aims to improve the security of the external borders of the European Union and to facilitate trade. A network of all the EU Member States has therefore been established. As a result, the Customs organizations of the 27 Member States of the European Union have to act as if they form one virtual Customs. This network has been in place for many years, but new demands make further co-operation necessary.

In 2005, 10 Member States conducted a study called "Benchmarking Customs IT Architecture" to compare the current organizational contexts, business processes, systems and future ambitions of ten Member States. Enterprise Architecture ideas have been heavily used in this study. By making use of landscape maps, it proved to be possible to compare the current and future situation of different organizations at a high level.

These high-level overviews proved to be very successful, not only in providing a comparison, but also in benchmarking and identifying opportunities for collaboration. Organizations with the same problems can:

- start to jointly develop a new solution;
- incorporate the solution or solution design used by an organization which has already solved the same problem;
- fill in the framework with open-source or commercially available solutions.

It is important in this context that the landscape maps be comparable, i.e. preferably based on the same framework and level of detail, and with the same time scope.

Implementation of the WCO SAFE Framework of Standards

WCO Members have developed a regime that will enhance the security and facilitation of international trade: the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade. The WCO Framework sets out a minimum threshold of principles and standards for adoption by WCO Members.

Enterprise Architecture can be a helpful instrument to identify business processes and applications that have to be changed in order to comply with the standards, and to plan the changes. There is no single answer to what is the best way to implement the WCO Framework. The right steps depend to a very large extent on the organization's current situation, strategic goals and priorities. However, some practical guidelines can be given.

Step 1 - analyse the WCO Framework of Standards

An approach could be to implement the standards one by one. This may be possible for some standards, but for others there are interdependencies. The following tables therefore show implementation per business area, and the impact of each standard on the various business areas. In this way, changes can be combined and planned at a higher level, and implementation can be based much more on business processes.

WCO Standard	Business Area	Applications and/or Technology
1.1 Integrated Supply Chain Management	CARGO MANAGEMENT	CM.1 ensure the integrity of the consignment CM.2 consistent control standards CM.3 controls at departure
	RISK MANAGEMENT AND INTELLIGENCE	RM.1 risk-assess cargo movements, either based on shared risk profiles, intelligence and Customs data, or by verification of consignment integrity RM.2 risk-assess cargo movements for Authorized Economic Operators for simplified and rapid release procedures RM.3 collect and share intelligence information between Customs organizations in order to facilitate risk assessment
	TRADER MANAGEMENT	TM.1 sealing TM.2 Authorized Economic Operators TM.3 Authorized Supply Chain
	DATA MANAGEMENT	DM.1 store declaration data based on the WCO Data Model
	INFORMATION EX-CHANGE	IE.1 exchange Customs data IE.2 exchange risk information, intelligence information and Customs data between Customs organizations IE.3 exchange declaration data with traders based on the WCO Data Model IE.4 UCR
1.2 Cargo Inspection Authority	CARGO MANAGEMENT	CM.4 -
1.3 Modern Technology in Inspection Equipment	CARGO MANAGEMENT	CM.5 usage of non-intrusive inspection equipment to support inspection
1.4 Risk-Management Systems	RISK MANAGEMENT AND INTELLIGENCE	RM.4 automated system for risk selection to identify high-risk cargo and container shipments RM.5 collect and share intelligence information between Customs organizations in order to facilitate risk assessment (WCO Global Information and Intelligence Strategy)
1.5 High-Risk Cargo or Container	RISK MANAGEMENT AND INTELLIGENCE	RM.6 automated system for risk selection and risk profile management that can be used by all cargo-management and trader-management processes
1.6 Advance Electronic Information	INFORMATION EX-CHANGE	IE.5 need for computerization IE.6 Kyoto Convention ICT Guidelines IE.7 use of Economic Operators' systems IE.8 Electronic Data Exchange standards IE.9 WCO Data Model IE.10 digital signatures
	SUPPORT AND OTHER	SO.1 ICT Security SO.2 Capacity Building
	DATA MANAGEMENT	DM.2 data privacy and data protection
1.7 Targeting and Communication	RISK MANAGEMENT AND INTELLIGENCE	RM.7 standardized sets of targeting criteria
1.8 Performance Measures	SUPPORT AND OTHER	SO.3 keep statistical reports for performance measures
1.9 Security Assessments	CARGO MANAGEMENT	CM.6 conduct security assessments involving the movements of goods with other authorities
1.10 Employee Integrity	SUPPORT AND OTHER	SO.3 encourage employee integrity SO.4 training and skills

WCO Standard	Business Area	Applications and/or Technology
1.11 Outbound Security Inspections	CARGO MANAGEMENT	CM.7 perform security inspection on request
2.1 Partnership	TRADER MANAGEMENT	TM.4 -
2.2 Security	TRADER MANAGEMENT	TM.5 -
2.3 Authorization	TRADER MANAGEMENT	TM.6 -
	CARGO MANAGEMENT	CM.8 expedited processing of goods
	DATA MANAGEMENT	DM.3 keep a register with the AEO status of traders
	RISK MANAGEMENT AND INTELLIGENCE	RM.8 reduced risk-targeting assessments regarding cargo movements of Authorized Economic Operators for simplified and rapid release procedures
2.4 Technology	CARGO MANAGEMENT	CM.9 sealing CM.10 monitoring
2.5 Communication	TRADER MANAGEMENT	TM.x -
2.6 Facilitation	TRADER MANAGEMENT	TM.x -

Step 2 – make a note of all the implications per business area

The next step is to make a note of all the implications per business area and to determine what needs to be done. Basically, this is the same table as that above, but in a different order and with the addition of possible solutions.

Business Area	Implications	Solution
CARGO MANAGEMENT	CM.1 ensure the integrity of the consignment	Declaration Handling System
	CM.2 consistent control standards`	
	CM.3 controls at departure	
	CM.4 -	
	CM.5 usage of non-intrusive inspection equipment to support inspection	Inspection Work Order System
	CM.6 conduct security assessments involving the movements of goods with other authorities	
	CM.7 perform security inspection on request	
RISK MANAGEMENT AND INTELLIGENCE	RM.1 risk-assess cargo movements, either based on shared risk profiles, intelligence and Customs data, or by verification of consignment integrity	Risk Management System: <ul style="list-style-type: none"> • automated calculation of risk scores based on risk profiles • manual refinement of risk scores by Customs experts • automatically transfer of declaration data from declaration handling systems to calculate risk scores • define threshold scores to distinguish between no inspection, refinement by the expert and physical inspection • access to other data sources like the register of traders with AEO status to enhance risk profiles • access to cross-information • management of risk profiles
	RM.2 risk-assess cargo movements for Authorized Economic Operators for simplified and rapid release procedures	
	RM.4 automated system for risk selection to identify high-risk cargo and container shipments	
	RM.6 automated system for risk selection and risk profile management that can be used by all cargo-management and trader-management processes	
	RM.7 Standardized sets of targeting criteria	

Business Area	Implications	Solution
	RM.3 collect and share intelligence information between Customs organizations in order to facilitate risk assessment RM.5 collect and share intelligence information between Customs organizations in order to facilitate risk assessment (WCO Global Information and Intelligence Strategy)	Intelligence System: <ul style="list-style-type: none"> • data warehouse which stores declaration data, risk profiles, risk scores and inspection results in order to evaluate effectiveness and produce statistics • build up cross-information (positive history, negative history, intelligence information from other Customs organizations) to use in risk score calculation
INFORMATION EXCHANGE	IE.1 exchange Customs data IE.2 exchange risk information, intelligence information and Customs data between Customs organizations IE.3 exchange declaration data with traders based on the WCO Data Model IE.4 UCR IE.5 need for computerization IE.6 Kyoto Convention ICT Guidelines IE.7 use of Economic Operators' systems IE.8 Electronic Data Exchange standards IE.9 WCO Data Model IE.10 digital signatures	Portal/Gateway System: <ul style="list-style-type: none"> • direct trader input • XML / SMTP channels • validation of messages

Step 3 – determine dependencies between solutions

Possible dependencies can be visualized, simply by grouping the standards per business area. The areas affected the most are CARGO MANAGEMENT, RISK MANAGEMENT and INFORMATION EXCHANGE. Careful design and planning is needed here to get compliant solutions.

Another type of dependency is that between business areas. For example, standard 1.5 describes the need for an automated risk management system. Automated risk selection needs electronic declaration information in order to work. So a possible sequence is to start with a Declaration Handling System with direct trader input or manual input. Next is the introduction of a Risk Management System to automate risk assessment. Then, a Portal/Gateway System can be developed to retrieve more declaration data electronically and prevent manual input. And finally, an Intelligence System can be set up to improve risk assessment.

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9.1. Introduction to Human Resource Management

General introduction

The soft S's (skills, style, staff and shared values) are very important aspects of an organization – as stated in the “Strategic management” chapter of the CB Development Compendium (in the section on the 7 S's Model). A growing sense of the importance of human factors led in the latter half of the past century to the development of Human Resource Management (HRM) as an explicit discipline. After the introduction of the term HRM in 1965, Human Resource Management actually started to come of age in the 1980s. Nowadays, HRM is well developed and fully accepted worldwide as a standard management discipline in medium-sized and large organizations, such as Customs Administrations.

The way HRM is implemented and used by Customs Administrations can vary enormously, especially with regard to the importance of the role that HRM plays in the organization. Furthermore, there will be differences in the manner in which Administrations use the various elements of HRM. Overall, it can be stated that the key to a successful and efficient organization is to create coherence between the soft and hard S's of the 7 S's Model.

Many different perspectives and definitions of Human Resource Management can be found in the literature and are used by practitioners. In order to be able to work effectively on the topic of HRM, one needs to make sense of this ‘HRM chaos’. The WCO Capacity Building Compendium adopts the following HRM definition:

“Human Resource Management is about people. It is about guiding employees in such a way that they are willing and able to use their knowledge, skills and focus in the best possible way to serve the goals of the Customs administration”.

As is the case elsewhere, the Compendium will provide both theoretic models and descriptions, complemented by best practices from Customs Administrations worldwide.

A selection has been made of ‘major’ HRM topics, and this is presented in the model below.

The strategic role of HRM

As is true of many other topics in this Compendium, HRM should be given a strategic role within Customs Administrations, and therefore be an integral part of strategic management. This implies that:

1. In all strategic choices, the impact on human factors (the soft S's) is taken into account – and vice versa.
2. The global drivers of Human Resource Management in the organization are determined at the strategic level. This implies the existence of an HRM system with strategic as well as operational components.

Strategic HRM roughly defines the focus of the operational HRM policy and instruments. For example, if one of the goals of Strategic HRM is ‘a more flexible deployment of personnel’, the various HRM instruments must aim at that goal. This could result in aiming for flexible people when recruiting and selecting new staff, and in setting up job rotation systems. Another strategic focus for many Customs Administrations nowadays is to move from a physical process to an administrative process. These developments require a change of culture. A change of culture starts with recruitment, selection and induction of staff; staff appraisal and development are important tools to use with current staff.

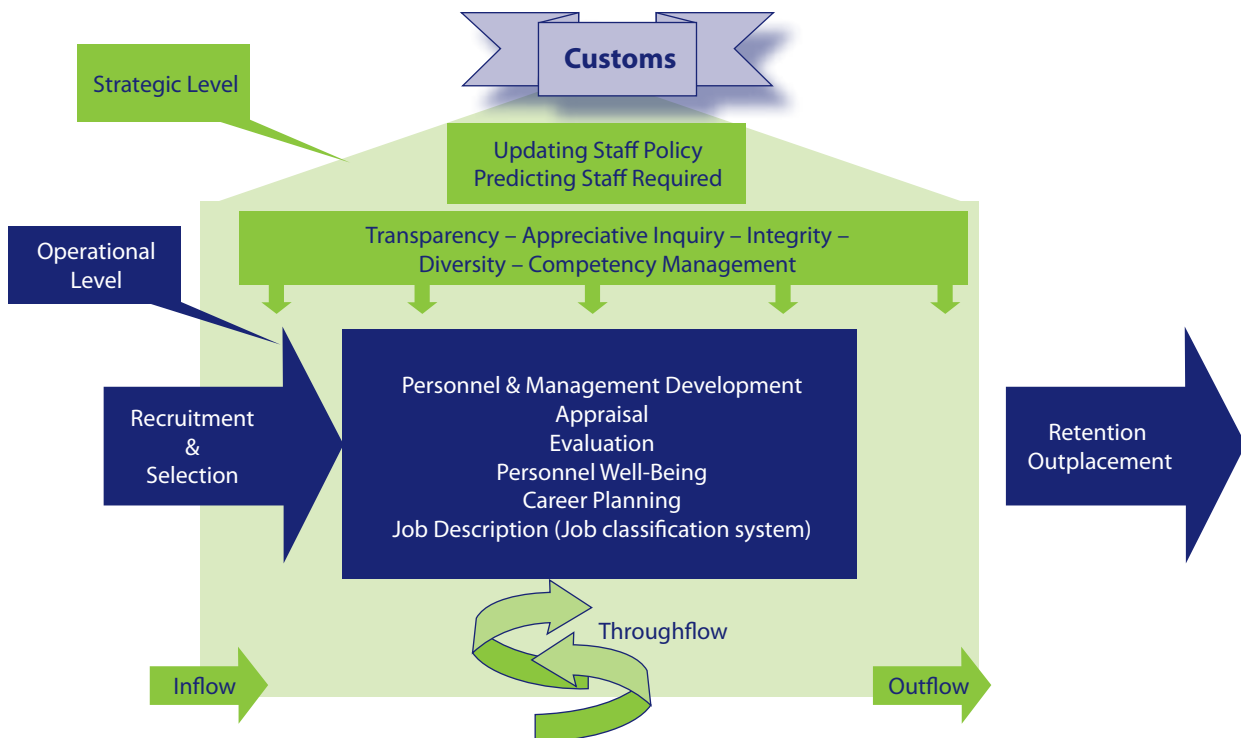
HRM: Line management or Personnel Department responsibility

It is management which is mainly responsible for achieving the general objectives and for safeguarding the continuation of the Customs organization. The calibre of the Human Resources Unit and social relations are of vital importance for achieving these goals. This makes HRM of strategic importance to the long-term success of the organization. This implies that line management is the main party responsible for HRM within the organization. The role of the Personnel Department is mainly about the provision of advice and about execution (operational).

Other HRM sections

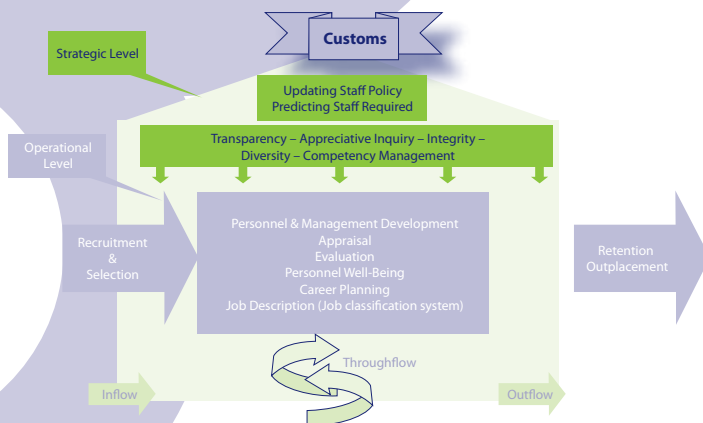
The HRM model described above will be dealt with in more detail in the sections below. The first theme deals with several important *overall strategic HRM principles*. These strategic HRM principles influence the various HRM instruments at the operational level.

Following on from this section on strategic HRM themes, the operational HRM instruments (as shown in the model) will be applied chronologically: first, the HRM tools required for staff joining Customs Administrations (*inflow*), then, the HRM tools required to direct and guide employees while employed by the organization (*through flow*) and until they leave (*outflow*).



The HRM Model of the WCO Capacity Building Compendium

9.2. Strategic HRM principles



The HRM principles

In this Compendium, the following strategic HRM principles are used and described:

- Transparency
- Appreciative Inquiry
- The learning organization
- Integrity
- Management of competencies
- Diversity

These principles can be considered as overall themes or characteristics that indicate how HRM is being used within the organization. They serve as guidelines and become visible in the actual HRM tools. In this section, all the strategic HRM principles are discussed, while in the subsequent sections, the operational HRM tools are discussed.

Transparency

Transparency is important for every organization and, in particular, for governmental organizations such as Customs Administrations. Transparency means being clear about your intentions and objectives; being clear about what you aim at, how you intend to achieve this and what the effects are. The aim of transparency is to gain confidence. The more open the organization is vis-à-vis its environment, the more the environment can trust the organization to act in an ethical manner. When an organization is not transparent, the environment can become mistrustful of it. Transparency is important for internal organizational purposes too. By being clear about its objectives and actions, the organization indicates it is open to discussion with its environment. This openness may result in a better understanding of the market, and can be used as a basis for continuous innovation. Transparency is important for all parts of the organization, including HRM. When using the various HRM tools, the organization should strive for transparency. For example, job applicants should be made aware of the selection procedures and next steps. Another example is that an employee should receive a document with topics for discussion before an appraisal interview, in order to better prepare for the discussion.

Appreciative Inquiry

Appreciative Inquiry (AI) was originally developed as a method of change management. The method involves participants focusing on organizational qualities, successes and opportunities. In contrast to the usual approach of focusing on problems, weaknesses and impossibilities, this method provides a completely different energy which is dynamic and positive. Moreover, extensive research shows that AI is by far the most effective method for obtaining results.

In this Compendium, the AI method is viewed as a method with a specific type of perspective. It is a way of approaching and working with people and the organization whereby mainly the strong points are discovered so that these can be used for future plans.

The principles of AI can be found in many HRM tools. In the appraisal interview, for example, it would mean that managers primarily focus on the strengths of the employee in order to develop these further. This does not mean that weak points, especially critical ones, are being ignored. It simply suggests that a focus on the strong points is beneficial for both the employee and the organization.

The learning organization

The characteristic of a learning organization is that it adapts to a changing environment. Adaptation not only requires learning new skills, but also a major effort in abandoning old routines. A learning organization constantly reorganizes itself in order to reach the intended objectives. It is important that the organization is given the freedom to do so by its management. In a learning organization, management plays a supportive and guiding role. In a learning organization, people are constantly trying to improve their capabilities (learning) in order to achieve what is really needed. In a learning organization, fresh ideas and ambitions are encouraged. The overall picture is constantly kept in mind. The extent to which an organization succeeds in learning is highly dependent on its organizational culture:

- A healthy tension between autonomy and authority – being able to guide or to be guided – is paramount.
- One of the characteristics of a learning organization is how it deals with mistakes. Too much attention on monitoring can lead to a fear of making mistakes. This is at odds with learning, which is about making mistakes.
- Learning is about creating knowledge. A learning organization is an organization in which employees share knowledge and learn as a corporate body.

Integrity

The public must be able to trust government. Without trust, the democratic constitutional State cannot exist. The public expects to be treated with respect. This means that government should maintain a high standard of integrity. A breach of integrity could undermine the government's authority. An organization whose objective is to maintain law and order, such as Customs, has specific responsibilities in this regard. Furthermore, Customs holds a monopoly position: dissatisfied members of the public cannot choose to go to another organization.

In addition to this, integrity plays a part in promoting compliance. This means that Customs' integrity contributes to the willingness of taxpayers to co-operate in the efficient and proper collection of taxes.

Integrity is a question of professional responsibility. An integrity policy should aim at enhancing the integrity both of employees and of the organizational context in which they work.

For many decisions and activities within Customs Administrations, one can clearly point out what behaviour is right and what behaviour is wrong. However, on many occasions, it is not a matter of black or white. In such cases, the employee is responsible for his/her integrity and must decide what conduct is appropriate. This can be hard at times, but transparency and communication with colleagues are essential. By explaining to each other how a decision is made, the decision can be tested: what is the opinion of my colleagues about this? Have I overlooked something? Does this fit in with Customs?

It is Customs' responsibility and role to support employees in their professional duties. The first thing to do is to set an example and to ensure that management actively promotes integrity. In addition, Customs should make sure that its employees are sufficiently trained and equipped for their jobs, and that working conditions and the working environment contribute to maintaining integrity.

For more information on the topic of integrity, please refer to the WCO Integrity Development Guide.

Management of competencies

The individual employee is quite important for the performance of Customs tasks. How do you, as a manager, clearly indicate what you want, and how do you, as an employee, clearly indicate what you actually do and what you want to do in the future? This means that employees' behaviour must be described and objectified as much as possible. This calls for a common language. For this purpose, a language of competencies, as described in the Dictionary of Competencies (DC) (Annex 25), may be used. When we talk of competencies, we refer to knowledge, skills, attitude and behaviour. Competencies are personal characteristics and skills used to achieve the desired result. This is about behaviour actually shown and not just about a person's intentions or

about the skills which are available to them but remain unused. Thus, an employee's described competencies are those which the employee demonstrates in his/her actual behavior.

In order to achieve these results, specific competencies are needed for each field of responsibility, each job and each role. Determining, assessing and developing the required competencies will lead to results-oriented action.

Diversity

Dealing with and managing diversity is important, both in the relationship between employers and employees, and in the relationship between taxpayers and government.

A diversity policy is a set of measures aimed at the recruitment, retention and mobility of target groups which (with reference to the various grades) remain under-represented in the workforce. Diversity includes the following:

- ethnicity,
- gender,
- Age.

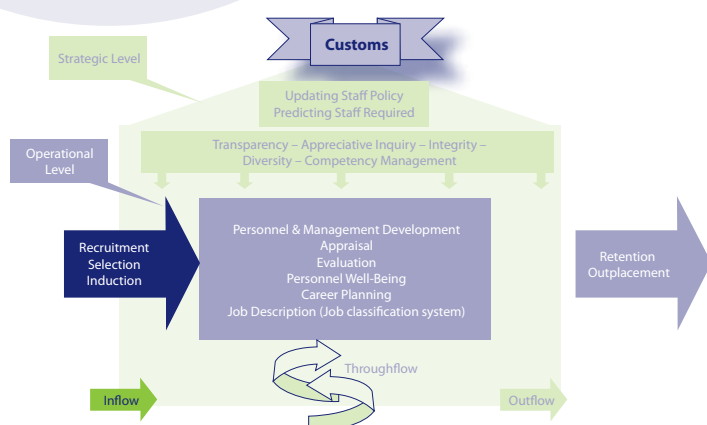
A well-considered diversity policy attracts and/or retains specific groups in the organization. The pursuit of diversity is not an end in itself, but a means of contributing to an optimally operating organization. Specific groups should not be promoted because they are different, but primarily because of their professional contribution to the organization.

The ultimate objective is that:

- The organization remains in touch with society. A way to do this is to ensure that our workforce reflects society, thereby enabling us to have sufficient knowledge of the environment we operate in;
- Employees are optimally deployed and enabled when performing their tasks, with their diversity and background used in a positive manner;
- A good position is achieved and maintained, in a job market that is characterized by diversity.

Organizations that value diversity put an active effort into getting and keeping a varied workforce and teach their employees and managers to work within that context. The idea behind managing diversity is to use the differences between people to create a productive environment where everyone feels valued, and where talents are fully developed and help the organization achieve better results.

9.3. Recruitment, selection and induction



Recruitment, selection and induction

When an organization needs clarity on the type of employees or competencies it currently needs and those it will need in the near future, it is advisable to have solid staffing policies which respond to these needs. Recruiting and retaining the right employees or competencies can be done in various ways. A decision can be made to develop the competencies of current staff

or – should that take too much time or be otherwise impossible – to recruit the required competencies from the labour market. This document emphasizes the latter option.

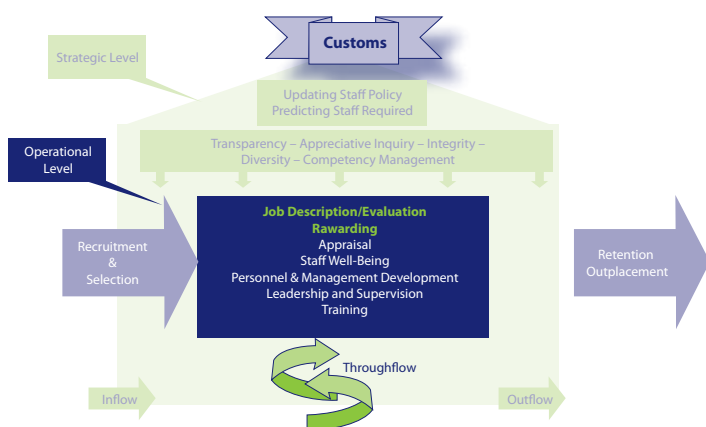
It is not obvious how to recruit, select and induct a new employee. The primary concern is to make sure that new staff is actually needed and, if so, the recruitment options which should be considered. *The Recruitment, selection and induction checklist (Annex 1) might be very useful and also refers to a number of other Annexes for further information.*

A properly functioning recruitment system offers the opportunity to select the right people for the right job. The purpose is to provide Customs Administrations with the required competencies, taking into consideration both short-term and long-term planning. Because recruiting new staff often involves large investment, it is important that the candidate fits into the organization not only now, but also in the future. On most occasions it is not easy to predict how a new employee will develop over time. However, some practical recruitment tools can be used to deal with such unpredictability. A set of tools is presented in the following pages.

Where to find staff

- First, give your own staff the opportunity to apply for the job. Publish the vacancy, for instance, in your in-house magazine. In-house recruitment promotes mobility and flexibility. See also the *Job application form for internal candidates (Annex 7)*.
- Advertise the post in a newspaper or professional magazine. Decide on which papers and magazines are read by your target group. Options: professional magazines, regional/national newspapers, specific job vacancy papers, school newspapers, etc.
- Use agencies for temporary personnel or selection of personnel.

9.4. Job description and job evaluation



The job classification system

The organization should be structured in such a way as to achieve the optimal performance of tasks so that the targets, results and impacts set for the organization can be achieved as efficiently and effectively as possible. An important element of the organizational design is the job classification system; this is the coherent system of jobs that are required in order for all the tasks to be performed properly.

It is important to have a good description of this part of the internal organization. The following items are included:

- Job description
- Job evaluation
- Job classification system and staff establishment
- Organizational design (organization chart)

Job description

A job description is a written account of the contents of a specific job. A job is the composite of tasks assigned to an employee by the competent manager, i.e. the tasks an employee has to carry out.

It is best to write a job description in general terms. If the descriptions are general in character, this enables the Customs Administration to limit their number. The basic idea behind a system of job descriptions is to create a logical order and overview of all existing jobs and tasks in the organization and to combine this with a reward system. If the individual job descriptions are written down in excessive detail, this leads to too many and one creates a "jungle" of job descriptions which is unmanageable. Furthermore, when a job description is overly detailed and an employee switches tasks, the job description also needs to be altered. More general job descriptions provide more opportunities and more flexibility for (slight) alterations of tasks. The basic principle for drafting job descriptions is therefore to create general descriptions when possible, and specific descriptions only if the nature of the tasks makes this necessary. However, care should be taken not to make the descriptions so general that they fail to be distinctive enough.

The purpose of a job description includes the following:

1. To establish the salary grade for the job (see also National best practice in the Finnish Customs Service, Annex 28);
2. To act as a reference for assessing employee performance (see also the chapter "[Appraisal](#)");
3. To determine the need or desire for development and career planning;
4. In the context of organizational changes: to help decide whether a particular job will again be part of the new organization and/or will be made to fit the organization;
5. To act as an instrument for recruitment and selection (see also the chapter "[Recruitment and Selection](#)").

The use of the *Job description checklist* (Annex 4) will be very useful for drafting the descriptions.

Annex 19 contains a Job description case study which can be used as a template when deciding how to write a job description.

When a job description has been defined, it is advisable to regularly check the specified content against what the job actually involves in daily practice. A good time to review any developments is during the appraisal and job evaluation interviews. In this way, the content of the job description is checked yearly for accuracy so that it reflects the tasks actually performed. Should the job evolve in a way which is regarded as desirable by both parties, and to such an extent that the specified job content needs to be adjusted, the job description may be rewritten so that it fits with the actual tasks carried out.

The WCO PICARD Programme developed common standards targeted at the professionalism of Customs. The standards are being used by the academic world to develop educational programmes which provide professional qualifications for Customs staff to BA and MBA level. Though designed to meet academic requirements, the standards for strategic and operational Customs managers in the WCO publication "PICARD Professional Standards" can, with minor adjustments, also be used as the basis for job descriptions for Customs recruitment to deliver well-balanced management teams.

The "PICARD Professional Standards" can be accessed at the following link:

http://www.wcoomd.org/home_wco_topics_cboverviewboxes_programmes_cbpicardoverview.htm

All existing jobs in the Customs Administration are laid down in a job classification system (see below) and must be described and assessed.

Job evaluation

The employee receives remuneration (salary) which depends on the importance of the job and the tasks actually assigned. The scope of the job is determined by job evaluation. In general, job evaluation is carried out by an HRM professional in consultation with the (line) management. Job evaluation is a procedure to rate jobs in your organization. This is done on the basis of agreed job descriptions. The following elements of the job description are important:

- Job content
- Required level
- Work relations

When (several) jobs in the organization have been evaluated, these jobs may be used as standard jobs for the rating of other jobs. This helps to develop a job evaluation system.

In order to increase the flexibility of your organization, to create possibilities for employee self-development, and to ensure that the reward system remains orderly, transparent and manageable, you might group the jobs in your organization into “individual” or “cluster” jobs (see also *National best practice in Dutch Customs on clustering jobs* (Annex 20)).

Job classification system and staff establishment

A job classification system contains all the jobs in an organization.

The job classification system and the personnel budget lead to staff establishment. The staff establishment contains the number of employees per job.

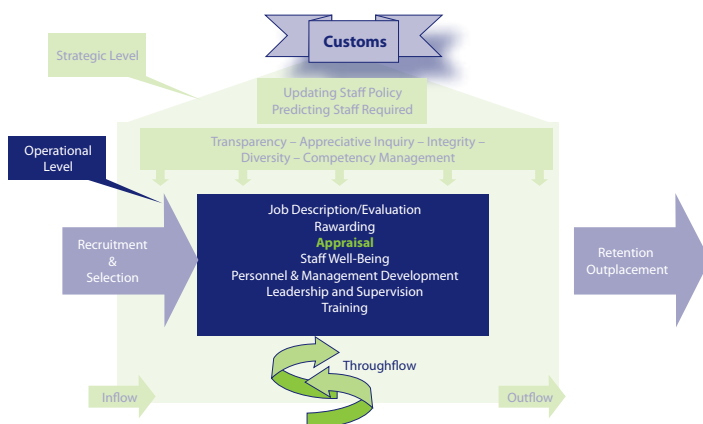
In order to achieve a better understanding of the jobs, their aims and interconnections, a more extensive staff establishment report may be drawn up, containing:

- The organizational structure, illustrated by means of an organization chart in which the hierarchical and functional structure of the organization is clearly defined;
- The aim of the organization (significance, raison d'être and operations). The objectives may be subdivided;
- The activities carried out by the organization to achieve its objectives, making a distinction between tasks that directly contribute to the primary processes of the organization (i.e. which focus on the realization of its aims) and the tasks that are important for the way the organization operates or that support its primary processes;
- The relations between the organization's internal units and external organizations;
- General information necessary for a good understanding of, and insight into, the organization. For instance, such information could specify the facts or conditions which determine the nature of the work climate in the organization (such as special conditions under which the work has to be done).

Organization chart

An organization chart provides a visual image of the hierarchy, jobs/job groups and relationships within a Customs Administration. Although it provides only a general snapshot at a given moment in time, it does give a very quick overview of the specific way that the jobs are organized and linked together. The *Model organization chart* in Annex 18 gives an example of how an organization chart is structured.

9.5. The appraisal process



The appraisal process

This process includes the appraisal interview and the job evaluation interview. These are both important tools for staff development and career planning, as well as for setting the direction for achieving the required organizational results and effects. As such, the two types of interview are of great value to both employees and employers. They are instruments for the manager and the employee to discuss development opportunities in relation to Customs' goals. During the interviews, an assessment should be made of how the development of competencies has contributed (or should contribute) to better results, as the achievement of corporate goals should always be the starting point for the development of competencies.

In order to focus the interviews on the achievement of objectives, it is necessary to use clearly defined objectives that can be divided into operational goals at the individual level. Managers should become skilled in working with these goals so that there is a clear relationship between the latter and employee performance. Managers could therefore be offered training to enhance their appraisal interview skills.

The appraisal process has four key elements:

1) *Goals and results:*

Measurable, clear goals are a condition for having employees who achieve measurable results;

2) *Employee's level of responsibility:*

To be able to take proper action in response to positive or negative feedback, employees must have the proper authority and responsibility needed for their tasks;

3) *Drive:*

In order to understand why a person wants to achieve a set of goals, it is necessary to discuss what makes that person perform optimally;

4) *Personal development:*

Willingness to learn and develop personal skills is a very important prerequisite for improving work performance.

Usually, one or two job evaluation interviews are held during the year, followed by an appraisal interview at the end of the year. It is important to ensure that all these interviews are conducted at regular intervals.

Furthermore, it is important to keep a record of the interview, summarizing the latter and including its outcomes and goals, in the employee's personal file. All the documents recorded should be signed by both the manager and the employee. The interviews are key to reviewing improvements in employee performance over longer periods of time. In the case of employees who cannot meet the requirements, the personal file is of great importance, since it constitutes a fairly objective record of employee performance.

Job evaluation interviews

During the year, job evaluation interviews are held between the manager and employee in order to monitor employee performance. If necessary, agreement can be reached about the support or training needed in order to achieve the intended results. Besides this, future career opportunities and career aspirations can be discussed. In fact, anything influencing the performance of the employee can form the subject of discussion. It is important that both the manager and the employee properly prepare for the interview, since both parties benefit from a thorough and clear discussion of the employee's performance and development.

The *Job Evaluation Form (Annex 21)* can be used to prepare for the job evaluation interview.

The interviews are conducted to make clear to the employee where he stands and to offer him the opportunity to improve his performance during the period before the next interview. They also offer the opportunity for the employee to address matters that are important for his performance.

A record of the *Job Evaluation Form (Annex 21)* can also be kept in the personal file.

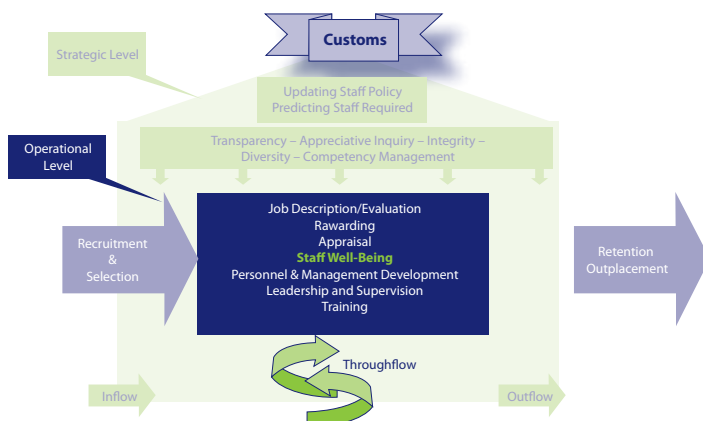
The appraisal interview

An appraisal interview is used to look back on a specific period and to make arrangements for the coming period. The appraisal interview usually does not take much time, since any important matters over the past period have probably already been discussed during the progress discussions between manager and employee. However, the manager in particular should prepare for the appraisal carefully. For the employee, much depends on the interview (salary increase, promotion, etc.). This in itself is an indication that the manager is the one who does most of the talking (in contrast to the progress discussions that take place during the assessment period). The manager has to judge the quality of the work and the extent to which the employee has reached the agreed targets. To enhance the effectiveness of the appraisal interview, managers can use the *Appraisal interview checklist* (Annex 22) when preparing for the assessment. When the appraisal interview is over, they can use the *Appraisal Form* (Annex 23) to record what has been agreed.

Dictionary of Competencies

The interviews are used to look at employee behaviour when performing daily tasks. The assessor can use the *Dictionary of Competencies* (DC) (Annex 25) to determine which competencies are reflected in that behaviour. Studying the descriptions of the various competencies at the beginning of the appraisal period will help to determine in advance the issues which merit special attention. Examples of behaviour help to provide the proper feedback. The DC helps an employee to see what behaviour is expected. The employee is able, using the job profile, conversations with his manager and the practical examples in the DC, to establish which type of behaviour is desired and which is not. The DC can be of specific use in supporting the performance and development of the employee.

9.6. Staff well-being



Staff well-being

This area considers the following three topics:

1. Equal labour rights
2. Safe working environment
3. Dealing with harassment

In this chapter, these will be discussed in greater detail.

One important remark should be made in advance. Equal labour rights, a safe working environment and dealing with harassment are all vital and basic elements for providing a safe and pleasant working environment. The way these subjects are discussed in this Compendium is directly linked to international standards set by organizations such as the United Nations and the WCO. Although, in practice, the specific implementation of these elements depends heavily on the legal framework of the home country, Customs Administrations can play a leading role in this area: they can constantly strive to enhance the conditions

in their organizations that improve staff well-being and, in doing so, set a good example to other organizations and society.

Equal labour rights

Labour rights or workers' rights are a group of legal rights and claimed human rights which relate to labour relations between employees and employers. In general, these rights are about payment, benefits and safe working conditions. Key issues are:

- Everyone has the right to work, to free choice of type of employment, to fair and favorable work conditions and to protection against unemployment.
- Everyone without exception has the right to equal pay for the same work.
- Everyone who works has the right to just and favorable remuneration, ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- Everyone has the right to form and to join trade unions for the protection of his interests.
- Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

The ILO (International Labour Organization) and several other groups have adopted international labour standards to establish legal rights for workers across the world. Recent efforts have also been made to encourage countries to promote labour rights at the international level through fair trade.

Safe working environment

In a healthy and safe working environment, employees run no unnecessary physical or mental risks.

In the office, for instance, this means: a properly adjusted chair and desk, a properly positioned computer monitor, and a balanced workload. If the employee works on a construction site, on the road or at sea, he should have access to personal means of protection, know how to use them, and be clearly notified about unsafe areas. A safe and healthy workplace also means the employee not being exposed to violence. Violence can be verbal, physical or mental (threats, intimidation) or take the form of sexual harassment. If this is hard to avoid, the employer should take steps to reduce the risks as much as possible.

The employer ensures that the employee is able to perform his tasks without running avoidable risks. Such risks can be both physical and mental. For instance, an employee is at mental risk when the work pressure is too high or when he is being bullied. The employer makes an inventory of the risks and describes the measures needed to avoid or, at least, limit them.

The employee can contribute to this too – not least by following the employer's guidelines. When an employee is given personal means of protection, these should be used. Furthermore, the employee can contribute by taking part in training on health and safety in the workplace. An employee can report unsafe situations to the employer. As soon as an employee encounters aggression, violence or other undesirable conduct, they should report this immediately to the manager. An employee should also immediately report physical or mental complaints arising from his work. A solution can be found jointly with the manager, or the service responsible for working conditions can be requested to do a workplace inventory.

The employer makes personal means of protection available to the employee if health and safety risks cannot otherwise be avoided. Personal means of protection is the gear an employee carries or uses to protect him at work (for instance, earplugs if the employee works in noisy conditions). Naturally, the use of personal means of protection is in the interest of the employee.

An employee may suffer from complaints in the shoulders, neck and arms when working with a computer. It is very important that the workplace is set up properly. Pay attention to:

- the arrangement of the furniture
- the positioning of the monitor and the monitor itself (reflection and readability)
- lights and blinds
- posture
- Work atmosphere, the number of tasks assigned and control of work pressure.

Dealing with harassment

Improper conduct is behavior towards others that is not common to an ordinary (amicable) relationship. Examples include:

1. Discrimination
2. Sexual harassment
3. Bullying
4. Threats, aggression and violence.

Gossiping and spreading rumors are also examples of unwanted conduct. What is experienced as undesirable conduct may vary: what some may think of as just a joke will be offensive to others. The employer's task is to pursue a policy to prevent and avoid undesirable conduct.

Discrimination

Discrimination means making offensive remarks, or giving (potential) employees an advantage/disadvantage, based on:

1. race
2. creed
3. skin color
4. descent
5. nationality or ethnic origin
6. gender
7. sexual orientation.

Indirect remarks can also be offensive. This type of behavior often negatively influences the employee's performance and the work atmosphere within the organization.

Furthermore, Customs Administrations should strive to judge (potential) employees on their competencies and not on specific characteristics which are not relevant to the task.

Sexual harassment

Sexual harassment consists of:

- 1 unsolicited sexual approach
- 2 requests for sexual favors
- 3 other verbal, nonverbal or physical sexual behaviors at work.

Examples are touching, or sexual jokes and remarks. This type of behavior often affects an employee's performance and leads to an intimidating, unpleasant or completely hostile work atmosphere. This may lead to stress and even to calling in sick.

Bullying

In contrast to innocent teasing, bullying is aimed at hurting or harming someone. An example is hiding a colleague's tools so that they cannot meet production demands. Recent types of bullying are cyber bullying and publishing (edited) images or videos on the internet. Bullying is often anonymous and done sneakily. This often causes extra stress for the victim. Anyone could fall victim to bullying.

Threats, aggression and violence

Threats, aggression and violence can occur internally (in the organization) and externally (outside the organization).

Sometimes, conversations or contacts with clients become threatening, aggressive or violent. This is very disagreeable for the employee involved. Being confronted with aggression or violence is no fun. A situation may be laughed about later on but, at the time, the employee should be on his guard. It is necessary to maintain behavior which is as correct as possible in order to avoid an escalation of the situation. For instance, this could mean remaining polite and composed, not getting bogged down in discussion, or being clear about what you can and cannot do to solve a problem. However, aggression and violent incidents cannot be avoided at all times. Customs, too, sometimes has to deal with clients who use aggression or violence to put (a high degree of) pressure on a Customs officer. For instance, this could involve putting pressure on the officer in order to speak to someone immediately, to avoid making payment or to reverse other decisions. This takes place in every society and, of course, is encountered by Customs also – especially as it deals so closely with fraud. In major fraud cases, aggression and violence come

to the surface sooner. Sometimes, an individual will pull out all the stops to put pressure on a Customs officer. One should not forget, either, about aggression at the counter.

Some types of threat, aggression and violence are more apparent than others. Incidents in which employees are held at gunpoint, taken hostage or fall victim to vandalism stand out more than others. For a good understanding of threats, aggression and violence, it is important to know that these can take many shapes, all of which can be equally offensive. Examples are:

- physical violence: hitting, kicking, pinching, beating, groping, spitting, scratching, taking hostage, wrecking furniture or personal possessions;
- mental violence: provoking, bullying, irritating, bothering, nagging, tormenting, threatening with retaliation and pressurizing;
- verbal violence: cursing, screaming, abusing, threatening to attack;
- sexual violence: blatantly staring at body parts, touching buttocks or breasts, sexually assaulting, raping;
- indirect violence: violence against family members or threatening to commit such violence.

Of course, each type of violence has many variations. No two incidents are the same. Nor does everyone experience violence in the same way. What one person perceives as 'noisy muttering', may be intimidating to another. Perception of violence can be the subject of discussion, but can never be up for discussion. However, certain incidents will be perceived by everyone as equally threatening. In these incidents, 'instrumental aggression' is often used. This is aggression which is used to get something done or to safeguard personal interests. From practice, it is known that certain taxpayers know how to put pressure on others ways which do not involve being aggressive. However, this can have the same far-reaching consequences as the abovementioned types of aggression and violence.

What actions can employers and employees take?

It is desirable for the employer to formulate a policy on preventing undesirable conduct by employees. The policy could include:

- Prevention:

Unwanted conduct can be prevented by discussing the subject, the work environment, standards and values, and the workplace setup;

- Information:

Providing good information about the subject and about Customs policy in this area, including information about the confidential work counselor and about the complaints procedure regarding undesirable conduct (including the complaints committee);

- Confidential counselors:

Anyone who experiences undesirable conduct can turn to a specially appointed confidential counselor. The latter's tasks are described in the Complaints Procedure on Undesirable Conduct;

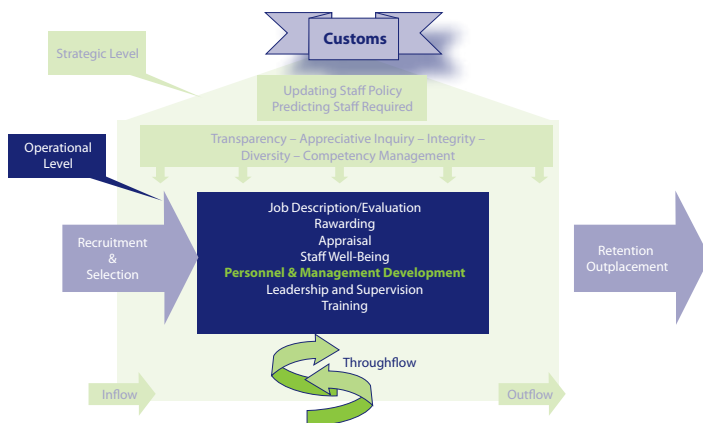
- Sanctions:

Measures such as a warning, a negative entry in personal records or a transfer when someone demonstrates undesirable conduct. These can be both preventive and corrective.

The employer can take preventive measures against threats, violence and aggression by refusing to provide personal details of employees to third parties, taking material precautions and training employees on how to deal with aggression or violence. A condition is that these measures be taken seriously by both management and staff. If an incident takes place, a procedure is launched to ensure that the victim is cared for, including follow-up care. For example, psychological care can be offered. It is advisable that each organizational unit have a manual for dealing with aggression or violence. Another possibility is for the employer to set up a team providing a victim support service. The team would support employees who had, for instance, suffered threats, aggression or violence.

An employee could be clear about which type of conduct is acceptable and which is not; he/she could talk to the colleague concerned about his conduct or file a complaint with his superiors. But if he/she is unhappy doing that, other possibilities exist, such as contacting a confidential counselor. In some cases, the employee might report the incident to the police. He/she should be aware; however, that bringing a false charge also constitutes a type of undesirable conduct.

9.7. Personnel development, career planning and Management Development



Personnel development and career planning

Personnel development

In order to keep up with the constantly changing demands of its surroundings and stakeholders, Customs Administrations need to permanently enhance their standard of professionalism in-house. They need to ensure that personnel development (their human capital) is a permanent and stable factor within their organization; it goes hand in hand with organizational development.

Personnel development is fundamental to organizational development. However, it also plays an important role in personnel motivation and engagement. Practice shows that personnel motivation is only marginally influenced by financial reward, as long as employees are not being paid less than the market rate. The factors that most influence motivation and engagement are being able to make concrete contributions to organizational developments, and having opportunities for personal and career growth. Personnel development serves both these goals.

More highly motivated employees are worth more to the organization because they provide higher quality and quantity and tend to be committed to the organization more firmly and for longer periods.

Career planning

A specific form of personnel development, besides that provided through a variety of training and educational programmes, involves switching between jobs or tasks. This could be seen as practical capacity building. When an employee switches to new tasks, this calls for new behaviors and new competencies. For Customs Administrations, it may also be very useful to stimulate career switches: horizontal career moves broaden the perspectives and capacities of the employee, and bring fresh viewpoints and energy to the job itself. In addition to this, stimulation of vertical career moves results in new leaders permanently being developed. This is of great importance because, like every big enterprise, Customs Administrations permanently have to deal with the outflow of high-quality leaders and staff.

Personal Development Plan

A good instrument to stimulate and regulate both personnel development and career planning is the Personal Development Plan (PDP). A PDP is an agreement between the Customs Administration and the employee about his/her personal development. The employee is responsible for his/her own development, and the Customs Administration facilitates it with time and finances. Working with a PDP helps to focus and work on personal ambitions and goals and to match these to the goals and ambitions of the Customs Administration.

The PDP is created jointly by the employee and the (HR) manager. In fact, it is a sort of development contract. The PDP takes into account several important factors:

- The long-term goals of the Customs Administration
- The current and future job requirements
- The current role of the employee
- The career wishes of the employee
- The current competencies of the employee
- The desired development of competencies of the employee

When preparing a PDP, the employee has to ask himself introspective questions such as: “What am I good at?”, “Which are my weakest points?”, “What successes have I achieved in the (recent) past?”, “What is my personal vision for Customs and my work?”, etc.

In order to ask questions which go into more depth and to look for answers, the employee could make use of a personal SWOT analysis (see also the earlier chapter on SWOT analysis in this Compendium). Besides maybe helping the employee answer these questions, the manager needs to state the goals, interests and opportunities relating to the Customs Administration.

In follow-up meeting(s), the two have to compare these personal points against the opportunities within the organization, and agree upon the development journey that the employee will undertake. That journey might include several possible paths. The employee could:

- Work on personal development to raise his/her professional standard in order to perform the current task more effectively and energetically,
- Make a temporary sideways move, such as working on a project or working in a different team for an interim period,
- Leave the present job permanently and make a horizontal move to a different job in the Customs Administration,
- Take a vertical step to a higher-grade technical or management job,
- Decide to leave the Customs Administration to fulfill a different role in a different organization.

All of these paths are possible outcomes. But regardless of the step taken by the employee, it must be the result of a thorough introspective and interactive process, in which personal and organizational goals and interests have been taken into account.

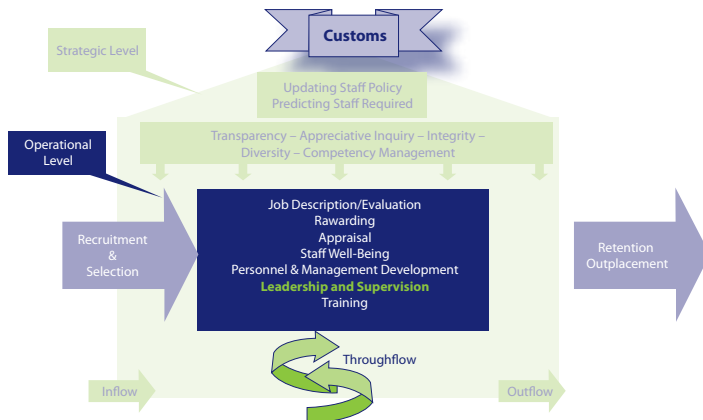
Ideally, the PDP is a document which is developed on an ongoing basis. When it is first written, it may result in certain actions, and at some point in future (in one or two years’ time) it is rewritten – after all, personal and professional circumstances constantly change. It may be worthwhile to distinguish short (one-year) and long-term (between one and five years) development goals in the PDP.

Annex 27 contains the PDP format used in the Dutch Tax and Customs Administration.

Management Development (MD)

PENDING

9.8. Leadership and supervision



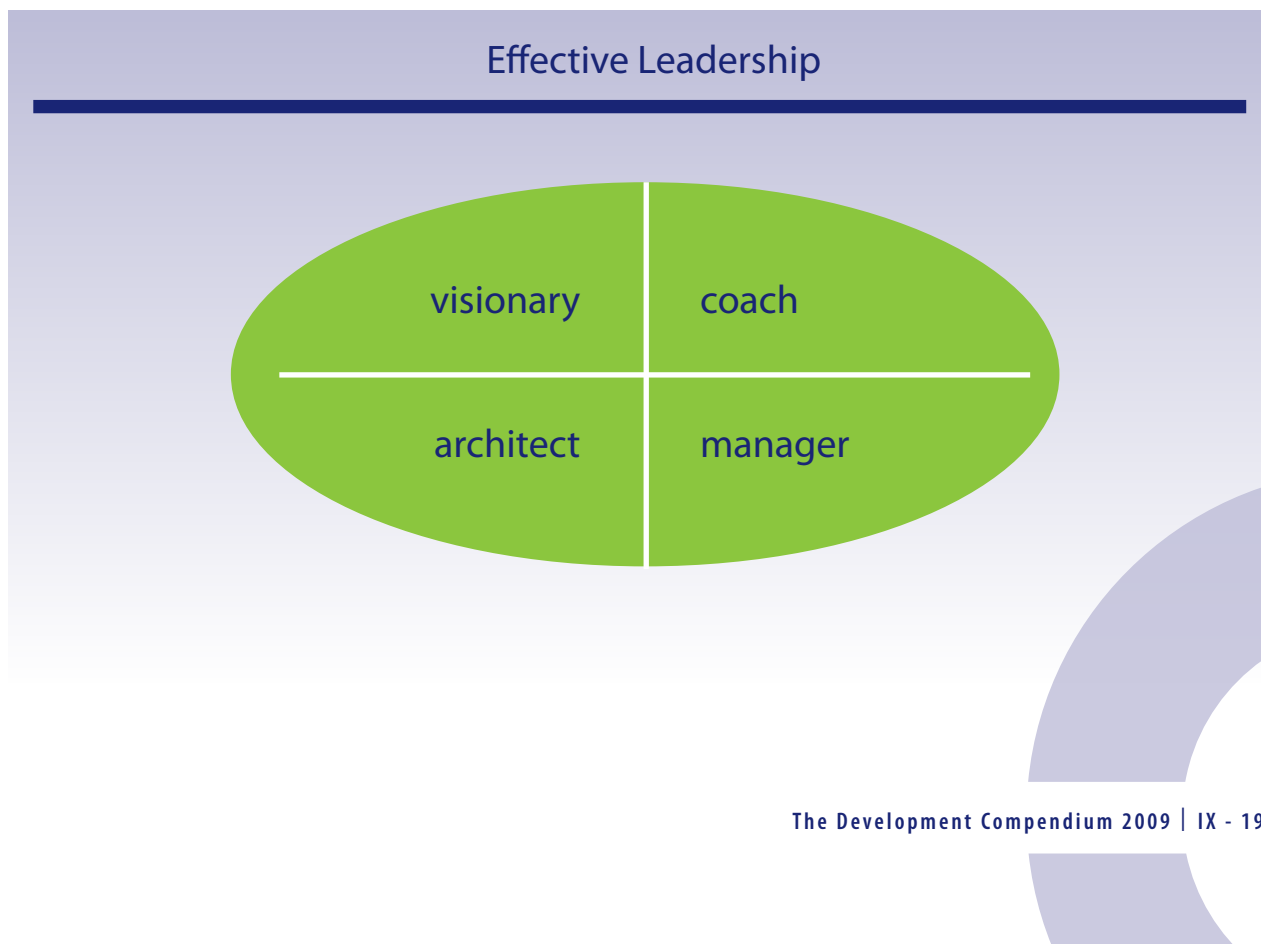
Introduction

Leadership is a topic on which a huge amount of literature has been produced over the past decades. Many different management experts have developed theories and concepts on what leadership essentially is all about, what makes a person a good leader, how leaders could become better leaders, etc.

In this Compendium, one specific leadership concept has been chosen to explore in more detail. This concept has been chosen because of its simplicity, its applicability and its user friendliness. It has been successfully implemented in several of the world's Customs Administrations. An important aspect of this concept is that managers look at their own personal and leadership style – for instance, in workshop sessions – and discover how to improve their performance as a leader.

The model consists of four distinctive roles:

- Visionary
- Manager
- Architect
- Coach



Model of effective leadership

Changing circumstances

All leaders encounter different situations in their daily work. For instance, one might start the day by chairing a meeting with colleagues who are also leaders. This requires some preparation on the content of the meeting and on the agenda; it also means steering the meeting itself, both in terms of content and, especially, of process. After the meeting, the same leader might have a large meeting with his staff, in which he will present the new strategic direction of the Customs Administration and the implications for his team. Obviously, this requires different behavior from the person in question. Besides good preparation, it will require mostly good communication skills.

The main message to be drawn is that different circumstances require different behaviors if one are to be effective. If an individual uses the same skills or behavior types in all situations s/he encounters, s/he will not be able to achieve the optimum result in that situation.

The model of effective leadership contains four distinctive roles which stand for different types of behavior and, in fact, for different ways of steering a situation in the desired direction. Each role will be explored in more detail in the following sections.

The role of Visionary



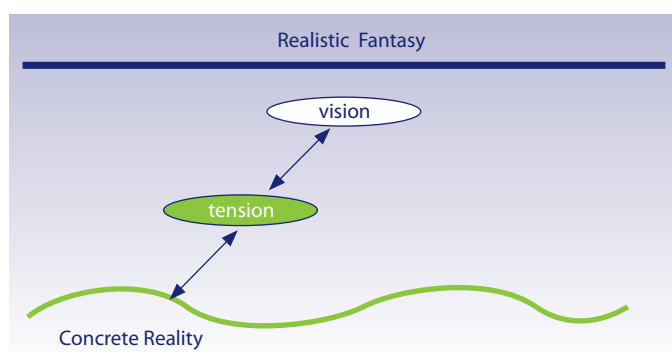
When a leader takes on the role of Visionary, s/he is occupied with what will be needed in future, and with creating and communicating a vision of what that future situation should look like. This vision should be somewhat like a realistic fantasy: it is a fantasy because it is imaginary and exists merely as mental words or images. There will always be a degree of tension between vision and reality. The trick is to let that tension be just big enough to give the vision its motivating power. As shown in the image below, one might imagine a piece of elastic connecting the vision and the reality; if the vision is too removed

from reality, the tension becomes too great and the elastic will snap.

On the other hand, if the vision is too close to reality, there will be no tension in the elastic; it will hang loosely and consequently the vision will have no power to motivate the people to whom it is presented.

The visionary leader should be able to create a vision which is powerful but also, as importantly, to communicate this vision. A good leader has the ability to create a personal vision which incorporates his/her own ideas, plus have the skills to bring it to the attention of all concerned. Furthermore, the vision should facilitate dialogue or interaction, i.e. it should not mean merely sending out a message.

Many people believe that the role of Visionary is primarily the domain of strategic leaders. This is not the case. The visionary role is a role which should be taken on by managers at all levels in the hierarchy, from the operational to the highest strategic level.

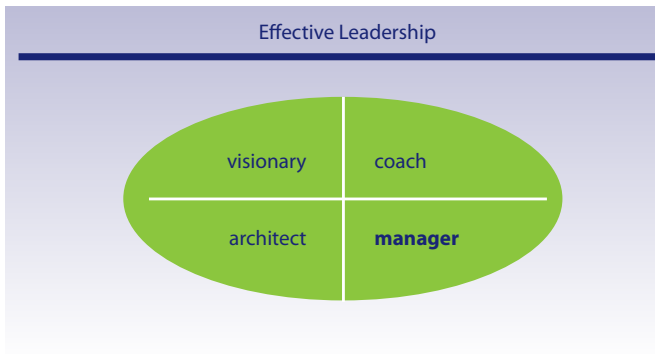


What may differ, however, is the content of leaders' visions. But an operational leader who creates and communicates a vision of the two-year developments of his/her team of 5 is just as much a Visionary as the Director General who focuses on the overall future of the Customs Administration.

Each role involves a specific way of steering in a desired direction the situation or the people involved. The Visionary steers with *ideas*.

A different way of characterizing this role is as that of *Thinker* or *Artist*.

The role of Manager



The role of Manager should, in this context, be distinguished from the normally used concept of manager. Normally, of course, “manager” means leader or person in charge. In the context of the model of effective leadership, however, “Manager” should be considered as one of the specific roles that a leader can take on. When operating in the role of Manager, a leader is busy with arranging things, with solving sudden problems, or with making decisions that affect the operational working process.

For instance, the role of Manager comes to the fore when a leader makes telephone arrangements to cover staff

sickness, or talks to a Customs officer who has unexpectedly stepped into his office to discuss the recent arrival of suspicious goods.

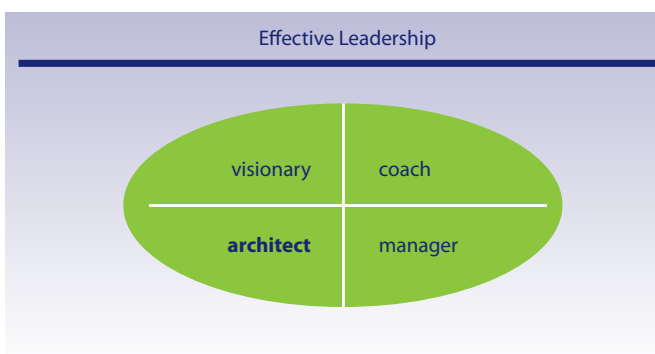
What is characteristic of all of these situations is that the leader is energetic and takes action. The role of Manager means being personally busy, making decisions, being physically active much of the time and being involved mainly in operational matters. Many leaders recognize this role immediately when confronted with it in a workshop setting. They confirm that they spend a great deal of their daily working time in this role. And what’s more, there is a tendency for the leader to be constantly sucked back into this role. What this then results in is a leader who spends almost all of his/her time running around at the office, constantly on the telephone and talking to employees – whilst having practically no time left for other tasks that require peace and quiet, such as preparing presentations, reading literature or doing self-development training.

This problem is faced particularly by leaders who tend to over-focus on the operational working process, by inexperienced leaders who have recently left operational work themselves and by new leaders, as well as by more senior leaders. The main reason for this phenomenon is that ‘doing things yourself’ gives leaders the feeling of being in control. The key is to dare to let go: to have the courage to delegate, to hand over responsibilities and to depend on others. A leader should be able to rise above the subject matter whilst not losing sight of it. Sometimes, indeed, it will be necessary to go into operational detail, to give advice or to make a decision.

When in the role of Manager, the leader provides a steer mainly by *taking action* him/herself.

Another way of characterizing this role is as that of *Action-Taker* or *Decision-Maker*.

The role of Architect



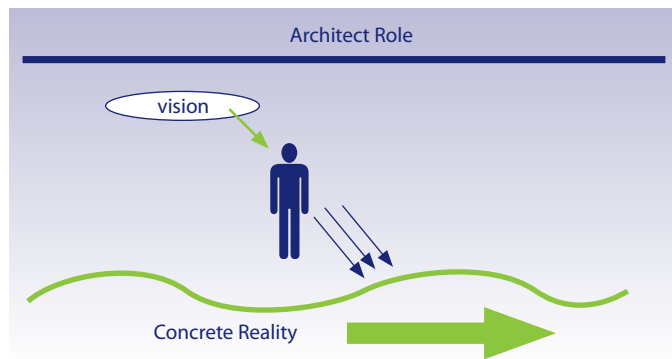
The leader that takes on the role of Architect is busy with shaping his organization, division or team. This concerns both the “hard” side of the organization, as well as the “soft” side. Shaping the hard side would, for instance, mean taking care of the design process of a new IT system to connect several Border Management Agencies, redesigning the process for dealing with clients, or refurbishing a Customs house. Shaping a soft element of the organization could involve designing a personnel development programme for his/her employees or even deciding the agenda for a team meeting.

In order to be able to perform well in the role of Architect, i.e. to be able to shape or reshape reality in a meaningful and effective way, a clear vision is needed: one must have the idea before it can be put into practice. In fact, one could say that the Architect translates into reality what the Visionary has thought out.

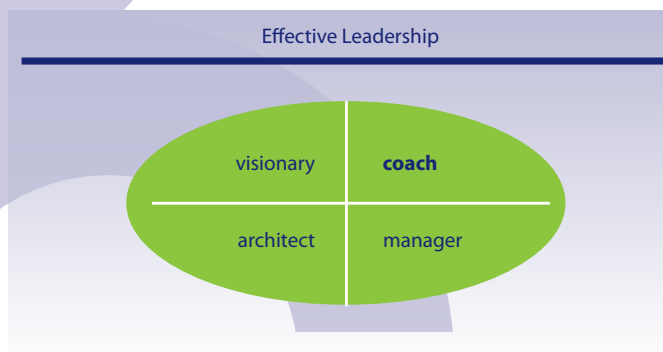
Of course, Customs leaders will not always perform this “shaping” role themselves in their day-to-day work. However, they will at least initiate this process, discuss their ideas with the persons involved and monitor progress.

When in the role of Architect, a leader will be steering mainly by *structuring & bringing on shapes*.

This role could also be characterized as that of *Shaper*.



The role of Coach



Taking on the role of Coach is about supporting others in realizing operational and developmental goals. It is the role a leader takes on when s/he is having a one-hour meeting with an employee to discuss the progress of a project, or when s/he is walking around the office and gives a few tips to an employee who is having difficulties working with a new staff member. It is also the role assumed when giving career advice to a colleague who is also a leader. In short, it means giving direct support by means of human interaction.

Operating in the role of Coach can involve 4 distinct levels of action:

1. Demonstrating
2. Instructing
3. Delegating
4. Asking questions

At the most basic level, supporting another person in reaching a goal involves showing that person how a task is done – actually demonstrating the task while the other person watches and then tries to perform it her/himself.

The second level involves describing how the task should be done, rather than actually demonstrating the task being done. As is the case when buying a self-assembly closet, this can be done with the help of written instructions.

The third level involves delegating a task. Delegating a task basically means:

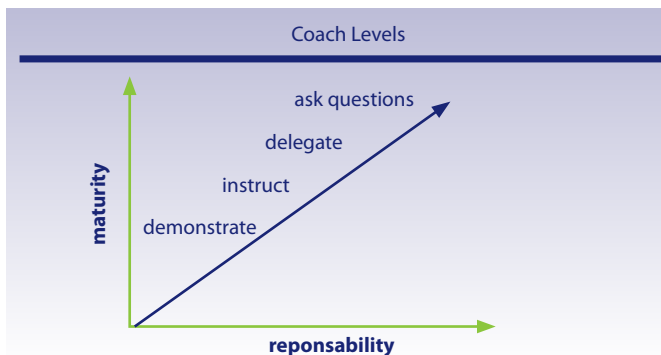
- Giving a clear goal, with clear qualitative, quantitative and time criteria
- Providing the necessary means and budget
- Handing over the necessary responsibilities to perform the task
- Providing clear boundaries for decision-making (what can and cannot be decided by the employee him/herself)
- Monitoring progress regularly

When delegating a task, the Coach will still be setting most of the standards involved. However, at the fourth level, this almost ceases to be the case. The fourth level is the one which involves asking questions. This basically means that the Coach will start by asking the employee for his/her own ideas on performing a certain task, and use these ideas as the basis for further discussion with the employee so that together they can decide how to perform the task as well as possible. The main difference between this approach and the delegating approach is the first step. At the delegating level, the ideas about the task's desired result come from the leader; at the level of asking questions, these ideas mainly come from the employee him/herself. All the other elements described above remain essentially the same.

A closer examination of the four different levels involved in the Coach role reveals the differences in employee responsibility and initiative. At the first level, the employee merely has to pay attention to the demonstration and has no responsibility other than to replicate it as well as possible. In contrast, at the fourth level, the employee has considerable responsibility for performing the task and is also asked to generate his/her own ideas. However, use of this fourth level requires a certain degree of maturity from the employee. This means not only work maturity but, even more importantly, maturity of character: does the employee have the confidence, drive and will to take the initiative and responsibilities for the task?

One of the most important and useful outcomes of delegating – and, even more, of asking questions – is the improved quality of the result. This is because, when employees can work using their own ideas, their engagement and enthusiasm rises considerably. This means that if the employee works using his/her own ideas, the end result might be of a much higher standard, even if the leader's ideas about the task are better than the employee's. However, this requires not only a certain degree of maturity from the employee but, perhaps to an even greater extent, from the leader: the leader has to trust the employee and this often takes courage.

A leader in the role of Coach provides a steer by interacting with other people. This role could also be characterized as that of Guide or Supporter.



Finding a balance

As has been described above, the role of Visionary – contrary to what people initially think – is not solely to be taken on regularly by strategic leaders, but by leaders from all levels. This goes not only for the role of Visionary, but for all four roles described. For all leaders, it is a matter of finding a balance between different behaviors, depending on what the situation requires.

In practice, every person will have an individual preference for one or two specific roles. This is natural and is directly related to individual character and strengths. But in order to be an effective leader, a variety of behaviors is highly important. And although one person can never master all the roles to the same extent, the leader's challenge will be to develop them to at least the required minimum level and, if needed, to surround him/herself with people who can fill in any gaps.

Management of competencies

Introduction

The effective deployment of the right human qualities is paramount for performing the duties of Customs. How do you, as a manager, make clear what you want and what knowledge and skills are needed to meet your objectives? And how do you, as an employee, make clear what you actually do and what you want to do in the future? This calls for a common language. The so-called "competency" language is an example of such a language. When we talk of competencies, we refer to knowledge, skills, attitude and behavior. Competencies are the set of personal characteristics and skills that an employee uses to achieve results at work. This is all about behavior actually shown at work and not just about a person's intentions or about the skills which are available to them but remain unused. A Dictionary of Competencies (DC) may prove to be very useful in this regard. The DC which is used in this WCO Compendium and which is shown in the Annex has been developed by the Dutch Tax & Customs Administration.

Work and the language of competencies

Customs strives to perform its duties vis-à-vis politicians, the public and companies in the best possible way. The results count. And to achieve these results, specific competencies are needed for each field of responsibility, each job and each role. Determining, assessing and developing the required competencies helps support results-oriented action. A common language of competencies helps employees and managers to focus on what the organization expects from its employees, what the individual employee actually demonstrates and what both parties aim to achieve in the future. That is why all competencies have been described in plain language and in terms of observable behavior.

The structure of the Dictionary of Competencies

At the heart of the DC is the competency wheel (see image). The competencies are divided into three groups: thought, emotion and strength.

THOUGHT: this contains the competencies that make a personal appeal to thinking or to intellectual processes.

EMOTION: these are the social competencies, in which communication, influence and interaction are key subjects.

STRENGTH: these are the competencies that emphasize decisiveness, action, energy, constancy and/or dedication.

The competency wheel uses colors to indicate the group to which competencies belong. The wheel uses shades of colors to show that certain competencies are important to two groups. Personal development is at the centre since this competency combines aspects of thought, emotion and strength.

Such classification helps users to handle a large quantity of information with ease. It is also helpful when formulating competency profiles for job descriptions. In that formulation process, thought, emotion and strength often prove to have an influence on the performance of the job. Competencies are chosen from each group. In this way, a balance is struck between Thought (intellectual competencies), Emotion (social skills) and Strength (competencies relating to energy, action, decisiveness and perseverance).

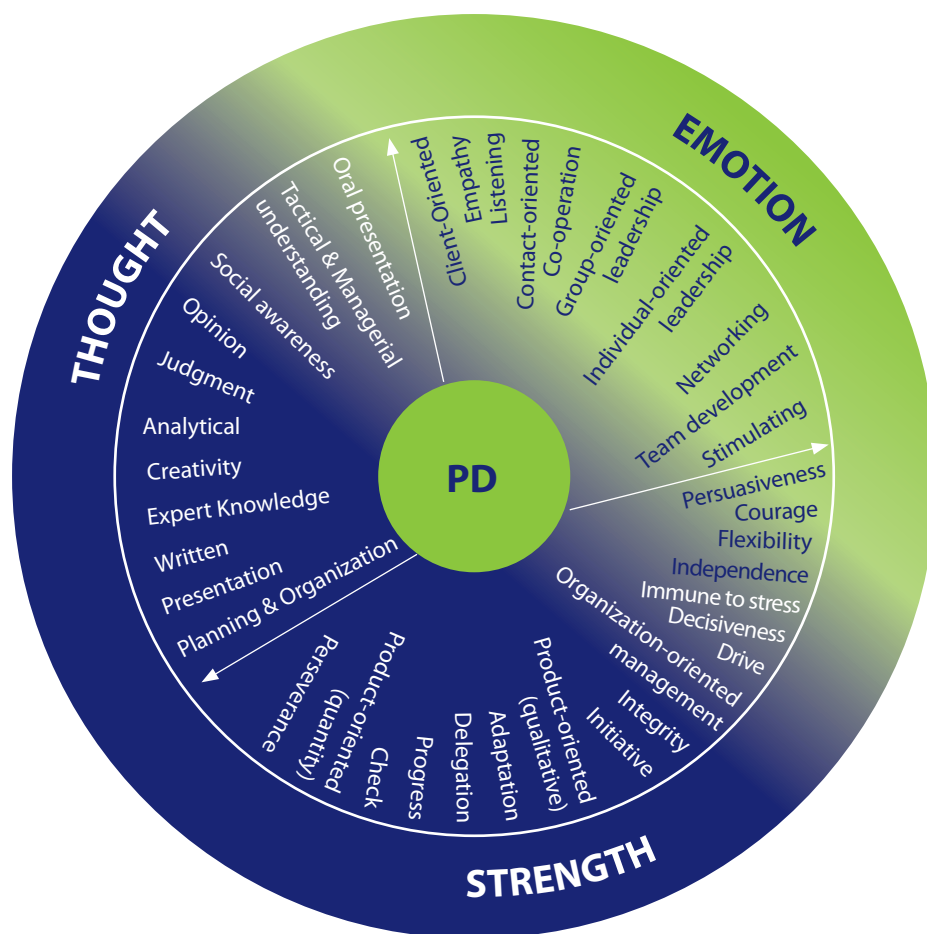
Each competency is concisely described as a set of behavior indicators. Behavior indicators are examples of practices that are characteristic of the behavior that belongs to a certain competency.

How to use the Dictionary

The DC can be used when formulating job descriptions, in recruitment and selection procedures, for assessments and in personnel development procedures.

The Dictionary of Competencies is not only meant for use by all Customs employees, but is also the product of their combined efforts. By using a common language of competencies, all users know exactly what is meant by a particular competency. In particular, when discussing competencies in relation to colleagues and clients during an assessment interview, it is important that everyone has in mind the same concepts.

Language is a living thing. This means that it is not a static phenomenon, but evolves as time goes on. Just as any other language, the language of competencies, too, develops over time. Likewise, the DC expands over time. With this in mind, it is advisable to amend the DC every four to five years. Anyone within the Customs organization can contribute to this with practical examples.



The Personnel development Competency Wheel

9.9 Training package Development in Customs

Introduction

General background

Training policy, procedures, staff and activities are crucial strategic elements for any Customs administration. They are necessary elements in order to:

- comply with the mission given by its Government;
- accurately apply international standards in Customs and international trade;
- provide the international trade community with an appropriate level of service;
- protect society and the public effectively; and
- deal with the challenges of a fast-changing environment.

Training is one of the organizational development solutions that Customs administrations must emphasize in order to meet both organizational and individual changing demands. Training should always have priority and requires a strategic commitment from Customs management.

A large number of Customs organizations face structural trends that require a significant enhancement of their training strategies if medium or even short-term improvements are to be achieved. Globalization, demographics, transparency, digital-era governance and increased levels of inconsistency also necessitate a new approach to the management and operations of Customs administrations across the globe.

A wide range of structural challenges in these organizations commit Governments to the successful maintenance and promotion of a human resources strategy, recruitment policy, knowledge management and esprit de corps.

Objectives

The purpose of this chapter is to give training managers some practical pointers so that they can develop, evaluate and sustain a modern and efficient training system within their Customs administrations.

The main objective is to provide each of them with some reference concepts and current examples of good practice on the methodologies and methods for enhancing organizational capacity to create a valuable training policy. It is intended to assist training managers not only in setting up new training systems, but also in analysing and, if necessary, upgrading, existing ones.

The role of training in the Customs administration

Basic concepts of training management

The role of training is to support the delivery of organizational goals and ensure that the policies of the administration translate into effective operational activity. To achieve this, training managers must both be seen, and see themselves, as leaders within the organization.

Accordingly, this chapter – whilst useful to a variety of training and management staff – is especially meant for use by training managers. Training Managers must fully understand the requirements of the Customs administration. They must also develop appropriate relationships, both internally and externally, to ensure that this role is met.

Identifying strategic relationships with stakeholders with regard to training is essential for gaining a clear overview of training's status within the administration and for drawing up development challenges and priorities.

PRACTICAL TOOL SHEET

IDENTIFICATION OF STRATEGIC RELATIONSHIPS

A training manager must seriously consider his/her relationships with a number of stakeholders.

This will enable him/her:

- to define and understand the role that training must play within his/her administration, and
- to develop strategies to ensure that it plays a central role and raise its profile.

It may be useful to refer to the Project Management chapter to learn more about the background, methods and general implications of the stakeholder analysis.

A fundamental starting point is to apply a simple audit method, examining the training manager's environment.

KEY PLAYERS

MAIN STAKEHOLDERS/QUESTIONS

Senior Managers/
Policy-Makers/Decision-Makers

- Identification of actors and responsibilities
- Drawing up the institutional vision
- Values and beliefs to promote
- Level of understanding of the core role of training within the Customs administration

Human Resources Management

- Recruitment patterns and standards of the organization
- Drawing up the Human Resources Development Strategy
- Level of integration of training within human resources development and career development

External Agencies

- Level of co-operation with other Government agencies such as the police, military, agriculture, etc.
- Opportunities for joint programmes/resources

Trade Organizations

- Perception of the administration

Significance and visibility of training within the administration

Organizational performance

Involving stakeholders provides some highly important opportunities to raise the profile of training among key players.

It enables the training manager to explain how effective training which is geared to business objectives and goals can:

- improve operational performance;
- promote a corporate identity;
- provide job satisfaction;
- combat public dissatisfaction, and
- fulfil legal obligations.

The executive board of each Customs administration and the organization as a whole must recognize that training management:

- has a core role to play in organizational development;
- can influence human resources development, and
- helps improve the image both of the administration and of the training within it.

Failure to commit to a training strategy can lead to the rapid decline of internal training and development sections and lessen the efficient dissemination and improvement of professional Customs.

The importance of training to any organization cannot be over-emphasized. A good training system improves employee efficiency, effectiveness, uniformity, confidence and job satisfaction, whilst helping to achieve organizational goals. Where there is no training strategy for staff, development is frequently reduced to occasional and often unstructured on-the-job training. This leads to inconsistent application of procedures and the law, frustration for traders and invariably encourages the proliferation of bad habits and of problems relating to ethics and integrity.

A lack of training culture means there are no criteria against which to judge performance standards and no opportunities to promote organizational change.

Strategic status

Training services must be part of the decision-making process at a strategic level. This ensures that they are faithful to senior management's vision and policy, whilst also creating desirable career opportunities in training to attract and retain competent, experienced trainers and training managers.

Indeed, it is often necessary to raise the status of training: a proactive policy concerning rewards, career and advancement opportunities for deserving officers, as well as other incentives, will benefit the whole structure.

Financial resources

Training is expensive and it is difficult to find solutions to this. However, a strong political will to allocate the proper resources is critical. A wide range of teaching methods is available and blending them helps achieve a cost-effective, consistent and flexible training system. Moreover, efficient and agreed planning will drastically improve the cost-efficiency of the whole policy.

Many administrations may consider a re-prioritization of the resources allocated to training departments. Some organizations may need to reinforce training staff, teach specific competences and skills, and develop appropriate infrastructures.

Training Managers should make a conscious effort to express training benefits in terms of facts and figures in order to convince policy-makers and donors. This requires an institutional and systematic analysis of the benefits of training so that they can be expressed in quantifiable terms.

Incentives for trainees – training relevance

The Customs officer (the training recipient) must be at the centre of the whole training system. A sound training program will provide individual as well as organizational motivation and benefits. The individual may gain certification, a qualification, additional authority or delegations, skills, knowledge, responsibility or variety of work. Such benefits may lead to promotion or better remuneration, for example. The outcome of the entire process is therefore an improvement in organizational performance.

The transfer of learning from the training to the work environment can take place more efficiently if the concepts or theories learned can easily be put into practice. Learning concepts and skills is important, but it is just as important to empower trainees to apply these and to model their implementation.

Training content and expertise

The Customs environment makes it necessary to have specific knowledge and behavioural skills that are uniquely linked to the technical aspects of the various posts within a Customs administration.

However, it is now widely recognized that training in Customs should embrace a wider range of knowledge, skills and competences: traditional Customs topics will continuously be enhanced in order to tackle the technical challenges of this uniquely positioned organization. In addition, training in management capabilities has been highlighted as a fundamental Customs requirement.

Significant emphasis must therefore be placed on training capacities so that in-depth expertise can be offered to all trainers, depending on their subject areas. However, trainers also need to be able to benefit from sustainable programmes on developing training techniques. This is a major feature of the success of knowledge dissemination.

Challenges and opportunities

In conclusion, training must be clearly linked with the operational objectives of the organization and with its development goals. Failure to achieve this leads to training being seriously starved of resources – something that is common to many Customs organizations.

A major challenge is therefore to restore the credibility of training by ensuring that all programmes currently undertaken or in development are:

- relevant to the business need;
- accurate in content;
- run in a planned, disciplined and focused manner;
- cost-effective and, most importantly,
- reliable and demonstrate that training is consistent with the organization within which it operates.

Training system concepts

A training system brings together the different building blocks, stages and sequences aiming to efficiently empower an administration to meet defined organizational goals within a knowledge-based structure. It enables staff to attain skills, allows change within the structure and with partners to be promoted and assisted, and staff motivation to be maintained. It focuses on building up knowledge, skills, competences, and behavioural aptitudes through tailored and efficient teaching methods, resources and means.

The identification of training needs and the formulation of strategies to handle them have proved to be an extremely important vehicle for providing Customs managers with the necessary training vision to address training challenges. However, that vision alone cannot deliver training – it must be accompanied by other measures designed to facilitate the implementation of training plans.

The training system is therefore composed of different inter-dependent building blocks that must be developed in line with specific requirements. The next part of this chapter aims to describe some core elements involved in implementing successful strategies for each of these building blocks.

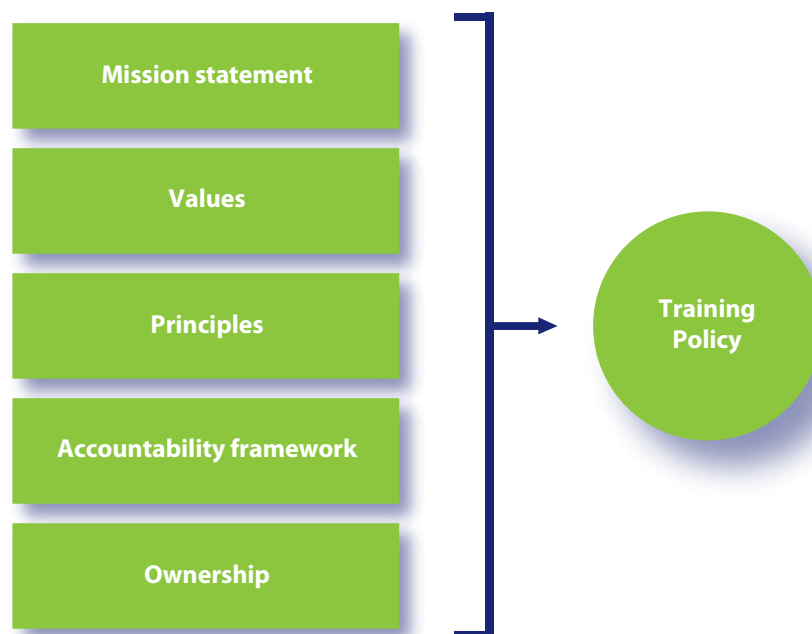


How to develop a training policy?

Elements of a training policy

The training policy expresses the broad intentions, fundamental justifications, basic options, priorities and strategies of the Customs administration in the area of staff training. This policy determines how training activities will be conducted and is influenced by the beliefs and values of the Customs administration.

It is not necessary, and probably not feasible, to provide a comprehensive list of all the elements which may be covered in a training policy document. Customs administrations can, and indeed should, decide on what has to be enshrined in a policy document and what can be left to the discretion of training administrators. However, it can be said that a training policy should include the following basic elements:



Mission statement

A mission statement is a concise statement of the fundamental PURPOSE of the Training Centre. It must be written in very general terms and be no more than a few lines in length.

Values

Values are deeply held convictions about the standards of behaviour which are expected in given circumstances, or the fundamental aspirations of the Customs administration. Values give character to all the activities of the Customs administration, including its training programmes.

Principles

Principles are the rules which determine how the Training Centre should organize its activities in order to achieve its fundamental purpose in a manner consistent with the values and mission of the Customs administration.

Accountability framework

This relates to the agreed distribution of the workload between all the training function's stakeholders. This framework pinpoints the responsibilities involved in the various activities needed to support the training system.

Example:

STAKEHOLDER	ACCOUNTABLE FOR:
SENIOR MANAGEMENT	Sound investment in training
HUMAN RESOURCES/PERSONNEL UNIT IN HEADQUARTERS	Setting national training priorities
TRAINING FUNCTION	Delivering efficient and cost-effective training programmes
FIELD MANAGERS	Co-ordinating training activities in each region and ensuring that officers under their supervision receive the relevant training

Ownership of the training

The training policy should specify who is responsible for it, i.e. who issued it and who has authority to review it. The extent to which the training function can influence that policy should also be specified.

The training needs analysis

Training needs analysis is a process which results in the formulation of training objectives based on identified training needs.

Introduction

The notion of “needs” can be described as the gap between a current unsatisfactory situation and a future satisfactory situation.

Needs analysis is the clear identification of the needs within the administration in order to ensure that resources are targeted at the functions within the administration that require them. The needs expressed can be of different kinds: structural needs, systems needs, resource needs (financial, material, human) and training needs.

The need for training is usually established through an analysis of:

- the administration’s mission statement, including goals, values and priorities;
- performance problems in respect of current tasks;
- anticipated performance requirements in respect of future tasks.

To establish what the needs are, the analysis should be conducted at two levels:

- the organizational level;
- the job or task level.

How to conduct a training needs analysis?

The accurate identification of an organization’s training needs is crucial to its success and development. It is not simply a matter of establishing the location, scope and magnitude of the needs. Priorities need to be set and linked to those of other functions within the organization, as well as to the organization as a whole.

A training needs analysis is a real investigation or diagnosis of what needs can be met through training activity.

As indicated above, the training needs analysis should be conducted at organizational and at job level.

Organizational-level analysis (stage 1)

The focus is on the whole organization and the analysis will cover such elements as:

- the role of the Customs service,
- the organization’s priorities,
- the organization’s priorities for change,
- stakeholder expectations,
- the organization’s structure.

Stakeholders are people or organizations having an interest in Customs activities (e.g. Customs brokers, trade and transport communities, other Government departments, etc.).

This first-level analysis can be conducted using the WCO Diagnostic Framework or the WCO Self-Assessment Checklist. Tools for stakeholder analysis are also available in previous chapters of this Compendium.

Job or task-level analysis (stage 2)

The organization's role and priorities, as translated into its aims and objectives, make the process of task analysis a logical one. However, although logical and straightforward, this can be a massive job if done in detail for a complex area of work. It is easier to focus on the aspects of a job that need to be changed.

TRAINING OBJECTIVES

Objectives are the blueprint of trainee performance. They describe the desired behaviour of the trainees once they complete the training programme. Objectives determine the measuring instruments with which trainee performance can be evaluated. Objectives must:

- clearly describe **THE ACTION** the trainee must perform;
- specify **THE CONDITIONS** under which the trainee must perform, and
- define **THE STANDARD** or job entry level of performance that must be achieved by the trainee.

The **action part** of a training objective states what the trainee will do while achieving the objective. Subsequently, it identifies what the trainee must be able to do at the end of the training session. A meaningfully stated objective is one that succeeds in communicating to the trainer the intention of the course designer. The best-stated objective is the one that excludes the greatest number of possible alternatives to the training programme's goal. Vague words or terms, such as those listed below, should therefore be avoided in favour of clearer expressions describing behaviour:

Vague Terms

- To understand...
- To know about...
- To be familiar with...
- To provide a general...
- To orient...
- To qualify...

Behavioural Terms

- To repair...
- To calculate...
- To classify...
- To inspect...

The training objective must state clearly the limits within which the trainee will be expected to perform. The **conditions part** of a training objective states what the trainee will be given (or denied) in order to perform the action part of the objective. This includes hardware or software, such as tools, references and guides, and supervision. The conditions also describe the environmental situation in which the trainee will perform. Training conditions must approximate the job conditions that influence task performance. Conditions which require a trainee to perform "without assistance", "without references", or "from memory" should be avoided unless they are true on the job.

Training standards or criteria specify the minimum acceptable level of performance that must be achieved by the trainee. In other words, they establish the performance level required for initial job assignment. Training standards or criteria are specifically defined in terms of performance, time limits, quality and quantity standards for the work product or service provided. Suggested terminology includes:

- Within two minutes. . .
- Without error. . .
- At least five out of seven. . .
- All of the following. . .
- The exact technique of. . .
- Accurate to the nearest tenth. . .
- To the standard defined in. . .

The significant job attitudes identified will often become part of the training standard.

Training needs analysis template

The following pages provide a practical tool for the step-by-step performance of a training needs analysis.

[illegible]

Training needs analysis for job: _____

Step	Name	Description	Status
1	Develop and obtain approval for TNA Project Proposal		
		Define the strategy.	
		Determine the proposed respondents.	
		Determine methods of gathering data.	
		Designs all the tools necessary for the exercise, such as questionnaires, interview guidelines, etc.	
		Get senior management commitment for the realization of the training needs analysis.	
2	Identify job duties and tasks		
2.1	Job analysis	List the current job duties.	
	N.B. The job interview template may be used for this purpose.	List the duties or activities that may be carried out on a regular or ad-hoc basis but are not listed on the statement of duties.	
		Identify the priorities or significant duties and activities (activities are such things as meetings, providing advice, etc.).	
		Identify the most difficult aspects of the work, and why they are difficult.	
		Identify the changes that are about to occur in the job.	
		Identify the knowledge (or information) of a technical nature needed to perform the job satisfactorily, and the level of such knowledge (or information).	
		Identify the knowledge, other than that of a technical nature, that helps with performing the job.	
		Specify the best way of obtaining all this knowledge.	
		Identify the technical skills (or abilities) needed to perform the duties satisfactorily.	
		Specify the best way of obtaining all these skills.	
		Identify the non-technical skills (administrative or people skills) needed to handle the various aspects of the job.	
		Determine if any team work is involved.	
		Determine how the job contributes to the team.	
		Identify any knowledge or skills needed to assist other team members.	
		Specify the best way of obtaining all the knowledge and skills.	
		Determine if any higher-level duties are performed.	
		Identify the knowledge and skills necessary to perform these duties.	
2.2	Task analysis	Break down the job into key areas.	
		Break down each key area into tasks.	
		Break down each task into sub-tasks.	
3	Validate tasks and rank in order of priority		
		Validate the task analysis with the subject-matter expert or experienced officers in the job.	
		Determine the most important tasks.	
		Determine the most frequent tasks.	
		Deduce the priority tasks.	

4	Collect information/data on performance	
		Review existing training materials.
		Review any feedback available on that training.
		Review job descriptions, manuals, policy statements or other work-related documents.
		Interviews with the target population, their supervisors, subject-matter experts and members of the Head Office functional area.
		Surveys of the target population, their supervisors and subject-matter experts (written or telephone).
		Focus-group sessions where experts and/or the target population share knowledge and experience.
		Assess the current level of knowledge and skills of the target population with regard to the tasks identified.
5	Select/analyse tasks selected for training	
5.1	Select tasks for training	<p>Identify the tasks to be included in training. Tasks are selected for inclusion in training programmes for the following reasons:</p> <ul style="list-style-type: none"> • The task is critical. • The task is essential to the performance of another task. • Performance of the task is required immediately upon job entry. • The task is difficult to learn and/or cannot practically be taught by OJT. • The task is performed often.
		<p>Identify the tasks to be excluded from training. Tasks may be excluded from a training programme for the following reasons:</p> <ul style="list-style-type: none"> • The task is similar to another task selected for training. • The task is a prerequisite. • The task can be better learned on-the-job. • The task is performed by a small percentage of jobholders.
		Select tasks for training.
5.2	Analyse tasks for training	Identify knowledge and skills necessary to perform each sub-task corresponding to the identified tasks.
6	Describe target population	
		Describe the characteristics of the target population.
		Describe the characteristics of the work environment.
		Identify the need for changes other than training.
7	Formulate training objectives	
		Write training objectives for each necessary knowledge and skill.
8	Write Training Needs Analysis Report	
		Report the analysis to management.
		Propose training options to fulfil the training objectives.

Job Analysis Interview Guidelines

The following Job Analysis Interview Guidelines can be used for gathering information about specific jobs or groups of tasks performed by one person. Respondents to these questions may be officers who are either experienced and proficient in the job in question, or who wish to express their training needs. In both cases, the insight gained will be useful to the training needs analysis team.

Questions	Answers
What are your current tasks?	<div></div> <div></div> <div></div> <div></div>
Can you specify any tasks or activities (other than higher-level tasks) which are not listed in your job description but which you carry out either regularly or on an ad-hoc basis?	<div></div> <div></div> <div></div> <div></div>
Which of your tasks do you give the highest priority to and/or consider the most significant?	<div></div> <div></div> <div></div> <div></div>
What do you see as the most difficult aspect of your job? <i>(Give reasons for your answer)</i>	<div></div> <div></div> <div></div> <div></div>
Are there changes about to occur in your job? <i>(If yes, give details)</i>	<div></div> <div></div> <div></div> <div></div>
Looking at the tasks that you perform, what knowledge and/or information of a technical nature do you think you need in order to perform satisfactorily?	<div></div> <div></div> <div></div> <div></div>
What knowledge and/or information, other than technical, helps you to do your job well?	<div></div> <div></div> <div></div> <div></div>
What is the best way of obtaining all this knowledge and/or information?	<div></div> <div></div> <div></div> <div></div>

What technical skills or abilities do you need for satisfactory performance?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
Where and/or how can you learn these skills or abilities best?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
What non-technical (i.e. administrative or personal) skills do you think you need to help you handle various aspects of your job?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
Do you work in a team and, if so, how do you see your job contributing to the team output?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
What knowledge or skill do you possess that could benefit other team members? How did you obtain this knowledge or skill?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
Do you perform tasks at a higher level and, if so, what knowledge or skills help you perform these tasks?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
What do you see as the most important form of training or development needed by a person in your post?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
If someone were to transfer or be promoted to your post, what training would have to be provided immediately and what could be provided at a later time?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
Is there any other information you can offer to help with this analysis?	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

Tips on training needs analysis

The training needs analysis should consider the administration's overall environment, in which training is only one part. It should also be kept in mind that training may not be the solution to all the gaps or problems identified and that some of them may have other causes.

The following should be kept in mind during the preliminary analysis:

- Estimates of training requirements are often either exaggerated or do not match real needs.
- Training is often only part of the solution to performance problems.
- The distinction between symptoms, performance problems and causes of performance problems should be clearly made. The causes could be:
 - lack of skill or knowledge;
 - lack of opportunity to perform task/s;
 - lack of incentive to perform;
 - lack of motivation;
 - other obstacles to good performance.
- Performance problems may be caused by deficiencies in the training process or by other deficiencies in the environment.
- Non-training problems should be referred to management for solutions.
- The importance of problems should be estimated: some are not worth worrying about.

The consideration of training solutions to meet the identified needs should include a consideration of constraints, and not only the simple achievement of training goals:

CONSTRAINTS	DESCRIPTION
Effectiveness	<ul style="list-style-type: none">• Has this been tried before?• Will it solve all or part of the problem?• Will it achieve improvements?
Feasibility	<ul style="list-style-type: none">• Can this solution be implemented in the required locations?• Is it practical?
Timelines	<ul style="list-style-type: none">• How fast will it work?• Is delay in dealing with this need costly?• Is it a long or short-term solution?
Efficiency	<ul style="list-style-type: none">• Is this solution cost-effective?

Conclusion

The training needs analysis is an essential tool for the administration and forms the basis for developing further training actions. It is valuable in helping to get a picture of the situation and the priority actions to be undertaken.

Training strategy and plan

The process of training Customs personnel in a Customs administration is a complex one. All the ideas and information must be successfully combined to give a unique and tailored system that enables training to be delivered effectively and reliably.

Establishing a training strategy from the training process

The training strategy applies methodical processes so that policies can be translated accurately, efficiently and sustainably into activities.

It aims to define the operational schemes needed to implement the organizational development goals as promoted within the overall framework set by the administration's vision and policy.

The strategy should also focus on the needs identified by the training needs analysis and on action plans to meet these needs.

Basic concepts of the training process

The training managers should shape the training process model into an implementation plan that meets their organizational requirements. They must know how:

- to define the main stages and components of the training process
- to differentiate between the various sources of training needs
- to compile, analyse and manage those needs
- to develop training plans
- to plan and to manage training resources and activities
- to adopt accurate assessment methods for training and trainees
- to create an evaluation system and to manage the training results, operational achievements and organizational outcomes
- to adopt a systematic approach in training design, with standardized teaching tools



Drawing up a tailored training strategy

Creation of the training strategy involves a cyclical process, as shown in the above diagram.

Before the process starts, it is necessary to analyse the current situation, as well as what needs to change, and how. Following this, a business case should be approved, and the strategy drawn up and implemented. Once the strategy is implemented, its success is evaluated and the analysis then starts all over again, in order to determine what should be done next.

The quality of the training plan and its programmes can be improved if training is planned at the strategic and operational levels.

Strategic planning

Strategic planning of the training of Customs officials should make it possible to identify:

- the training objectives;
- the target groups and the anticipated results of the learning process;
- the appropriate combination of teaching methods for the target groups;
- the equipment and materials required;
- the systems needed to evaluate the training;
- all the training resources required.

When developing training materials under the strategic plan, provision should be made for adapting them to any changes in the legal and operational framework which may be made shortly before training is scheduled to take place.

Such strategic planning is essential for drawing up relevant actions that meet current needs and anticipate future needs and structural changes in the administration.

If the intention is to concentrate on operational training plans, planning should take place on an ongoing basis. It is impossible to begin planning training programmes solely on the basis of the announcement of a specific event, without running the risk of reducing the strategy to an improvised response to pressing operational needs.

Certainly, such an approach would not contribute to the achievement of efficient, relevant and profitable training (cost/performance ratio).

Operational plans

The operational plans should identify:

- the participants and the place and date/duration of training;
- the detailed resource requirements;
- the responsibilities of each of the participants and the sections responsible for managing the training and implementing the programmes.

These plans can be developed in a centralized fashion. If training services benefit from a Training Centre, the latter can be entrusted with most of the planning, while the actual venues of the training events can be decentralized.

The operational training plans should include the following items:

- a statement of the training objectives: the number of persons to be trained, divided into the target groups identified in the strategic plan;
- the training methodology: the teaching methods to be used for each of the target groups;
- the appropriate time required for the training: the timetable;
- the reference materials: the preparation and distribution of the training materials;
- the responsibilities for the training: the allocation of trainers to each training session, including agreements to entrust certain training responsibilities to third parties;
- the training environment: the place where the training sessions will be held, provision for the renting of classrooms, where necessary, and the number of persons in each of the various training locations;
- the necessary travel and accommodation arrangements and means of communication for trainers and trainees;
- the logistical arrangements for the distribution of training materials and equipment;
- knowledge testing: methods and resources needed to test knowledge upstream;
- evaluation of training: the methods, time and resources needed to evaluate the uniformity and quality of the training;
- the plans for responding to emergencies and meeting the need for new forms of training;
- the cost of the operational training plans;
- the requirements in terms of persons and resources for delivering the training.

The documents on the following pages provide a practical template for designing a training plan.

Training Plan – Summary

Training #	Name	Objectives	Target audience	Number of persons to be trained	Session duration	Number of sessions	Timeframe	Budget
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
...								

DETAILED DESCRIPTION – TRAINING COURSE #1

Responsible resource person: _____

GENERALITIES

Training #	Reference number of the training course
Name	Name of the training course
Objectives	Statement of the training objectives
Target audience	Identification of the different target groups for this training course
Number of persons to be trained	Total number of officers to be trained, broken down by the target groups identified in the strategic plan
Timeframe	Overall schedule for beginning/completing the training objectives for all the target audiences

MEANS OF TEACHING

Teaching methods	Teaching methods to be used, if necessary differing for each of the target groups
Identified trainers	
Training material	Reference materials: the preparation and distribution of the training materials
Knowledge testing	Methods and resources needed to test knowledge upstream

TRAINING ORGANIZATION

Session duration	Duration of one training session and timetable
Number of sessions	Total number of sessions to be organized, depending on the number of persons to be trained and the max. number of participants per session
Calendar of sessions	Calendar of the different sessions (included in the timeframe), including the allocation of identified trainers for each training session, and the number of participants in each session
Training venue	Training environment: the place where the training sessions will be held, provision for the renting of classrooms, where necessary, and the number of persons in each of the various training locations
Travel, accommodation	<ul style="list-style-type: none"> • Necessary travel and accommodation arrangements and means of communication for trainers and trainees • Budget • Resource person for the arrangements
Material	<ul style="list-style-type: none"> • Logistical arrangements for the distribution of training materials and equipment • Budget • Resource person for the arrangements

TRAINING EVALUATION

Methods	How the outcomes will be evaluated
Responsibilities	Who is responsible for evaluating the outcomes of the training

BUDGET

Cost	Total cost of this item of the training plan
------	--

Evaluation guidelines for training

In the previous chapters, the emphasis was placed on systematic analysis of the existing situation so that exact training requirements can be determined. This included the examination of the role of the Customs administration's mission statement, the systematic analysis of the gap between current levels of performance and the levels required to realize that mission, and the training policies indicating how the training system should help bridge that gap.

Since training is one of the solutions for organizational development, training results and performance must be considered in priority, as they necessarily impact on organizational performance. The training strategy, plans and events must have clearly targeted aims before the implementation stage is reached. Establishing the evaluation process constitutes a fundamental step, as this will enable the necessary milestones to be included in the schemes implementing the training strategy, thereby efficiently contributing to the administration's development and change management.

What is evaluation?

Training evaluation is the process of identifying how successful a training effort has been. This involves collecting and analysing information to determine the benefits or not of the training effort and making decisions about the future.

In order for evaluation to be effective, it should focus on specific aspects of performance change which can be directly attributed to the training effort. This process must be prioritized and defined prior to course conception and development.

It should be borne in mind that change in either individual or organizational performance can be effected by influences other than training, e.g. staff changes, re-organization, etc. This underlines the importance of thorough evaluation to assess correctly the effectiveness of the training provided.

Why evaluate?

Evaluation is important for the following reasons:

- It provides the opportunity to demonstrate that training was worthwhile and has achieved its objectives;
- It provides feedback to the administration about the return on the training investment;
- It provides information to help improve future training;
- It can encourage the involvement of line managers in training and staff development matters;
- It provides trainees with a framework with which they can measure their competence;
- It directs training towards meeting the organization's priority needs;
- It can be used to compare internally and externally provided training, and
- It can form part of a larger survey of operational effectiveness.

Who evaluates?

All the actors involved in the training chain have different responsibilities in the evaluation process. These actors are namely:

- senior management
- the trainer
- line management
- the training manager
- the trainee

Their responsibilities are summarised below:

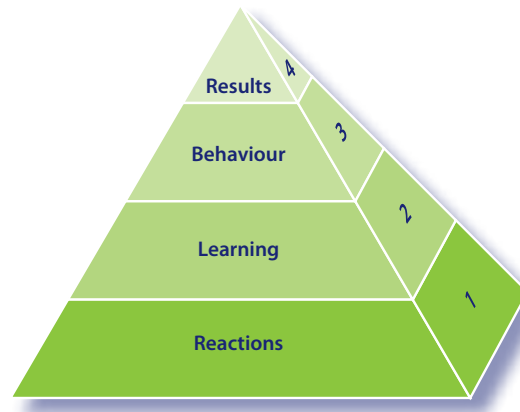
ACTOR	TRAINING EVALUATION RESPONSIBILITIES
Senior management	<ul style="list-style-type: none"> • Awareness of the need and value of training to the organization. • Involvement of the training manager (or equivalent) in senior management meetings where decisions are made about future changes for which training will be essential. • Knowledge of, and support for, training plans. • Active participation in events. • Requirement for evaluation to be performed and for regular summary reports. • Policy and strategic decisions based on results and ROI data.
Trainer	<ul style="list-style-type: none"> • Conducting any necessary pre-programme work and programme planning. • Identification, at the start of the programme, of the knowledge and skills level of the trainees/ learners. • Provision of training and learning resources to enable the learners to learn within the context of the programme objectives and learners' own objectives. • Monitoring learning as the programme progresses. • At the end of the programme, receipt and assessment of reports from the learners on the learning levels achieved. • Ensuring that learners produce an action plan to reinforce, practise and implement learning.
Line management	<ul style="list-style-type: none"> • Work-needs and people identification. • Involvement in training programme and evaluation development. • Support of pre-event preparation and holding briefing meetings with the learner. • Giving ongoing and practical support to the training programme. • Holding a debriefing meeting with the learner on their return to work to discuss, agree or help to modify and agree actions for their action plan. • Reviewing the progress of learning implementation. • Final review of implementation success and assessment, where possible, of the ROI.
Training manager	<ul style="list-style-type: none"> • Managing the training department and agreeing the training needs and programme implementation. • Maintenance of interest and support in the planning and implementation of the programmes, including practical involvement where required. • The introduction and maintenance of evaluation systems, and production of regular reports for senior management. • Frequent, relevant contact with senior management. • Liaison with the learners' line managers and arrangement of training programmes for the managers on responsibility for learning implementation. • Liaison with line managers, where necessary, on the assessment of the training ROI.
Trainee or learner	<ul style="list-style-type: none"> • Involvement in the planning and design of the training programme where possible. • Involvement in the planning and design of the evaluation process where possible. • Obviously, to take an interest and play an active part in the training programme or activity. • To complete a personal action plan during and at the end of training for implementation on return to work, and to put this into practice, with support from the line manager. • Take an interest in and support evaluation processes.

N.B. Although the principal role of the trainee in the programme is to learn, he/she must be involved in the evaluation process. This is essential since, without trainee comments, much of the evaluation cannot occur and new knowledge and skills cannot be implemented. Trainees will assist more readily if the process avoids the look and feel of a pen-pushing or number-crunching exercise. Instead, it should be ensured that trainees understand the importance of their input – exactly what they are being asked to do, and why.

How to evaluate? – The Kirkpatrick model

The model most frequently used to support the work of the above-mentioned evaluation actors is the Kirkpatrick evaluation scheme. This has now become the most widely used and popular model for the evaluation of training and learning. Kirkpatrick's four-level model is now considered an industry standard across the HR and training communities.

The four levels of Kirkpatrick's evaluation model essentially measure:



1. **Reaction of student:** what students thought and felt about the training.
2. **Learning:** the resulting increase in knowledge or capability.
3. **Behaviour:** extent of improvement in behaviour and capability, and implementation/application.
4. **Results:** the effects on the business or environment resulting from the trainee's performance.

All these measures are recommended for full and meaningful evaluation of learning in organizations, although their application broadly increases in complexity, and usually cost, up through levels 1-4.

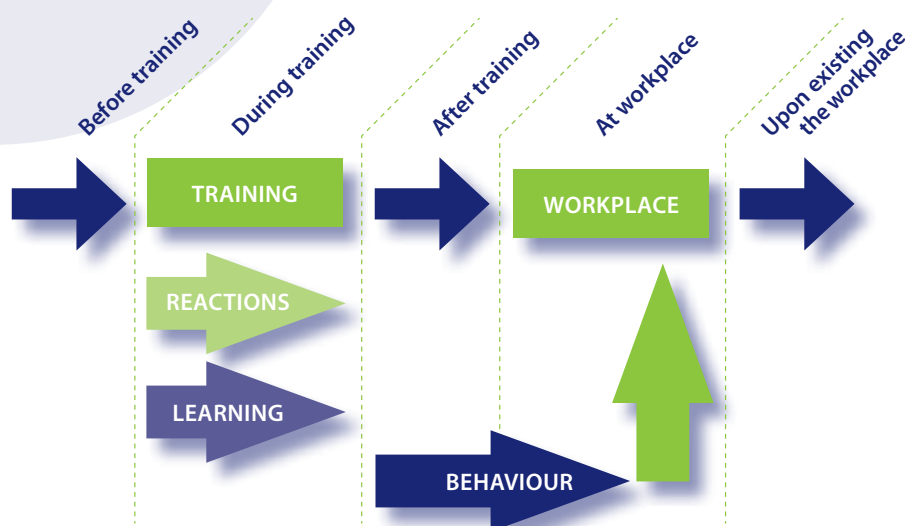
A detailed description of these four levels of evaluation is given in the table below.

Level	Evaluation type	Evaluation description and characteristics	Examples of evaluation tools and methods	Relevance and practicability
1	Reaction	How the learners felt, and their personal reactions to the training or learning experience, i.e.: <ul style="list-style-type: none"> interest/relevance good use of their time/ level of effort required assessment of the venue, style, timing, domestics, etc. level of participation perceived practicability and potential for applying the learning provided 	<ul style="list-style-type: none"> typically 'happy sheets' feedback forms based on subjective personal reaction to the training experience verbal reaction which can be noted and analysed post-training surveys or questionnaires online evaluation or grading subsequent verbal or written reports given by trainees to managers back at their jobs 	<ul style="list-style-type: none"> can be done immediately when training ends very easy process to gather or analyse feedback for groups important to know that people were not upset or disappointed important that people give a positive impression when relating their experience to others who might be deciding whether to experience same
2	Learning	Measurement of the increase in knowledge or intellectual capability before and after the learning experience: <ul style="list-style-type: none"> teaching objectives met relevance after the training provided: extent to which trainees advance or change in the intended direction or area 	<ul style="list-style-type: none"> typically assessments or tests before and after the training provided interview or observation before and after (but time-consuming and can be inconsistent) methods of assessment closely related to the learning aims measurement and analysis easy on a group scale reliable, clear scoring and measurements hard-copy, electronic, online or interview style assessments are all possible 	<ul style="list-style-type: none"> relatively simple to set up highly relevant and clear-cut for certain types of training, such as quantifiable or technical skills less easy for more complex learning, such as attitudinal development cost escalates if systems are poorly designed, which increases work required to measure and analyse

3	Behaviour	Implementation of what has been learnt and change in behaviour , (immediately and/or several months after the training situation): <ul style="list-style-type: none"> noticeable and measurable change in activity and performance change in behaviour and sustainability of the new level of knowledge transfer of learning to another person 	<ul style="list-style-type: none"> observation and interview over time to assess change, relevance of change, and sustainability of change no arbitrary snapshot assessments subtle and ongoing assessments, transferred to a suitable analysis tool consistent design process, criteria and measurements relevant performance scenarios, and specific key performance indicators 360-degree feedback is useful method after training 	<ul style="list-style-type: none"> measurement of behaviour change, evaluation of implementation and application are difficult to quantify and interpret but vital for the organization need for a well-designed system line managers and trainees must be involved and support the process
4	Results	Effect on the business or environment resulting from the improved performance of the trainee. Measures are typically business or organizational key performance indicators: volumes, values, percentages, timescales, return on investment, and other quantifiable aspects of organizational performance (numbers of complaints, staff turnover, attrition, failures, wastage, non-compliance, quality ratings, achievement of standards and accreditations, growth, retention, etc.).	<ul style="list-style-type: none"> many of these measures already in place via normal management systems and reporting challenge of identifying what is related to the trainee's input and influence identify and agree accountability and relevance with the trainee at the start of training, so they understand what is to be measured failure to link to training-input type and timing will greatly reduce the ease with which results can be attributed to the training provided measuring business results derived from training through annual appraisals, ongoing agreement of key business objectives 	<ul style="list-style-type: none"> challenges of a results evaluation for an entire administration: reliance on line management, and frequency and scale of changing structures, responsibilities and roles, etc. Complex process of attributing clear accountability. organizational and business performance affected by external factors, which cloud the linkage with training

When to evaluate?

Most training takes place in an organizational setting, typically in support of skill and knowledge requirements originating in the workplace. This relationship between training and the workplace is illustrated in the figure below.



Using this diagram as a framework, we can identify five basic points at which we might take measurements, conduct assessments, or reach judgements. These five points are indicated in the diagram:

1. Before training
2. During training
3. After training or before entry (re-entry)
4. At the workplace
5. Upon exiting the workplace

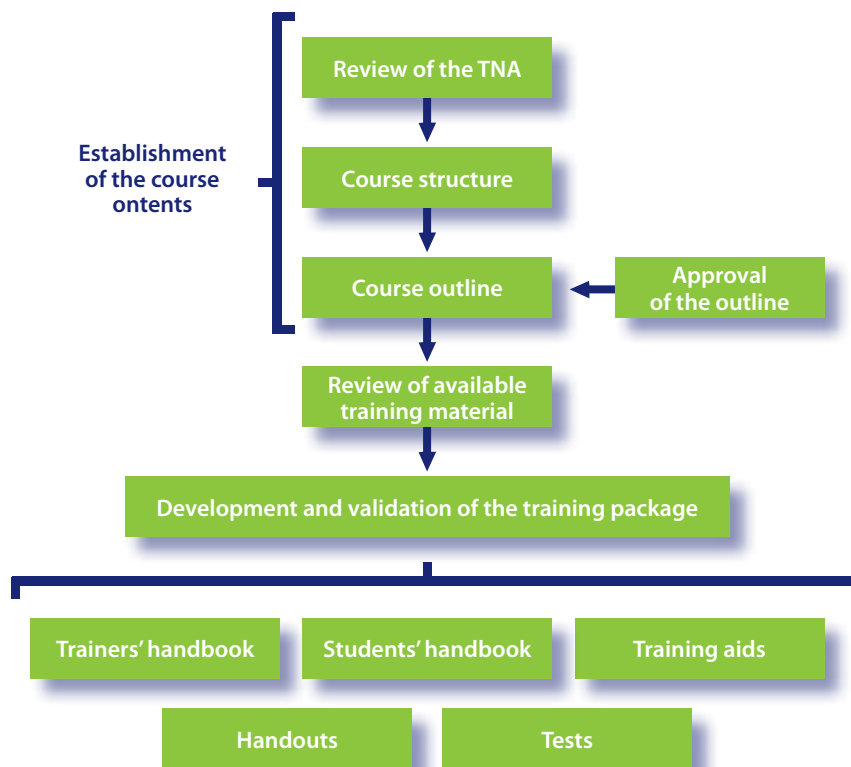
How to develop training materials?

Introduction

Designing a training workshop, course or programme involves selecting the most efficient delivery technology and then developing all the training materials necessary to conduct the training. The process is set out in the steps described in this chapter.

The chapter dealing more specifically with modern teaching methods includes more practical information on the different teaching methods which are now available.

In this chapter, a course accordingly does not relate to any one teaching method (such as a classroom session), but to a sequence of learning actions designed to meet the defined teaching objectives.



Development of training materials

➤ Step 1 – Review of the Training Needs Analysis Report

The Training Needs Analysis Report provides an indication of the nature and scope of the training required. The most important outputs of this report are typically:

- task analysis data;
- target population profile;
- training objectives, and
- recommendations on the required nature and scope of the training.

All these elements will be used by the training designer or design team to design a course that will meet the training needs.

On the basis of these training objectives, the training methods can be decided, the sessions designed and the training plan organized. This is a decisive tool as far as the creation of a training strategy is concerned.

➤ Step 2 – Development of a course structure

Once the training objectives have been determined, they must be ordered in the best logical sequence. This is the one which is most meaningful to the trainee and which generates the most significant learning in the shortest period of time. The resultant product is the “course structure”.

Once the course type has been decided, the most appropriate framework for structuring the course must be selected. Each course, when considered in its entirety, has a characteristic combination of various functional, equipment, or environmental conditions. Below are various alternatives and possible structures, with examples of the type of courses:

ALTERNATIVE	EXAMPLES
Hardware	a. Firearms handling b. Operating surveillance equipment c. Radio communications
Tasks	a. Conducting baggage search b. Completion of Seizure Report c. Processing of vessel cargo d. Taking of fingerprints
Functions	a. Logistics and supply b. Administration c. Research and Development
Environment	a. Seaport manifest office b. Airport arrivals area c. Land border checkpoint
Proficiency levels	a. Basic training b. Advanced training
Knowledge areas	a. Import/export law b. Counter-drug smuggling c. Marine operations
Duty areas	a. International airport b. International seaport c. International land border
Systems	a. Marine support operation b. Air support operation c. Marine office

Once a framework course structure has been determined, the next task consists in putting the training objectives into related groupings or clusters, associating the objectives with each cluster, and finally sequencing the clusters into an overall course structure.

The WCO PICARD Programme has successfully developed a comprehensive course structure for middle and high-level Customs managers, based on the network of skills required for their duties. This curriculum is available through the WCO Secretariat.

› Step 3 – Preparation of the course outline

A course outline is a broad but clearly defined outline of the main steps and activities which will constitute the course. This broad outline can be used as a basis for committing resources and developing work schedules for the design team. It typically includes the following elements:

- Rationale for the training course (a concise description of the problem or need giving rise to the training course, the general context in which the course will be conducted, its purpose and its benefits to the organization);
- Duration of training course;
- Description of the target population and the maximum and/or minimum number of participants;
- List of the training sessions or lessons and the main training objectives to be achieved in each;
- List and sequence of the appropriate teaching methods used and special training activities planned for the training programme, such as field trips, demonstrations, simulations, guest speakers, etc.;
- Timetable of points in time during the course when major evaluations of the progress of the participants will be conducted, and
- Estimates of human and other resources required to run the course (e.g. number of trainers and other resource persons, number and type of classrooms and other training rooms, equipment, documents, publications, and other training materials).

› Step 4 – Approval of the course outline

The training course must be critically reviewed by subject-matter experts. It is also crucial at this stage that the approval of the client is obtained before proceeding with the design. It therefore follows that the course outline, whilst only the skeleton framework for the actual programme, must be sufficiently detailed for third parties to be able to see clearly how the final package will meet the identified training needs.

› Step 5 – Review of existing material

The materials already available both internally and externally should be reviewed before resources are allocated to the development of new materials. Developing training material can be costly and time-consuming, and any duplication should be avoided.

› Step 6 – Development of trainers' handbook

The trainers' handbook provides a mechanism whereby the design team can communicate to the trainer what the training course is about and how it is to be conducted. This reference material includes:

- an overview of the scope and limits of the training programme;
- lesson plans;
- guidelines on the use of the training material included or recommended in the package;
- additional information that could assist the trainer in delivering the training, such as a glossary of technical terms, abbreviations, acronyms, etc. associated with the subject and/or work context, and
- a list of participants, including their experience and other relevant background information.

A template lesson plan and an example are shown at Annex 2.

› Step 7 – Development of participants' handbook

The participants' handbook usually contains the course outline (including training objectives), the list of participants, list of trainers and other administrative information required by the participants whilst at the training venue. Notes intended for the trainer should not be included in this handbook.

› Step 8 – Development of handouts and other reference material

Handouts and reference materials are technical or instructional documents which may not be appropriate for inclusion in the participants' handbook. They are given separately to participants either before or during the training sessions. Handouts and other reference materials should not be distributed if they do not contribute to the attainment of the training objectives.

› Step 9 – Production of training aids

Training aids are all items and facilities, including printed documents, equipment and technology, used to facilitate the communication of ideas, principles, concepts, facts, observations and all other information and data necessary to achieve the training objective(s). Categories of training aids include visual aids such as flip charts and samples, or multimedia aids.

› Step 10 – Development of assessments

Assessment development involves the following:

- preparation of test question(s);
- writing instructions for the administration of the test and instructions for the participants, and
- preparation of scoring guidelines.

Assessments must always be based on the defined training objectives. The lesson plan should also be consulted to determine suitable evaluation points during the course when the assessments can be held.

The "Test item development worksheet" below provides more guidance on developing assessments.

› Step 11 – Validation and approval of the training package

Once again, the clients' approval is necessary at this stage. The complete package should be submitted for examination and approval. Once approval is obtained, a pilot course should be conducted to confirm the effectiveness of the training programme. A validation report produced at the end of the pilot course will indicate any necessary modifications for completing the design phase, before the package is validated as the final product.

TEST ITEM DEVELOPMENT WORKSHEET

WRITE THE TRAINING OBJECTIVE FOR WHICH A TEST MUST BE DEVELOPED:

DEVELOP A TEST WHICH MEASURES THE PERFORMANCE DESCRIBED IN THE OBJECTIVE:

USE THE FOLLOWING QUESTIONS TO EVALUATE THE TEST ITEM

- Does the performance required in the test match the performance described in the objective?
- Does the test standard match the standard described in the objective?
- Does the test simulate the conditions described in the objective?
- Is the test question or problem clearly stated?
- Are there any words or phrases that could be interpreted in more than one way?
- Are the directions clear and concise?
- Is there a clear indication of how the trainee should respond?
- Are there any words or phrases that could assist the trainee to guess the correct answer?

NOTES

Managing course development

The scope of course development

Several of the processes followed to this point, collectively represent the elements of course development. The processes include analysing performance requirements, identifying performance problems, developing training objectives and evaluation strategies and shaping these into a lesson plan.

These processes can and should, also be implemented where training programmes are already in place. In that case, the objective would be to improve these existing courses or adapt the ones developed elsewhere so that they correspond to local conditions.

Course developers are often not the people who deliver the courses. However, it may be advisable for developers to conduct the first session of a course they have developed before handing it over to the trainers.

Planning course development projects

Course development plans can be based on estimates of the number of days or weeks of instruction required for each training programme. The development of each course is best planned as a project, whose length can vary from a few weeks to as much as a year, depending on the size of the course in question. For quality control purposes, it is preferable to avoid projects larger than this, by dividing a bigger training task into several packages.

Forecasting the length of course development projects

A rough approximation of the length of a course development project can be derived from the length of the course itself. The course length roughly indicates the volume of course development work needed.

Table # contains estimates of the time required to develop courses of a given type and length:

Table #: Estimated Time To Allot When Developing a Course

PRACTICAL TOOL SHEET

COURSE LENGTH	DEVELOPMENT HOURS FOR EACH HOUR OF TRAINING
For upgrading existing courses based on course materials which have already been validated and for delivery to GROUPS	
One week	40
Two weeks	30
Four weeks	20
For new development work based on course material already validated and for delivery to GROUPS	
One week	50
Two weeks	40
Four weeks	30
For new development work as mentioned above, but intended for INDIVIDUALIZED training	
One week	100
Two weeks	75
Four weeks	50
Adapting/upgrading courses	
Adapting a course	Allocate 20% of the original development time
Updating a course	Allocate 10% of the original course development time for each year that the course has been used

The organization of the course development function

The Course Development Team should consist mainly of course developers who, in turn, should maintain a close relationship with the trainers they collaborate with. The size of the team will depend on the commitment of the Customs administration. It may consist of several experts or one or two senior trainers who should be relieved from the day-to-day pressures of training delivery in order to work principally on course development.

However, a team-based approach to course development is recommended. The team should be composed of:

- a team leader/course developer;
- one to three additional course developers;
- subject-matter experts, and
- technical specialists, as required (e.g., graphic artist, multimedia production expert, programmer).

The team leader should be an active member of the team, not merely an administrative manager. He/she should provide the technical direction and be involved in the work. Most importantly, he/she should assume complete responsibility for the course development project from its inception.

- The subject-matter experts should:
- contribute to the job analysis;
- help to open doors for the course developers to interview operational staff;
- review Training Needs Analysis Reports for accuracy and completeness, and
- review the finished course materials.

Relations between course developers and operations

Although there may be arrangements for course developers to be assisted by subject-matter experts, a formal committee, comprised of individuals who understand the need for training at various levels in the organization, should be set up to:

- notify course developers of anticipated performance problems and their implications for training;
- provide course developers with sources of data for study;
- participate in the problem analysis process;
- participate in decisions about the course of action, based on the study conclusions;
- review plans for future course development projects;
- review progress of course development projects and attempt to remove obstacles to progress, and
- review the results of evaluation, e.g., assessment of trainee attitudes, attainment of course objectives and job performance, and to take action.

There are several advantages to having such a committee. For example, it helps ensure that training reflects and meets the needs of field management and fully complies with training evaluation and organizational development requirements. It also helps ensure that non-training solutions recommended in the study report are acted upon, and promotes a harmonious relationship between training and the rest of the organization.

Qualities of a course developer

The job of course developer is not only highly demanding, but also requires diverse and somewhat conflicting skills. In the early stages of course development, developers must perform tasks that primarily involve analysis, e.g. when conducting the training needs analysis. To do this effectively, they must suspend judgement until they have sufficient data to form the basis for valid conclusions. They must be analytically-oriented, and tolerant of the ambiguity involved in the early stages of analysis.

On the other hand, the later stages of course development (such as development of training objectives, evaluation instruments, training methods, etc.) require a different mindset which is not unlike that of an artist. Often, course developers are forced to find solutions in the absence of adequate data.

It follows from the above that a good course developer has to have analytical skills and an analytical approach, plus creative training-design skills which generally come only with experience and confidence. Some general qualities to look for are:

- analytic ability
- ability to find innovative solutions
- communications skills, both oral and written
- resourcefulness and tenacity in overcoming obstacles
- ability to establish rapport and obtain co-operation
- flexible and adaptable
- open-minded, receptive to new data even when it conflicts with long-held views.

Monitoring the course development effort

The Course Development Group as a whole may be monitored through regular reporting mechanisms, but the training manager should meet with team leaders frequently to review progress. There are some common pitfalls that the manager should be on the lookout for:

- The tendency to unnecessarily prolong work in any one stage. Course developers may go overboard in gathering data, without properly assessing its usefulness, particularly in task analysis. Some reasons for this are:
 - perfectionist tendencies
 - fear of moving onto the next stage
 - poor judgement
 - lack of focus on the goals of course development.
- The tendency to skip over prescribed procedures in development. This can happen as a result of:
 - laziness
 - failure to appreciate how each step of the procedure leads onto the next
 - fear of missing deadlines.

Replacing conclusions based on valid data with personal biases and opinions, even when data are available. This can be due to:

- arrogance ("I know more than the subject-matter experts do")
- laziness in retrieving files, particularly likely if the files are poorly organized.

Blending learning approaches

This section provides guidance on selecting appropriate training approaches and delivery methods.

Selecting the most effective teaching methods to efficiently meet the teaching objectives of the course is part of the teaching design process described in the previous chapter.

Which teaching approach should be selected and followed?



The teaching techniques and methods must be blended throughout the training sequence, in line with the specific objectives to be achieved:

- Acquisition of knowledge
- Development of skills
- Development of attitude
- Application by identification
- Application by simulation
- Adaptation to situations and to changes
- Application on the job

There is a wide range of methods traditionally used by trainers and designed by course developers which is not tied to any specific location and which can, in fact, be off-the-job or on-the-job: lectures, debates, case studies, role-plays, study trips, internships.

In recent decades, cost-effectiveness has been a powerful impetus in the development of blended teaching methods. Moreover, on-the-job solutions have also proven a great success because of the priority which a performance-centred administration such as Customs must give to application and practicability.

The development of communication technologies and changes in the structure and culture of an effective work environment, have been accompanied by the emergence of new methods and techniques. Some of the main trends are:

- E-learning
- Tutoring
- Mentoring – twinning
- Coaching
- Participative learning

The aim of blending the different approaches is to maximize the impact of training and better meet the learner's specific needs. This approach is often called blended-learning or b-learning.

E-learning

The e-learning solution offers a wide variety of innovative educational methods, as well as some ideal alternatives to traditional methods. Used together, they can optimize the effectiveness of training very swiftly. The interactivity of the e-learning content improves learning performance by involving trainees in the process.

E-learning offers training managers and course developers different types of possibilities. Customized use of this complementary training method by training management will create opportunities to enhance the overall on-the-job training strategy. It will also achieve tangible results, allowing uniform training to extend throughout the administration, independently of geographic, economic or structural constraints.

Challenges of e-learning

E-learning makes training more accessible to trainees.

It impacts on the sustainability and accuracy of training materials.

In fact, it is not nearly as easy to update a training manual in book form as it is to amend the same content in electronic form. That is what makes the e-learning format so much more suitable than other, more traditional media for delivering content which, by its very nature, is subject to change. Updates reach the trainees more quickly, as well as being less costly for the organization or company concerned.

In addition, e-learning provides the organization with a flexible tool, having the potential for limitless dissemination and immediate set-up and results, in exchange for a transparent and one-off investment. The cost-efficiency of e-learning has proved to be best when:

- the administration needs to train, in a short time, a lot of people who are widely spread across the territory (e.g. when there is a major organizational or procedural change), or when
- the administration needs to allow its staff to access training courses on demand, on a continuous basis.

This type of training is available whenever the trainee needs it, without the organization having to tie staff down to particular times. Also, from a purely practical standpoint, training material in electronic form is less bulky and more manageable than that in paper form. This makes training seem physically more accessible to trainees. Such ease of access promotes what

is sometimes known as “opportunity learning”: an employee may need “micro-training” in a specific subject for his or her work, without necessarily being able to wait for a full session or needing lengthy training. With quick and easy access to e-learning modules, employees can put together a mini training course on the subject which interests them. Finally, the fact that trainees are monitored throughout the training process provides personalized support which helps to ensure the training’s success.

Blending e-learning with traditional teaching methods

Blending e-learning with traditional teaching is one of the most effective uses of blended learning methods.

Implementing this additional approach can dramatically impact on the organization overall, as it maximizes opportunities for on-the-job training and creates a continuous learning process for the practical establishment of knowledge-based administration.

The objective is to remove from the classroom anything that the trainees are capable of assimilating for themselves, so that the trainers can really add value during the face-to-face sessions. This requires a truly proactive approach from trainees before the classes, causing a radical shift in the trainees’ normal perception of learning. We are witnessing a cultural revolution in the world of training where, until now, trainers have had little or no official obligation to provide assistance outside their official teaching hours. With the introduction of e-learning methods, we are moving towards a completely different approach which is service-oriented in the commercial sense of the term, and in which the trainer provides a “hotline” – with all that this implies in terms of flexibility and availability – vis-à-vis trainees who are becoming increasingly demanding.

There are different timeframes for combining e-learning with traditional classroom training. Each course can be preceded by a session to evaluate the level of the trainee. This option makes it possible to identify the programme best suited to each trainee and thus to increase the programme’s effectiveness: it identifies in advance anyone who has not reached the required pre-training level and provides an opportunity for bridging knowledge gaps before further training resources are committed. E-learning can also be used after a session in order to help overcome one of the training challenges – long-term evaluation – or to allow learners to continue benefiting from a training platform to refresh learning or to make the transition between two levels of a training programme.

The trainer can also use an e-learning module to give a demonstration during the teaching session.

The following two questions must be asked when organizing blended training:

- What teaching approach will be adopted?
- How will classroom teaching be combined with distance training?

Examples

Timeframe	1 st example (e-learning upstream)	2 nd example (e-learning downstream)
Before classroom session	Distance training for the group, assisted by a tutor (2 weeks prior to the trainees attending the training session).	
During classroom session	Meeting in the classroom with the tutor for a debriefing on the session and to perfect the topics covered in e-learning mode. Practical work by the group revolving around case studies presented by a trainer: the classroom course level is raised.	The trainees follow a classroom course.
After classroom session		<p>The trainees have two weeks to register, if they wish, onto distance training modules covering the same subject from a different perspective.</p> <p>Organizing a test relating to the course as a whole (face-to-face + distance training).</p>

BEST PRACTICE SHARED BY A WCO MEMBER

THEMES AND TOPICS (IDENTIFY THE TOPIC(S) IN THE COMPENDIUM)

Training programmes

BEST PRACTICE ABSTRACT OR EXECUTIVE SUMMARY

The Customs Administration plays an important role in implementing Government policies, as well as in achieving national development objectives. Often, Customs is the first window through which the external world perceives our country. Customs provides key persons/organizations involved in investment and foreign trade decision-making processes with their basic assumptions.

Without an efficient and well-trained Customs Administration, the Government cannot fully implement its policies on revenue collection, trade facilitation and trade statistics, or protect society against a large number of threats to social and national safety.

In accordance with Article 10 of the Customs Administration Law, the Customs Administration has the authority and responsibility for organizing and delivering training, for assessing the knowledge and professional capacities of its staff, and for introducing human resource management policies and systems.

The key to achieving this goal is to have a sustainable training strategy, Annual Training Plan and E-Learning Programme. The WCO e-learning platform is the best tool for achieving these goals.

DESCRIPTION OF THE BEST PRACTICE

■ (A) Background/brief history, including issues or problems

The training given to Customs officers in previous years may generally be described as disorganized, poorly planned and too theoretical, mainly because of the following:

- absence of a defined training policy and system;
- lack of co-ordinated training management processes between individual organizational units;
- no recognition of business requirements and
- budget limitations.

There have also been cases when improvements in the quality of performance have had a lower priority than personal development. No criteria were developed to set training access requirements, and there were cases of non-compliance with the partially established criteria. Subjective decisions, which were not always based on real and identified needs, were also made.

Furthermore, the understanding that all Customs officers should have equal access to training has proven unrealistic due to budget limitations. Much of the training was, and still is, financed by foreign sources. Training has therefore been based on supply, rather than on demand linked to thoroughly identified training needs.

Training, as an essential element of the Administration's ongoing development and progress, finds its most important motive in the integration of the Customs Administration into the EU. The Customs Administration's European Partnership, as well as the Progress Reports on the Customs Administration country as part of its EU accession process, has set short and mid-term priorities in many areas, including public administration. For all areas of public administration, there is an explicit reference to the need to take measures to strengthen the Administration's capacity both locally and nationally, and to provide training to achieve the identified objectives.

■ (B) Action taken to improve the situation and solve the problems, including who is involved, how the process works, etc.

When a new approach to training is developed, an assessment should be made of the mandate of the key players in the process and of how that mandate can be exercised in practice. It is evident that significant efforts have been invested in training, both by foreign and national players. HR records can provide accurate information on the type of training delivered and by whom, the subjects covered, the training recipients and their number. However, they cannot give a clear picture of the effectiveness of the training.

There have been cases when decisions on foreign training and study trips were made ad-hoc, with such training considered a privilege, rather than a long-term instrument which is necessary for individual/organizational work and which is linked to the needs of the organization or to established individual needs. There have been cases when participants were sent inappropriately on training which had no relevance to the post, and when there was no evaluation of the training's effectiveness/outcome or of its value to the Administration.

The reason for this is that decision-making rested with individuals who did not manage the aforementioned records and had no access to them. The training selection procedures therefore tended to be subjective and, in some cases, persons who had attended several cycles of training had been replaced.

In conclusion, it is vital that training is co-ordinated more effectively and that the development of own capacities and priorities continues.

The training strategy of the Customs Administration responds in an efficient and timely manner to the needs of society. Customs officers must gain the necessary new skills and knowledge – for instance, skills on provision of advice (creation of policies and procedures) and performance (executing policies and procedures). Managers must play an important role in:

- analysis-based policy design;
- coherent co-ordination of policies and procedures;
- information gathering and management;
- strategic management of the service;
- development of user-oriented services – strategic orientation;
- development of partnerships and team working;
- emphasis on standards, such as Customs officers' integrity;
- prevention and fight against corruption;
- transparent public accountability;
- public relations.

In 2006, the Customs Administration adopted an E-Learning Programme, based on the Strategy for Training and Professional Development of Customs Officers. The reason for this was the need for more tailored training, more participants in training, for modern and interactive technologies, and for a better allocation of resources and cost benefits.

The best solution to this problem was to introduce the WCO e-learning modules on a national platform, to be hosted on the Customs Administration server, in order to improve access and the ability to modify the modules. After consultation, we received a very positive reply from the WCO Secretariat and the roll-out mission took place in June 2008. The WCO e-learning modules are very useful, easy to access and very interactive. For the Customs Administration, the biggest challenge has been to translate them into the relevant language. So far, several modules have been translated into the relevant language, others are in English, but the process of translation is ongoing.

■ (C) Result – benefits

Initial results are very positive. The WCO e-learning modules are widely accepted by Customs officers. They have more time to access the training modules individually and there is also the possibility of running special training courses based on the needs and assessment of Central Headquarters. The Guideline Manual has been translated into the relevant language and every Customs officer can access the WCO e-learning platform via the Customs Administration intranet page.

Tutors and administrators can monitor the progress of participants by checking the time spent on learning, the results, and the average time and results achieved. We believe that the WCO e-learning modules provide significant opportunities for increasing the administrative capacity of the Customs Administration.

■ (D) Lessons learnt – success criteria/constraints/problems

During 2008, the Customs Administration significantly increased its administrative capacity, achieving an average 4 days of training per Customs officer. The broader implementation of the WCO e-learning modules in 2009 will further increase this number. The introduction of the e-learning modules gained the Customs Administration of the country the "Best Governance" award from among the whole public administration.

■ (E) Current and future action – project and plan, if any

The Customs Administration plays an important role in implementing Government policies and in achieving national development objectives. Without an efficient and well-trained Customs Administration, the Government cannot fully implement its policies on revenue collection, trade facilitation and trade statistics, or protect society against a large number of threats to social and national safety.

The Training and Professional Development Strategy is a practical response that identifies and detects the training needs of Customs officers and of the business community. The future efforts of the Customs Administration will focus on successful training delivery. Successful implementation depends on all Customs officers being fully committed to the practical application of the principles and actions proposed in the E-Learning Programme and in the WCO e-learning modules.

Other teaching approaches

Mentoring – twinning – coaching

These three training methods first appeared in Anglo-Saxon universities and high schools. They are aimed at developing learners by having them gain the necessary knowledge and skills in a supported way. They involve a developmental relationship between two persons.

Rather than simply giving the answers, the trainer's role should be to help the learner discover the answers for him/herself. In these developmental schemes, the trainers need to facilitate the experience of discovery and learning. The trainer's role is to help the learner discover their true self and experience their own attempts, failures and successes and, by so doing, to develop their natural strengths and potential.

The difference between the methods lies in the person that supports the learner, as shown in the table below.

Type of relationship	Profile of the "trainer"
Mentoring	The mentor has more professional experience than the learner in the field that he is to "teach".
Coaching	The coach does not necessarily have experience of the learner's professional field, but will help him/her to develop in his/her job.
Twinning	The twin is usually a person at the same level as the learner, but from another organization. For example, it may be somebody from a parallel organization in another country, or somebody doing the same job in a different organization.

In any event, it is important – as in the case of other types of training actions – to establish training objectives, create schedules and hold regular assessments in order to benefit fully from these kinds of programmes.

Tutoring

Tutoring can refer to the same kind of relationships as those indicated in the previous paragraph, but within an online training environment.

The tutor has an educational role, a social support/group development role, a managerial role and, usually to a lesser extent, a technical support role.

Online tutoring implies a self-motivated and independent learner. Learning is the key focus of the process, as opposed to teaching. E-moderating usually refers to group online or web- based learning that:

- Is based on constructivist and social-constructivist principles
- Focuses on utilizing online dialogue and peer learning to enrich learning within the online environment
- Focuses on achieving goals of independent learning, learner autonomy, self-reflection, knowledge construction, collaborative or group-based learning, online discussion, transformative learning and communities of learning, as opposed to delivering online content via a transmission mode.

In a full online training environment, the role of the tutor is crucial as this person will be the only reference for the trainee and will guide him/her through the learning process.

Participative learning

The concept of participative learning is not new and is used most of the time by training developers and trainers. It is based on the idea that trainees can learn not only from the trainer, but also from and with each other, sharing their experiences and building their knowledge through the experiences of others.

The methods often used for participative learning in a classroom environment are group discussions, case studies, group exercises, etc.

Nevertheless, the development of Web 2.0 and the expansion of e-learning have created new tools for the use of participative training methods in the online environment. When integrated on the e-learning platform, these tools may complement the e-learning courses very effectively by offering a blend of methods that help the students acquire knowledge or skills in greater depth.

Among these tools, are:

- Wikis: these could be defined as online open encyclopaedias to which each participant can contribute and in which each can write articles, based on their own knowledge and experience.
- Forums: these are online message boards where participants can share their views on different subjects, or ask for suggestions from other participants when facing a problem. It is advisable for a moderator (the tutor or trainer) to monitor the forums in order to guide discussions and answer the most difficult problems.
- Blogs: these are online journals where participants can express themselves in an individual or collaborative way. They may reflect the development, doubts and achievements of learners during their training.



Training infrastructures

The following section focuses on the different elements needed to set up a Training Centre. These guidelines deal with the building, equipment and services and describe step-by-step the conception, design and construction of training facilities. Each element might, however, be used when considering the review and upgrade of existing infrastructures.

It should be noted that an administration might have one or several Training Centres, depending on the organization's policy, resources, and specifications.

Some training facilities might specialize in a specific kind of training, based on the target audience's level (e.g. ignition courses/initial training, Management Centre) or specialization (enforcement training, etc.). Some administrations might prefer to have Regional Training Centres which offer training opportunities to the whole territory and play a different role to that of the national Centre.

In any case, the same process is involved in establishing infrastructures as it is in renewing existing ones.

Developing new training facilities or upgrading existing ones is an important decision and must be sanctioned and supported at the administration's highest decision-making levels. Approval of such a decision triggers a step-by-step implementation process which should involve the following stages:

Appointment of a Steering Committee	<p>Composition</p> <p>The conception, design, planning and other processes leading to the eventual construction of a Training Centre represent a complex task. This task is usually undertaken by a Steering Committee comprising experts in relevant fields (representatives from the Director General's office, field offices, the accounting department, HR and training services, officials who are affected by the project, and even experts from other organizations to provide different perspectives, etc.). It is imperative that the Head (or prospective Head) of the Training Centre be a member of the Committee.</p> <p>Terms of Reference</p> <p>The Steering Committee should be provided with enough resources, and given sufficient authority, to make decisions on matters within its terms of reference. It should then define its own working methods and strategies before embarking on the task. This should include planning the execution of the various tasks and agreeing on the criteria for evaluating the outcome of each task.</p>									
Consultation of long-range forecasts of training requirements	<p>Factors affecting training demand</p> <p>The demand for training is not static. It fluctuates with changes in the internal and external environment in which the administration operates. Some of the factors which influence training demand are both external factors (change in legislation, technology, regional agreements, etc.) and internal factors (change in organizational structure, policies, human resources structure, etc.)</p> <p>These long-range training forecasts, such as human resources audit and supply and demand forecasts must be a systematic process led by Human Resources Development management. It is then possible to establish a training workload plan.</p>									
Determination of the facilities required	<p>Determination of the scope and level of utilization of the facility</p> <p>An initial utilization level (number of trainees attending courses in one year expressed as a percentage of the total annual trainee capacity of the facility) of 60-80% is usually recommended but depends on the HR forecasts.</p> <p>Determination of specific requirements</p> <p>An evaluation of the facilities which already exist must first be completed: SWOT analysis, characteristics and capacities. An accurate determination of additional requirements is then possible.</p> <p>This stage involves a detailed breakdown of the space required, as follows:</p> <ul style="list-style-type: none">• Training space: <table><tr><td>types of classrooms</td><td>special-purpose rooms (trainers' meeting room, relaxation/study/ syndicate rooms, prayer rooms, etc.)</td><td>laboratories</td></tr><tr><td>simulated work environments (search bays, etc.)</td><td>learning resources centre (library, document research)</td><td>auditorium/conference service</td></tr><tr><td>indoor shooting range/ sport facilities</td><td>storage room for samples for Harmonized System classification training</td><td>IT and computer rooms</td></tr></table> <ul style="list-style-type: none">• Living space: <p>bedrooms/dormitories, caretaker accommodation, lounges, dining space, lavatories, medical services, utilities, parking space, kitchen space, small works room, trainers (including guest trainers), course developers, administrators, support personnel, contract services, etc.</p> <ul style="list-style-type: none">• Other space required for: <p>storage, assembly and shipping of training materials, printing and reproduction, computer operations, multimedia studio, registration and trainee support, equipment maintenance, reception area, central files, multi-purpose/convertible sports facility, security, etc.</p>	types of classrooms	special-purpose rooms (trainers' meeting room, relaxation/study/ syndicate rooms, prayer rooms, etc.)	laboratories	simulated work environments (search bays, etc.)	learning resources centre (library, document research)	auditorium/conference service	indoor shooting range/ sport facilities	storage room for samples for Harmonized System classification training	IT and computer rooms
types of classrooms	special-purpose rooms (trainers' meeting room, relaxation/study/ syndicate rooms, prayer rooms, etc.)	laboratories								
simulated work environments (search bays, etc.)	learning resources centre (library, document research)	auditorium/conference service								
indoor shooting range/ sport facilities	storage room for samples for Harmonized System classification training	IT and computer rooms								

Development of options	<p>Review of the options</p> <p>Development of training facilities involves a considerable outlay of resources. Once taken, decisions are difficult and/or expensive to alter, so the best decision must be made from the outset. For this to be possible, the Steering Committee must ensure that as many options as possible are reviewed before the administration embarks on a course of action.</p> <p>When devising alternative strategies, some of the following options/considerations might be taken into account:</p>														
	<table><tr><td rowspan="2">Considerations internal to the administration</td><td>Sole occupancy or shared facilities</td><td>Growth potential</td><td>New construction or renovation of existing structures</td><td>Distressed real estate</td></tr><tr><td>Recreational facilities</td><td>Availability of support staff, student density and transportation</td><td>Proximity to hotels</td><td>Environment conducive to learning (surroundings, noise, etc.)</td></tr><tr><td>Considerations external to the administration</td><td>Availability and condition of utilities</td><td>Zoning regulations</td><td>Community acceptance</td><td>Proximity to other important services</td></tr></table>	Considerations internal to the administration	Sole occupancy or shared facilities	Growth potential	New construction or renovation of existing structures	Distressed real estate	Recreational facilities	Availability of support staff, student density and transportation	Proximity to hotels	Environment conducive to learning (surroundings, noise, etc.)	Considerations external to the administration	Availability and condition of utilities	Zoning regulations	Community acceptance	Proximity to other important services
Considerations internal to the administration	Sole occupancy or shared facilities		Growth potential	New construction or renovation of existing structures	Distressed real estate										
	Recreational facilities	Availability of support staff, student density and transportation	Proximity to hotels	Environment conducive to learning (surroundings, noise, etc.)											
Considerations external to the administration	Availability and condition of utilities	Zoning regulations	Community acceptance	Proximity to other important services											
Specification of functional characteristics of spaces	<p>The functional specifications of a building determine its functional characteristics: each space must be defined in detail with its functional specifications.</p> <p>A complete list of all the activities that will be handled in each space must be compiled prior to the architectural design. This requires a detailed knowledge of each activity: e.g. role-plays in simulated work environments, e-learning sessions, research.</p>														
Design of training space	<p>The design of space is a technical matter that requires professional skills. However, the Steering Committee must acquaint itself with some of the concepts.</p> <p>Moreover, some specific elements, such as security and diversity issues, are based on the administration's policy.</p> <ul style="list-style-type: none">• Flexibility and adaptability• Activity space layout• Determination of space requirements and room sizes														
Estimation of the cost of space and furnishings	<p>The cost per unit area of training space depends on several factors. Likewise, the cost of furniture and furnishings depends on many variables, which include type and quality. These factors are decided as a matter of policy, depending on the budget available and the life expectancy of the training facility.</p> <p>Once again, an architect or other expert must be consulted when this costing is being made as it is on this basis that the final proposals to management will be made.</p>														
Narrowing choices and making detailed proposals	<p>A concise but detailed proposal must then be produced by the Steering Committee to efficiently inform the decision-making process. It is important that the proposal is properly drafted to ensure that the most beneficial options are chosen.</p> <p>After the extensive analysis, the Steering Committee is responsible for defending the proposals and justifications to top management.</p>														

Annex 2

Lesson plan example and template

LESSON PLAN – EXAMPLE

Topic: Training aids: Visual aids, verbal aids, methods

Teaching points	Content	Aids + method	Training time
Introduction	Group question: “In your opinion, what resources can you use to <u>consolidate</u> the success of the <u>training</u> ?”	Motivation	
	<ul style="list-style-type: none"> ➤ Write the answer on the board (board, overhead projector, slides, films, handouts, example, comparison, quotation, etc.) ➤ Visual aids ➤ Verbal aids 	B/B T72, T73, T74, T75	10 minutes
Visual aids	Exercises in sub-groups:	Work in sub-groups	
	Supplement the above list with class contributions and ask each sub-group to indicate the advantages and disadvantages of each visual aid, as well as their possible uses.		45 minutes
	Or: <u>Exercises in sub-groups</u> (alternative): Of the list of visual aids drawn up on the blackboard, three (3) are widely used: documents to be distributed, transparencies and flip charts. Divide the class into 3 sub-groups. Each group must present to the class what it has discovered, using the visual aid that it must promote.	Explanations	60 minutes
	15 minutes after the start of each task, go round the sub-groups, asking them to make a list of the disadvantages or weaknesses of the three visual aids.	Individual exercise	30 minutes
	The teams’ reports are completed by the trainer, if necessary. To conclude, highlight the general aspects relating to the proper use of visual aids.	T76 – T83	
	The results are presented by each group in turn, changing the spokesperson each time. The sub-group that does not present the results can supplement the list.		
	The trainer returns to each visual aid to supplement the sub-groups’ summary:	Explanations	
	<ul style="list-style-type: none"> ➤ General ➤ Advantages/disadvantages ➤ Possible use ➤ Selection criteria 		60 minutes
Exercise	<u>Prepare a transparency</u> on a subject of your choice (possibly related to the 30-minute presentations).	Individual exercise	30 minutes
Performance objectives	The participant will be able to: <ul style="list-style-type: none"> ➤ Correctly and satisfactorily use the visual aids; ➤ Produce suitable transparencies himself (by hand); ➤ Handle the overhead projector properly. 		

Teaching points	Content	Aids + method	Training time
Verbal aids	<p>Group question:</p> <p>“What is meant by verbal aids? Can you give some examples?”</p> <p>Review, step by step, the different verbal aids and explain their possible uses, asking the participants to provide examples for each type.</p>	<p>Question T73</p> <p>Explanations</p>	60 minutes
Performance objectives	The participant will be able to make best use of verbal aids.		
Introduction	<p>Link to teaching preparation and communication.</p> <p>Outline of transparency</p> <p>> choice of teaching method</p>	T85	10 minutes
Teaching methods	<p>Group question:</p> <p>> “In your opinion, what is meant by teaching methods?”</p> <p>> “Can you give any examples?”</p>	T86	
Teaching methods	<p>The answers you have given can be classified into three categories:</p> <p>> positive methods</p> <p>> questioning methods</p> <p>> active methods</p> <p>Transparencies</p>	T87	20 minutes
	<p>Form 3 sub-groups:</p> <p>1 sub-group draws up the list of advantages</p> <p>1 sub-group draws up the list of disadvantages</p> <p>1 sub-group draws up the list of possible uses.</p>	Work in sub-group	30 minutes
	<p>Methods:</p> <p>> presentations</p> <p>> demonstration</p> <p>> discussion</p> <p>> simulation:</p> <ul style="list-style-type: none"> • case study • role-play <p>> workshop</p> <p>> individual work</p> <p>> brainstorming</p> <p>> questioning</p>	<p>B/B</p> <p>T93 T94</p>	
	In groups, each sub-group relays the result of its deliberations. The trainer completes them if necessary.	T95, T96J84	30 minutes
Performance objectives	<p>The participant will be able to:</p> <p>> Understand the 9 main methods</p> <p>> Recall the characteristics of the methods, stating their advantages and disadvantages</p> <p>> Choose in the preparation and teaching phase a teaching method suited to the situation.</p>		

LESSON PLAN – TEMPLATE

Topic: _____

[illegible]

9.10. Resignation and outplacement

At some point, the time may come when an employee starts looking for a job outside the Customs Administration. For example, the employee may retire or be offered a job in another organization. In these cases, resignation is voluntary. However, in any organization, some employees may be forced to leave (for instance, as the result of organizational restructuring or an inability to meet the requirements). In such cases, an outplacement procedure may be an option.

Outplacement

What is outplacement?

Outplacement is the set of services and advice given to an employee by the employer with the objective of helping the employee find a new job outside the organization where he is currently employed. Examples are: providing help with job applications, finding out information about job opportunities and helping with self-assessment. In some cases, an outplacement agency may be called in.

When to use outplacement?

When restructuring has taken place and the employee cannot be found a different post, or when an employee cannot meet the requirements of the job. Outplacement can also be used to stimulate organizational mobility or to stimulate the outflow of personnel.

When is the outplacement route exhausted?

Before the employee and employer start with outplacement, they agree on the duration of the procedure. They also agree on what happens in case outplacement is not successful.

Who pays for outplacement?

Usually, the Customs Administration pays. Whether all or only part of the costs is paid depends on the personal circumstances of the employee.

Exit interview

A resignation or exit interview can be conducted when an employee resigns from the Customs Administration or leaves the organization for other reasons.

What is an exit interview?

The exit interview is a conversation between the HRM manager (recruitment expert) and the employee who is resigning from the Customs Administration to take another job, or who is transferring from one governmental department to another.

What is the purpose of the interview?

The purpose of the interview is to find out the employee's positive and negative opinions and perceptions about the job, as well as to learn the reasons for his resignation. Usually, the employee has carefully considered the strengths and weaknesses of his current job before resigning, and the organization can use this information to improve its internal structure.

Interview arrangements

The HRM unit (the recruitment expert) invites the employee to an exit interview.

In the invitation, the employee is informed about the procedure which will be used for the interview and about the questions which will be discussed, so that he has time to prepare.

Questions

Before the interview, the interviewer collects information from the employee's personal records.

The interview starts with an introduction, with information about the purpose of the conversation, an explanation of how the interview will be used, and information about who will have access to the information given in the interview.

The main purpose of the interview is to discover the reasons for the resignation. These are mostly reasons that relate to the Customs Administration as an employer.

The interviewer takes notes during the interview (see also the Exit interview form, Annex 26) and checks the information with the employee at the end of the interview. Together, they decide what information given in the interview can be communicated to the manager in charge.

After the interview

The conclusions drawn from the interview are discussed with the manager in charge, with a view to exploring any actions for improvement.

All notes will be classified as confidential and saved for later use for a limited period (maximum of 2 years).

9.11. Annexes Human Resource Management & Leadership

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Annex 1

Recruitment, selection and induction checklist

General questions

- Is new staff really required or are there alternatives (for instance redistribution of work)?
- Use the tool Staff requirements analysis (Annex 2).
- What are the costs of recruitment?
- Use the tool Estimate of recruitment costs (Annex 3.)
- If required, is the job still the same or has it changed? (This might be an opportunity to reorganize certain tasks.)
- How does reduction of staff fit in with staff planning and company objectives as a whole? Is it likely that the job will disappear? (If yes, when?)
- When do you need the new employee? For what period?
- For how many hours/days a week/month?

Job (the Job description checklist (Annex 4) could be used as a further aid)

- Does a proper and up-to-date job description exist?
- To which organizational unit will the new employee be posted?
- What is the name of the job?
- What are the tasks to be performed?
- What is the salary (job evaluation)?
- Which will be the new employee's responsibilities and powers?
- What is the required level of education?
- What are the desired professional knowledge and skills?
- What are the desired competencies?
- How many years of experience are required?
- What are the required personal characteristics?
- Does the organization need an employee whose career will develop quickly?
- What is the environment of the job (work atmosphere, work conditions, colleagues, clients, equipment, etc.)?
- What do you expect of this job in 3 years' time? Is it likely that your requirements will have changed in 3 years time?

Offer

- Does the organization offer a permanent or a temporary contract?
- On which days and hours will the new employee be working?
- What is the salary and what is the margin for negotiation?
- What are the (secondary) terms of employment?
- What career development possibilities can be offered?

Procedures

- Who is involved in the procedures?
- Who does what?
- Who takes the final decision?
- What is the timetable? The Example of a recruitment timetable (Annex 6) may be used.
- Will the job be advertised internally first?
- In what way(s) will the employer recruit externally? See also Job Advertisement form (Annex 8).
- How will the selection procedure be conducted?
- How many candidates will be invited? See also Selection form application letters (Annex 10) and Scoring form application letters (Annex 11).
- How many rounds of interviews will be held? See also Job interview checklist (Annex 12).
- Does the procedure involve tests (psychological tests, assessments)?
- Is a medical examination required?
- Are character references followed up? See also Reference Checking Documentation Form (Annex 15).
- Will candidates be kept on a list for any future job openings?
- How is the job induction arranged? See also Induction checklist (Annex 17).

Besides all the forms (Annexes) mentioned above, an Interview form (Annex 13), an Interview/individual assessment form (Annex 14) and the form Questions about the candidate (Annex 16) could be used in the actual recruitment process.

Annex 2

Staff requirements analysis tool

Division/unit	
Location	
Recruitment manager	

Tasks of the division/unit	
Number of employees	
Number of persons on sick list	
Number of persons on leave of absence	
Number of persons on special leave	
Total number of persons currently working	

Analysis of inventory of needs (If more room is needed, please continue in "Other information concerning staff requirements analysis".)

Reasons for recruitment	
Employee is absent from ... to ...	
Reasons for absence	
Employee's regular working hours (in %)	
Employee's tasks	
Tasks that temporarily can be taken over by co-worker in the same division/unit or within the organization	

Tasks that can be handled remotely

The employee was given the opportunity to handle several tasks remotely

☐ Yes

☐ No

Other reasons for recruitment

Percentage	
Tasks	

Other information concerning staff requirements analysis

--

Annex 3

Estimate of recruitment costs

Department/unit:

Staff turnover leads to:

- decreased productivity during the term of notice
- costs of recruitment/replacement
- costs of induction/training/mentorship
- costs of failed recruitment/wrong competency

Decreased productivity (for you as a manager)

Employee's term of notice		Number of months, varies from 1 – 3 – 6
Work hours as a percentage	%	Your work hours, total
Monthly salary for full-time position	\$	Your monthly salary for full-time position
Decreased productivity	0.00 \$	Automatic calculation (monthly salary x 25%)
Cost price per hour	0.00 \$	Automatic calculation (monthly salary x 1.5%)
Decreased productivity, total	0.00 \$	
Subtotal	0.00 \$	

Recruitment costs

Requirements analysis, costs per hour	\$	Total costs per hour of all persons involved in the recruitment process. (Individual costs per hour multiplied by 1.5% and number of hours invested.)
Costs of job advertisement	\$	
Travel costs for candidates	\$	Add together all the costs incurred by the candidate for the interview, etc.
Number of hours spent on recruitment: selection, interviews, decision-making, recruitment manager, recruitment expert, participation of co-workers – number of hours x average cost price.	\$	Total number of hours for all persons involved in recruitment process, multiplied by respective cost price per hour ¹
Recruitment costs, total	0.00 \$	
Subtotal	0.00 \$	

Induction/education/training costs

Employee's monthly salary	\$	Employee's gross monthly salary, including extras for irregular working hours.
Costs of training, accommodation and travel	\$	Total costs of employee's education/training
Costs of induction/becoming familiarized, managers, co-workers, mentors, etc.	\$	Employee's monthly salary x 1.5% multiplied by number of hours.
Total costs of managers, mentors, etc.	0.00 \$	
Employee's total salary during the term of notice	0.00 \$	Automatic calculation (monthly salary x 25%)
Induction/education/training, total	0.00 \$	
Subtotal	0.00 \$	

Failed recruitment

Total costs of failed recruitment	0.00 \$	This amount is an estimate of the total costs of failed recruitment
-----------------------------------	---------	---

Notes

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Annex 4

Job description checklist

A good job description is virtually indispensable when an employer starts to recruit for a vacant post, either internally or externally. The recruiting manager first draws up a job description (if desired, consulting the personnel officer). The following checklist may be useful.

Managers and support staff may consult the Dictionary of Competencies (DC) (Annex 26) to decide on the competency profiles for the job descriptions. The first thing needed is to establish the required behaviour for the job. The DC can subsequently be used to determine the set of competencies needed for that specific behaviour. The competency profile can then be drawn up on the basis of the competencies that are essential for the job.

General	<ul style="list-style-type: none">■ Job■ Location■ Date
Job content (the Set of requirements (Annex 5) could be used here)	<ul style="list-style-type: none">■ Range of tasks■ Objectives■ Responsibilities
Required level (Set of requirements)	<ul style="list-style-type: none">■ Job level■ Level of education■ Level of experience■ Competencies (Dictionary of Competencies (DC))
Work conditions	<ul style="list-style-type: none">■ Are the conditions physically challenging?■ Are the conditions mentally challenging?■ What tools or equipment must be used?■ Where and/or in what (type of) environment is the work to be carried out?■ Do the tasks carry any health risks?■ If so, which risks?■ What precautions can be taken?
Work relations	<ul style="list-style-type: none">■ To whom is the employee accountable?■ Does the employee have executive powers?■ For what department(s)?■ How many persons?■ Is co-operation with other persons required?■ Who are they?
Terms of employment	<ul style="list-style-type: none">■ What is the gross salary?■ What are the secondary terms of employment?■ What are the working hours of the employee?■ How many days per week does the employee work?

¹ Calculation model: monthly salary x 1.5%, e.g. 2000 \$ x 1.5% results in a cost price of 30 \$ per hour.

Annex 5

Set of requirements

Job title:	Supervisor/Contact:
Main tasks <i>What do the tasks comprise and what is the work environment? (Working individually, in groups, daytime or evening hours, etc.)</i>	Core competencies What are the basic requirements? What minimum competencies should the candidate meet?
Specific competencies What is desired in addition to the basic requirements? What unique combination of competencies does the organization need?	Experience and skills Previous work experience. What experience is the Customs Administration looking for?
Personal characteristics Define what is meant by a certain characteristic and describe the situations in which the characteristics would be needed by the candidate. Remember that these are personal characteristics that relate both to the capability to perform the job and to the capability to fit in with the organization.	Other requirements to be met by the candidate Driver's licence, interest in being a lecturer at the Customs Training Centre, no allergies, salary range, work hours, travel, etc.

Annex 6

Example of a recruitment timetable

This timetable assumes that you advertise in a magazine or paper to recruit new staff.

Activity	Day
Determine job description and selection criteria Determine how to target potential candidates Write text for advertisement and reserve space in magazine or paper Announce the vacancy internally (time to respond: one week)	Day 1
Interview internal candidates	Day 9
Publish the advertisement	Day 15-22
Receive job application letters	Day 17-34
Selection of letters	Day 35
Send invitations for interviews	Day 35
Job interviews	Day 45
Final decision: who will be offered the job?	Day 46
Inform candidate: make an offer	Day 46
Decide on candidate	Day 50 (2 months)
Starting date (assuming two months' notice with former employer).	Day 120 (4 months)

Annex 7

Job application form for internal candidates

For the job of

Send this form back before:

to: Customs Administration
PO Box
City

1. Personal details

Surname
First name(s) in full
Sex	<input type="checkbox"/> male <input type="checkbox"/> female
Age years
Address
Postal code
City
Phone number	at home..... at work.....
Employment	<input type="checkbox"/> full-time <input type="checkbox"/> half-time, ... hours
Details	<input type="checkbox"/> no <input type="checkbox"/> yes If yes, state details.

2. Training outside the Customs Administration

What courses have you taken outside the Customs Administration?

	Course	Certificate obtained in	Number of years	Subjects
1.
2.
3.
4.
5.

2.1 Training within the Customs Administration

What courses have you taken within the Customs Administration?

	Course	Period	Completed in year
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

2.2 Internal/external training/seminars, etc.

What internal and external training and/or particular courses have you taken, other than those required by the service?

	Course	Completed in year
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

2.3 Work experience outside the Customs Administration

What relevant jobs have you had outside the Customs Administration?

	Job (description)	Organization:	Period
1.
2.
3.
4.
5.

2.4 Jobs within the Customs Administration

What relevant jobs have you had within the Customs Administration?

	Job (description) and unit	Grade	Period
1.
2.
3.
4.
5.

2.5 Additional positions inside or outside the Customs Administration

What relevant additional positions have you held inside and/or outside the Customs Administration? For instance, chairperson posts, teaching posts, advisory posts.

	Additional position (description)	Period
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

2.6 Work/project groups within the Customs Administration

In which work/project groups and/or committees of the Customs Administration have you participated or do you participate in?

	Work/project group (description)	Period
1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

3. Other (work) experience and/or achievements which demonstrate your suitability for the position

.....

.....

.....

.....

.....

.....

.....

4. Motivation for applying for the position

What are the most important reasons for your application?

.....

.....

.....

.....

.....

.....

Date of application: Signature:

Date of receipt (leave blank):

Annex 8

Job Advertisement form

Contents

- Name of job (in bold capitals). Be as specific as possible.
- Catchphrase (in bold capitals). Not essential, but it will help draw attention to the advertisement.
- Concise description of tasks and responsibilities.
- Number of work hours per week.
- Location.
- Selection criteria: education, experience, personal characteristics.
- What does the organization have to offer?
- Salary/terms of employment.
- Employment contract, temporary or permanent.
- Training opportunities.
- Other information (for instance, irregular hours).
- Whom to contact for more information about the job.
- How to apply (in writing, by telephone or via an application form). See also Job application form for external candidates (Annex 9).
- Application deadline.
- Contact details and name of the person to whom the candidate should address the application.
- Other information.

Advice

If you advertise frequently, keep a record of responses. This will come in handy when you advertise again.

Annex 9

Application form for external candidates

Personal details

Surname:	Address:
Christian name(s):	Postcode and city:
Date of birth:	Telephone:
	E-mail address:

Your skills and capabilities

--

Which job(s) are you applying for?

--

How many hours per week would you like to work?

<input type="checkbox"/> full-time	<input type="checkbox"/> half-time, ___ hours per week
------------------------------------	--

Are you prepared to work irregular hours for ___ ?

<input type="checkbox"/> yes	<input type="checkbox"/> no
------------------------------	-----------------------------

What gross monthly salary do you expect to earn?

.....USD

Education (after primary school)

Type of education/course	from/to	Certificate
.....
.....
.....
.....

Education (after primary school)

Type of education/course	from/to	Certificate
.....
.....
.....
.....

Are you currently taking any courses?

<input type="checkbox"/> yes	<input type="checkbox"/> no
If so, which?	
When will you complete these?	

Work experience

Previous jobs: Name of organization	position	from/to
.....
.....
.....
.....

With what sort of tasks/assignments are you familiar?

--

With what sort of equipment/software are you familiar?

--

Do you hold any additional positions?

<input type="checkbox"/> yes	<input type="checkbox"/> no
If yes, what positions and with what organization?

Motivation

Why are you interested in the job advertised?
Why are you interested in working for our organization?

Other information

How did you learn about this vacancy?	<input type="checkbox"/> an advertisement in <input type="checkbox"/> family/friends <input type="checkbox"/> job centre <input type="checkbox"/> other
---------------------------------------	--

What is your current term of notice?**Space for additional remarks**

--

Signature

Place :	Date :	Signature :

Annex 10

Selection form for application letters

Information in the application letter:

The application letter regards the post of: [name of job]

Reference: [Letter reference]

Name of candidate: _____

Name of member of selection committee: _____

Scoring in detail:

The detailed scoring of a candidate is done on the basis of competencies and other job requirements:

indicate score as follows: excellent=5 very good=4 good=3 average=2 insufficient=1

Criteria/competencies:.....	score
1.....	[]
2.....	[]
3.....	[]
4.....	[]
5.....	[]
6.....	[]
7.....	[]
8.....	[]
9.....	[]
total score []	

Remarks

Motivation/expertise:

Does the application letter indicate sufficient motivation and expertise for the job:

- Motivation [] sufficient [] insufficient

- Expertise [] sufficient [] insufficient

Description of the risk, if any:

Conclusion regarding pre-selection for interview:

The candidate [] will [] will not be invited for an interview.

Reasons for rejection: _____

Annex 11

Scoring form for application letters

Vacancy: (fill in name of job)														
	Name	a	b	c	d	e	f	g	h	i	j	Total score	Motivation	Expertise
	Job requirement	1	2	3	4	5	6	7	8	9	10			
1												0		
2												0		
3												0		
4												0		
5												0		
6												0		
7												0		
8												0		
9												0		
10												0		
11												0		

Annex 12

Job interview checklist

Selecting new employees is a costly affair. Careful preparation and execution may prevent an expensive mistake. The following checklist is a useful tool when preparing to hold job application interviews.

There are several reasons why an initial interview may be followed by a second interview: to check that first impressions are correct, to expand on specific issues, to introduce the candidate to future potential co-workers, or to discuss the terms of employment.

Procedures

- Send the invitation for the interview well in advance. Clearly indicate:
 - Where the interview will take place (you might want to include an itinerary), and
 - Date and time.
- Arrange for a limited number of interviews per day (for instance, not more than 4).
- Arrange for sufficient time for the interview. Do not schedule the next interview until at least one and a half hours later.
- Notify the front desk about the candidate(s).
- Arrange for a quiet room.
- Prevent telephone interruptions or interruptions from colleagues.
- Do not keep candidates waiting too long after they arrive. Make sure that there is a quiet area in which they can wait.
- If there is a selection panel, ensure that panel members do not sit in a straight row. Instead, create a friendly and equal seating arrangement. All those present should be able to see each other.
- If you are the interviewer, collect the candidate from the waiting room yourself. When walking to the interview room, you might ask some general questions to make the candidate feel at ease – e.g. How was the journey? Was the location easy to find?

Interview preparation

- Make sure that you have read the candidates' letters carefully in advance.
- Read the job profile through thoroughly.
- Think of a number of subjects and draw up a list of questions. A list will help you not to forget any of the subjects and will enable you to compare the various candidates.
- Structure the interview, for instance:
 - Introduce everyone;
 - Discuss the curriculum vitae;
 - Explore the candidate's motivation;
 - Discuss capabilities in relation to the tasks;
 - Explain the next steps in the procedure.
- Use the same question wording for every candidate.
- Alternate between open, closed and direct questions.
- Compose a selection committee (2-3 selectors; supervisor, personnel officer, future colleague).
- Discuss the roles of the selectors (chairperson, supervisor of the proceedings).
- Do not go into too much detail during a first interview. You might want to keep this for a second interview.
- Make sure you have pen and paper to hand, as well as the candidate's letter and your list of questions.

The interview

- Offer the candidate something to drink. Do not start with your questions until the drinks are poured out and are on the table.
- Have the application letter, the curriculum vitae and the list of questions ready.
- Use the Interview form.
- Show authority, but be friendly and polite.
- Allow the candidate to say whatever he/she has to say, but keep control of the conversation.
- Every now and again, summarize what the candidate has said in order to ensure you have understood everything correctly.
- A touch of humour is fine, but not too much.
- Do not form an opinion too quickly.
- Do not focus solely on knowledge and skills: the candidate should fit in with the team too.

Annex 13

Interview form

Position		Date	
Interviewer		Candidate	

Strategy
Introduction
Introduce other interviewers
Explain proceedings of the interview

■ Introduce Customs Administration/vacant position

Job
Tasks
Work methods
Travel, time in lieu/flexitime, etc.

■ Presentation of candidate

Background
Education
Work
Private life
Leisure time

- Ask questions and refer to candidate's presentation
- Conclusion

Annex 14

Interview/individual assessment form

1) Behaviour and presentation (1-5 points)

Fluency?	
Expression and presentation	

a) How does the candidate behave during the interview?

Active?		
Passive?		
Committed?		
Well prepared and competent?		
Eye contact?		
Body language?		
Voice?		
Attitude?		

2) Motivation

How eager/interested is the candidate?			<p>Questions concerning the candidate's skills for the specific position</p> <p>E. g.:</p> <p>Course of action (Well-structured) Customer-oriented (Social skills) Analytical skills Innovative capacity (How, Why) Results (What) Experience with different tools Knowledge</p>
Why would you apply for this job?			
Why would you want to work with the Customs Administration?			
What attracts you to working on these particular issues?			
Have you applied for other jobs? If so, within which field(s)?			

3) Job experience

What is your previous job experience?		
What responsibilities/work tasks have you had?		

4) Family situation

What is your current situation?		
How do you manage the balance between job and private life?		
How do you manage business trips, late working hours, staying away overnight?		
How would you handle having to move house (if applicable)?		

5) Leisure time

How do you spend your leisure time?		
Hobbies?		
Other interests?		
Volunteer work in any organization?		
Additional jobs?		
Sports – health – attitude towards alcohol and drugs?		

6) Miscellaneous Questions

In this part of the interview, questions relating to knowledge that is not specific to the job can be included.

Describe a good day at work.		
When do you perform at your best?		
Describe a bad day at work.		
When do you perform worst?		
Do you prefer to work on your own or with others?		
What do your colleagues think about you?		
Give an example when you have been praised.		
Give an example when you have been criticized.		
How do you handle criticism?		
Do you ever get into conflicts?		
What are your ambitions in your work?		
What do you think you will be doing in about 5 years?		
Describe your views of a good workplace.		
What creates a good working environment?		
What makes people perform well?		
What does the concept of diversity mean to you?		

Conclusion

Would you like to add anything? Have we forgotten to ask anything you consider important?	
If you were selected for the job, when could you start?	
Salary range, expected salary	
Are you still interested in this job? If not, please let us know as soon as possible.	
Any travel costs incurred in travelling to the interview?	
Information on further proceedings	
References to be kept for a second interview	
Brief summary of first interview for position XXX	
Candidate:	
First impressions	

General opinion
Positive points
Negative points
Brief summary/Recommendations

Annex 15

Form for checking references

Questions about work

Candidate's name	Prospective position
Name of referee	Phone number of referee
Address	
Connection to candidate	Over what period

Questions about work

Duration of employment	Work responsibilities
Specific tasks	
Position in organizational structure	
Number of subordinate employees	Promotion (if any)

Annex 16

Questions about the candidate

What are the candidate's most significant strengths? (Use these as the basis for focusing on "how"/"which" questions.)
What are the candidate's most significant weaknesses? (focus on "how" questions)
How would you assess the candidate's work performance?
How would you assess the candidate's commitment to work?
How did the candidate manage his/her tasks?
How does the candidate interact in a group?
How does the candidate handle working independently?
Can you recall any (work/private) situation when the candidate has acted inappropriately?
Speed of work
Planning skills
Initiative
Interest in development/change
What progress has the candidate made while working with you?
In which situations did the candidate perform best?
Personal qualities (sense of humour, sense of order, responsibility, health)

Overall assessment of the candidate by referee

Reasons for leaving	Would you consider re-employing this individual?
Significant positive qualities	
Significant negative qualities	
Would you consider the prospective work position suitable for the candidate?	

Conclusions

Trustworthiness and reliability of referee

☐ Low ☐ Medium ☐ High

Overall assessment of the candidate by the referee

--

Annex 17

Induction checklist

Name.....

Starting date

Preparation

- ☐ Provide an induction programme
- ☐ Prepare workplace and equipment
- ☐ Prepare tasks
- ☐ Compile set of informative material
- ☐ Include other colleagues in the induction programme
- ☐ Send a welcome letter to the new colleague.
- Enclose induction and information material

The employing authority

Provide information about

- ☐ Organization: general background and goals set
- ☐ Obligation of confidentiality, attitude towards bribes, additional work
- ☐ Employment conditions and administrative procedures
- ☐ Access codes and access cards
- ☐ Rules for use of Internet and information
- ☐ Agreement on working hours, payment of salary, remuneration in the case of illness, holidays and special leave, official travel
- ☐ Health care programme
- ☐ Arrangements for occupational safety, working environment policy, reporting incidents and injuries at work
- ☐ Employee appraisal interviews, education/training and competency development
- ☐ Employee benefits, discounts, scholarships and fellowship programmes

Workplace

- ☐ Introduce to co-workers and mentor (if any)

Describe and explain:

- ☐ Tasks, responsibilities, priorities, equipment and materials, plans, projects, etc.
- ☐ Connection between new employee's job/unit and job/unit of other co-workers
- ☐ External contacts
- ☐ Work procedures, information and contact channels, forms of co-operation, procedures for employee appraisal interviews, meetings, etc.
- ☐ Breaks and arrangement of working hours

Provide information about:

- ☐ Procedures for internal and external mail, procedures for use of telecommunications
- ☐ Premises, smoking restrictions, notice-boards, canteen, changing room, fitness facilities, toilets
- ☐ Fire-fighting equipment, evacuation routes, emergency alarm, transport routes
- ☐ Risks at work, e.g. impairment and injuries due to mechanical overexposure, hearing loss/impairment, chemical products, certain machinery
- ☐ Safety rules for working alone and for working with young people
- ☐ Special training requirements, e.g. training for truck drivers/handling of chemical products
- ☐ Use of personal protective equipment, first aid kit, eye wash and instructions for usage, important phone numbers

Follow-up

- ☐ After 6 months – follow-up of induction, feedback on work results, planning of further development.

Annex 18

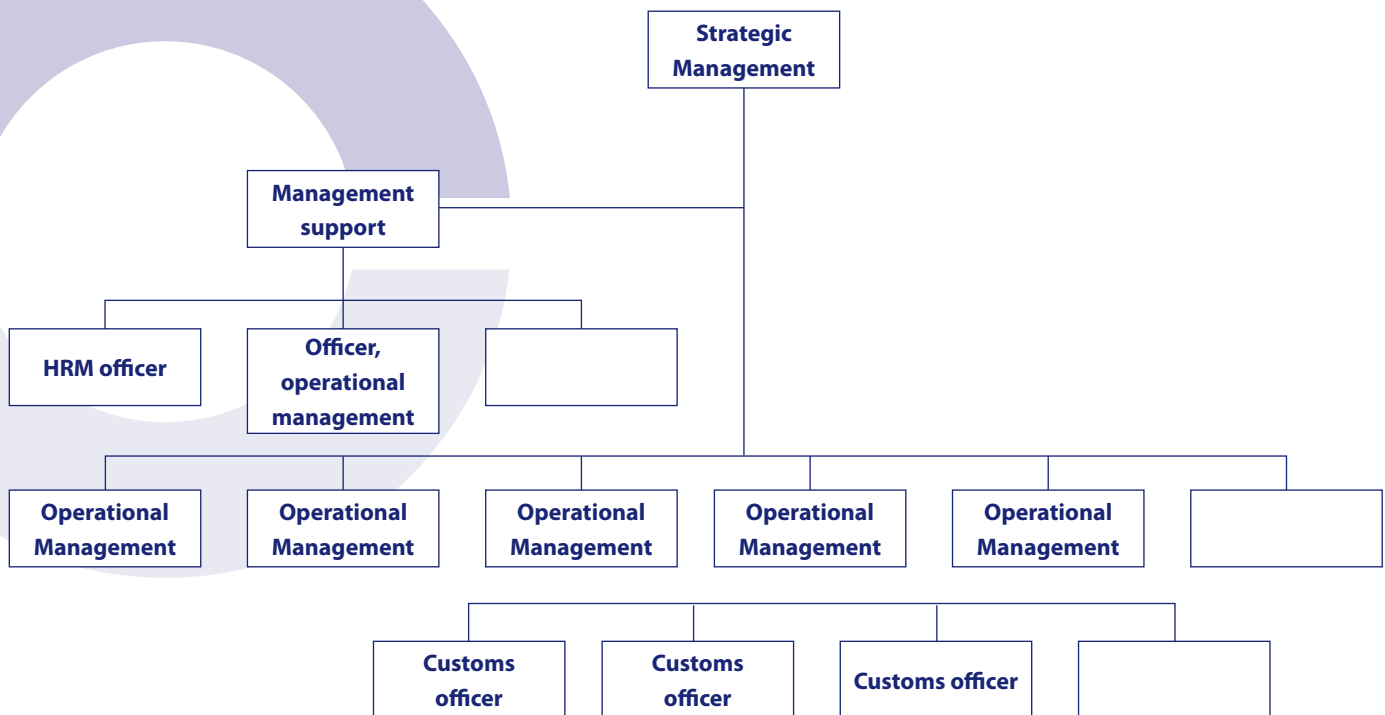
Model organization chart

Three main groups can be discerned from the job classification system and staff establishment:

- management:
 - strategic management
 - operational management (responsible for 20-25 employees)
- staff services (e.g. HRM)
- operations

This may be represented in an organization chart:

This example shows an organization with a relatively horizontal structure, involving only two management layers: strategic and operational. The main advantage of this structure is that the management lines between the operational level and strategic level are very short: operational managers are being guided directly by strategic managers. This is beneficial in that it enables strategic managers to communicate directly with operational staff. Conversely, it promotes upward feedback from the operational level to the strategic management level.



A very important condition for this structure is that the operational management is powerful enough to play a key role.

Operational managers who function only as middlemen for strategic executives are at risk of being squeezed from two directions: from above (by their own managers) and from below (by staff members).

However, if they are able to maintain their own position, they can remain in contact with both groups, inputting into discussions without compromising their own judgement and position.

Annex 19

Job description case study

Job description	HRM Policy Advisor, Recruitment & Selection (grade xx)
Organization	Customs
Name	DIRECTOR HRM / HRM ADVISOR FOR DG, Speciality recruitment, selection & job advertising strategy (grade indication XX)

Position in the organization

Strategic Management, Customs
Management support
HRM Policy Advisor

General

The HRM Policy Advisor works in a team of about 30 persons in the HR Management Unit.

The team reports to Customs strategic management and is responsible for policy development and implementation, and for co-ordinating the Customs Personnel and Organization Department.

Another of the team's tasks is to advise on the organizational development of Customs.

The following areas of activity can be distinguished: operational advice; managing sickness absence; career advice, career coaching and staff development; health, safety and environment issues; organizational development and general personnel policy.

Role

The HRM Policy Advisor advises Customs strategic management on policies regarding recruitment, selection and job advertising strategy, and also focuses on promoting effective recruitment and career opportunities.

Duties

1. Establishing and running the recruitment process (job advertising strategy).
2. Preparing and participating in job advertising, etc.
3. Supervision of all recruitment and selection procedures.
4. Point of contact for external recruitment and selection agencies (e.g. recruitment, content and publication of advertisements).
5. Liaising with the national internship agency (deciding on educational institutes, dealing with requests from the educational institutes, co-ordination of internship assignments and final study projects).
6. Development and supervision of standard procedures related to recruitment, selection and job advertising strategy.

Required level

Higher education or equivalent, substantiated by a relevant degree.

Knowledge

Knowledge of the content and role of the entire HRM field.

Thorough knowledge of the content and role of recruitment, selection and job market strategy.

Understanding of the field of action and the organization of Customs.

Competencies

Customer-oriented

Creative

Contact-oriented

Planning and organizational skills

Forming opinions

Powers of persuasion

Annex 20

National best practice in Dutch Customs on clustering jobs

Best practice: CLUSTER JOBS

The Dutch Customs Administration has two types of jobs: individual jobs (executive and management jobs) and cluster jobs (operational jobs). Most jobs in Customs are cluster jobs and this case study focuses on the latter.

With cluster jobs, all tasks are assigned to the cluster as a whole. For the most part, these are jobs that can be distinguished by nature or level, but cannot be performed separately. This means that tasks of different weight are mixed.

This is why, for cluster jobs, the pay range for the salary grade starts at the level of the easiest tasks and ends at the level of the most difficult tasks.

An inherent advantage of grouping jobs is that this offers a certain flexibility: within the group, the tasks assigned to individuals can quickly be adapted to the workload. Another advantage is that this increases the scope for individual development.

Each job is rated by means of a job evaluation. This is used to determine the salary grade. A salary grade consists of a series of salary steps. Each step is numbered: the salary step number. The salary grades for cluster jobs are indicated with the letters B, C, D, E, F and I. The salary steps in a cluster job grade are derived from two or three grades of individual jobs.

Salary matrix

Salary grades B to I are separate grades. The salary steps in these grades are derived from grades 3 to 13.

The salary grades of cluster jobs are structured as follows:

Cluster job	Corresponding salary grades
B	3, 4 and 5
C	5, 6 and 7
D	7 and 8
E	7, 8 and 9
F	9, 10 and 11
I	11, 12 and 13

The structure of the salary grades relates to the weight of the tasks which are performed in the cluster jobs (see also the model for Phases of Cluster Jobs and the model for Cluster Job C).

Explanatory remarks: salary matrix

Each salary grade has a number of steps, also referred to as salary step numbers. Each step corresponds to a specific gross salary.

For instance, on appointment, an employee may be given the salary that corresponds to the lowest step (salary step number 0) of the salary scale for the job.

It is also possible that an employee may be graded one or more salary grades below the grade for the job. This may be the case when the employee performs only part of the tasks of the job or does not have the required level of knowledge or experience. The employee remains in the lower grade for as long as the job is not performed sufficiently or fully. The manager regularly assesses this situation in the various interviews (progress interviews, assessment interviews and career interviews). In such cases, a career plan is often used, indicating when and how the employee will be eligible for the higher salary grade.

Phases in classifying cluster jobs

Classifying jobs may be useful for the assessment of employees. It is necessary in this context to reach agreement with the individual as to which tasks should be performed in a specific period. The agreement concerning the work/products/contributions that will be made can be used as a criterion in performance interviews and assessment interviews. It should contain the domain and the qualitative structure (phases) of the cluster job involved.

Other tasks which are not mentioned as examples may also be assigned, as long as they fit in with the definition of the specific cluster job.

In classifying cluster jobs, the following identical structure is used, involving 3 phases:

Phase 1

Characteristic of phase 1 is that the tasks relate to the as yet limited availability of the cluster member. The availability is still limited because of the nature and content of the tasks within the field of activity assigned to the cluster job, and the regulatory framework, procedures, methods and techniques used in that particular field.

Such limitations become apparent when performing tasks based on fairly precise instructions, when working under the supervision of more experienced colleagues and managers, and when the performance of tasks requires general techniques or does not contain a high risk factor, etc.

Knowledge is required of the relevant procedures, and sufficient awareness of how the departmental unit is organized and its work is usually arranged.

Phase 2

Characteristic of phase 2 is that the tasks relate to the unlimited availability of the cluster member. The cluster member has no limitations originating from the nature and content of the tasks within the field of activity assigned to the cluster job, or from the regulatory framework, procedures, methods and techniques used in that particular field.

This unlimited availability is expressed in the autonomous performance of tasks and taking of decisions, with the employee required to form an opinion and make choices regarding approach, execution and planning of tasks.

The skills and experience obtained from the employee's performance of tasks make a substantive contribution to the team's ability to optimize its approach to the issues involved in the work.

Knowledge is required of the relevant procedures, and additional awareness of how the departmental unit is organized and its work is usually arranged, as well as sufficient insight into the functional environment.

Phase 3

Characteristic of phase 3 is that – in addition to the top quality performance described in phase 2 – mainly very complex work is performed within the field of activity assigned to the cluster member, and the regulatory framework, procedures, methods and techniques used in that particular field. This complexity is apparent in the importance of the issues involved, the degree of sophistication, the scope of decisions, etc., making maximum demands on (a combination of) expertise, experience, mature understanding, performance in consultations, etc. In addition, and related to this, the cluster member usually acts as supervisor for less experienced colleagues and as a contact point for others, based on the specialist knowledge which he has acquired in relation to the field of activity assigned to him and on participation in technical consultations in his own field of activity, etc.

A thorough knowledge is required of the relevant procedures, a good understanding of the arrangement and operation of functionally related work areas, as well as an ongoing understanding of the functional environment.

Example: cluster job C

The tasks are linked to salary line C, which is derived from grades 5 to 7 of the salary matrix.

General characterization

Nature and complexity of the tasks:

The tasks usually relate to the performance of parts of compound assignments, or relate to the execution of simple, complete assignments as a whole. The framework determines the nature of the tasks to be performed.

Scope:

The tasks are to be performed on the basis of a number of choices which are clearly defined and distinct because of their outline and content. These have been indicated in the execution framework and must be used when performing the task. When making choices, options must be interpreted to some extent, based on acquired expertise and experience of similar situations.

Knowledge and skills:

The required skills are mainly determined by sufficient experience and applicable knowledge of legislation and regulation of the Customs processes, methods and/or means of the employee's unit, as well as a general understanding of its theoretical background. In addition, the skills are determined by practical knowledge and understanding of processes and means, of rules, legislation and regulations linked to the employee's work area (e.g. the Harmonized System, tariffs, valuation, origin), by some knowledge of book-keeping, overall understanding of business organization and finances, as well as general awareness of the setup outside the employee's work area.

Nature of contacts:

With regard to the performance of process tasks, these contacts chiefly relate to the provision/gathering of information, and to the exchange of data. With regard to the performance of tasks of (physical) control/testing, the contacts are instructive in nature and in some cases relate to the offering/implementation of procedurally defined solutions for those who pay taxes and contributions.

Characteristics of the work domain

The following activities are characteristic of the level of cluster job C:

- handling of economic operator contacts: acting as a contact for all kinds of companies in matters of administration and control, process management, data collection and information exchange; gathering and optimizing information gained from these contacts; monitoring progress, completeness and quality of contacts with operators – often assisting a colleague who co-ordinates the process, etc. The tasks include:
- answering questions about the execution of relevant legislation and regulations;
- giving information to operators about procedures regarding matters such as tax returns and filing appeals;
- providing advice and acting as a first point of contact regarding the execution of Customs tax measures, systems, etc;
- carrying out (physical) checks and monitoring: performing tasks on the basis of instructions and regulations, in conjunction with the employee's procedural assessment and judgement concerning established (physical) checks and monitoring of persons, goods and documents. This includes offering solutions and taking measures with regard to taxpayers/customers in the context of matters which may also have been detected by other persons.

For example, such tasks include:

- executing and/or co-ordinating physical checks on cross-border traffic of persons and goods;
- checking whether the required documents have been completed correctly and truthfully;
- determining fines for the established breach, based on legislation and regulations;
- on instruction, conducting (partial) investigations on the spot;
- carrying out Post Clearance Audits, pre-audits and other administrative audits.

The salary matrix

Functions	B			C			D		E			F			G			
Scales	3	4	5	5	6	7	7	8	7	8	9	9	10	11	11	12	13	
Salary steps	0																	
	1																	
	2																	
	3	0																
	4	1																
	5	2	0	0														
	6	3	1	1														
	7	4	2	2														
	8	5	3	3	0													
	9	6	4	4	1													
	10	7	5	5	2													
	11	8	6	6	3													
	12	9	7	7	4	0	0		0									
	13	10	8	8	5	1	1		1									
		11	9	9	6	2	2		2									
		12	10	10	7	3	3	0	3	0								
			11	11	8	4	4	1	4	1								
			12	12	9	5	5	2	5	2								
					10	6	6	3	6	3	0	0						
					11	7	7	4	7	4	1	1						
						8	8	5	8	5	2	2						
						9	9	6	9	6	3	3	0					
						10	10	7	10	7	4	4	1					
								8		8	5	5	2	0	0			
								9		9	6	6	3	1	1			
								10		10	7	7	4	2	2			
											8	8	5	3	3	0		
											9	9	6	4	4	1		
											10	10	7	5	5	2		
													8	6	6	3	0	
													9	7	7	4	1	
													10	8	8	5	2	
														9	9	6	3	
														10	10	7	4	
																8	5	
																9	6	
																10	7	
																	8	
																	9	
																		10

End of best practice case study on Cluster Jobs

Annex 21

Job Evaluation Form

INTERVIEW
Report

Date: _____

Participants_____

Subjects discussed

Job content	
Performance / results	
Development	
Rewards	
Agreements	
Next interview	

Signature

Date	Manager	Employee

Annex 22

APPRAISAL INTERVIEW CHECKLIST

■ Job content	<p>The job description serves as a guide.</p> <ul style="list-style-type: none"> ■ Which tasks were performed? ■ What is the essence of the task? ■ Which targets were agreed and to what extent have these been met?
■ Performance	<ul style="list-style-type: none"> ■ Job relations: all business contacts that are needed for full performance of the job: <ul style="list-style-type: none"> - what are the business relations; - inside/outside the organization; - what is the quality of the relations; - what are the requirements from the job for these relations; - are there any obstacles to optimum performance. ■ Work relationship with the supervisor: <ul style="list-style-type: none"> - manner of communication; - exchange of information; - manner of assigning tasks; - delegation of tasks; - preliminary talks. ■ Work conditions/work atmosphere: <ul style="list-style-type: none"> - people; - housing/equipment; - safeguarding information and integrity. ■ Workload: <ul style="list-style-type: none"> - quantity: the amount of work assigned in relation to personal capabilities and distribution of tasks within the unit; - quality: the quality of the work (degree of complexity, challenge). ■ Output, results: <ul style="list-style-type: none"> - quantity: the amount of work produced; - quality: the quality of the work produced, the knowledge and skills required for the tasks. ■ Other competencies: output related to other competencies.
■ Development	<ul style="list-style-type: none"> ■ Education/training ■ Support/coaching ■ Career opportunities
■ Rewards	<ul style="list-style-type: none"> ■ Granting/withholding salary increments ■ Other rewards (agreements on rewards must be confirmed in the appraisal interview)
■ Agreements	<p>With regard to performance in the future, the following can be agreed:</p> <ul style="list-style-type: none"> ■ training/coaching; ■ exchange of information; ■ changes in performance of tasks; ■ distribution of tasks; ■ adjusting areas of results; ■ adjustment of competencies.
■ Follow up on agreements	<ul style="list-style-type: none"> ■ next interview, appraisal

Annex 23

Appraisal Form (incl. notes)

1. Details of appraisee

Initials and name

Sex ☐ Male ☐ Female

Date of birth

Organizational unit

Job

Salary

2. Details of appraisal

Period From to

Date of appraisal interview

3. Appraiser

Initials and name

Job

4. Details of current job

Targets

Competencies

- ☐ Co-operation
- ☐
- ☐

Indicate relevant competencies (guideline is annex 25)

5. Appraisal of current job performance

Score each of the competencies. Explain your rating by giving examples.

Competency: "Co-operation"

do not write here	<input type="checkbox"/> Excellent	<input type="checkbox"/> Very good	<input type="checkbox"/> Good
	<input type="checkbox"/> Average	<input type="checkbox"/> Insufficient	

Competency: "Planning and Organization"

<input type="checkbox"/> Excellent	<input type="checkbox"/> Very good	<input type="checkbox"/> Good
<input type="checkbox"/> Average	<input type="checkbox"/> Insufficient	

Competency: "Delegation"

<input type="checkbox"/> Excellent	<input type="checkbox"/> Very good	<input type="checkbox"/> Good
<input type="checkbox"/> Average	<input type="checkbox"/> Insufficient	

Competency:

<input type="checkbox"/> Excellent	<input type="checkbox"/> Very good	<input type="checkbox"/> Good
<input type="checkbox"/> Average	<input type="checkbox"/> Insufficient	

6. Summary of judgement of current job performance

7. Probable or desired career path in the future

Explain choice of career path. Be as specific as possible, taking into account the employee's comments and mobility opportunities and/or wishes.

- ☐ Continue in present job
- ☐ Job extension
- ☐ Transfer to another job within 12 months
- ☐ Promotion within 12 months - grade
- ☐ Other consideration of career

Explanation for chosen path

Competencies for development

Indicate which competencies

Supportive action

Indicate what supportive action is needed for the chosen career path and what action the employee will take

Practical training:

- ☐ Support by tutor or coach
- ☐ Practical training (e.g. apprenticeship, interim job, participation in a working group)
- ☐ Other, e.g.:

Theoretical training:

- ☐ Self-tuition
- ☐ In-service training or external refresher course
- ☐ E-learning module

☐ Other, e.g.:

Explanation

Indicate, for instance, nature and content, starting date and duration of the supportive action

8. Appraisee comments

9. Signature

(required)

Appraiser

Date

Signature

Appraisee

Date

Signature

10. Upcoming period

Agreements on:

Targets

Competencies

Notes on the appraisal form

The form for recording the appraisal interview is modular. Only those components which are needed to properly record the subjects of the appraisal should be used. A specific set of data is required in all cases, even if it has been decided to conduct a partial appraisal. The required data is indicated on the form.

Step-by-step explanation of the form

1. Details of appraisee

In section 1, details of the appraisee are recorded, such as name, staff number, unit/office and job.

2. Details of appraisal

Appraisal period: this is the period of time covered by the appraisal. It may vary from six months to two years. The appraisal period must be agreed in advance.

Date of appraisal interview: the date of the appraisal interview must be agreed with the employee. The appraisal interview is conducted as soon as possible after the appraisal period has elapsed, preferably within two weeks.

3. Appraiser

In this section details of the main task of the appraised are described (see model annex 4)

4. Details of current job

This section indicates the areas of results and the contributions on which the employee is being assessed.

5. Appraisal of current job performance

In this section each competency is rated on a scale ranging from insufficient to excellent. The rating must be backed up by examples of the behaviour shown. A summary of the judgement of the current job performance is given. If it has been agreed with the appraisee that only a general opinion on performance can be given, rather than a full appraisal, the rating and evidence per competency need not be given.

6. Summary of judgement of current job performance

In this section, a brief impression is given of the course of the appraisal interview.

7. Probable or desired career path in the future

In this section, the appraiser indicates the career path he envisages for the appraisee, such as continuation in the current job, job extension or transfer. The wishes of the employee are included.

Also the appraiser indicates which competencies the employee could develop and what supportive action may be taken.

8. Appraisee comments

This section is used for the appraisee to record his views. He may give his opinion on any part of the appraisal. Anything can be discussed here.

9. Signature

Appraiser and appraisee both sign the document.

10. Upcoming appraisal period

The agreements with regard to the next appraisal are noted in this section: What will be the appraisal period? Will this be a complete or partial appraisal? Is the employee required to conduct a self-assessment? Will others contribute information and, if so, who? Which areas of results and which competencies are covered?

Annex 24

National best practice in the New Zealand Customs Service on developing leadership

1. INTRODUCTION

This paper summarizes the approach taken to the development and enhancement of leadership capability within the New Zealand Customs Service (Customs). Over the past three years, Customs has progressively implemented a “Whole of Customs, One Service” Capability Development Strategy. Key to the success of the Strategy has been the approach of ensuring that there is a focus on leadership at all levels across Customs, the personal commitment and advocacy of the Comptroller and ensuring connectivity of the initiatives implemented.

In providing a brief overview of the key leadership initiatives, this paper covers the:

- National Training Strategy Model (appendix A)
- Career Path and Training Framework (section from document - appendix B)
- Leadership Career Path (section from document - appendix C)
- Overview of the Career Development Board process and 2009 timetable (appendices D and E)
- Customs Leadership Competency Development Framework (appendix F)
- Customs People Development Resources (appendix G)
- Customs Competency Framework (appendix H)
- Customs Leadership Model (appendix I)
- Leaders @ Customs (section from document - appendix J)
- Customs Leadership Model Link to Chief Customs officer Programme (appendix K)
- Brief overview of the leadership development programmes
- Impact of the introduction of two new ranks of Senior Customs officer and Assistant Chief Customs officer

2. BACKGROUND

Every area of Customs work, whether it is border security, community protection, revenue collection or trade support, brings its own challenges and demands an ever increasing level of skill and technical expertise. The New Zealand Customs Service recognized that in order to achieve its Vision of “Leadership and excellence in border management that ensures the security and prosperity of New Zealand”, building current and future leadership capability across Customs was an imperative.

As a first step in ensuring a “Whole of Customs, One Service” approach, the National Training Strategy was developed. This strategy provided a structured and co-ordinated base for the development of leadership at all levels and was built on a three-element foundation comprising:

- Generic competencies – these are expected to be demonstrated by all Customs staff
- Technical knowledge and skills – relevant to role and career level – both frontline and support services
- Leadership – people and technical.

The model for the National Training Strategy is shown in appendix A and illustrates the increasing degree of leadership capability that is required as people progress into leadership roles within Customs. Working from this model, Customs was then able to identify clear career pathways, especially for operational staff.

To provide staff with a visible diagram of career pathways within Customs, a Career Path and Training Framework model was designed and published. Appendix B provides a view of a section of this document that covers both operational and corporate roles and provides details of the technical development requirements at each level. It also sets out the technical training and development curriculum within Customs. This provides clear and structured pathways that enable individuals to progress from core operations into more specialist areas and into leadership roles across Customs.

Apart from the residential courses and some role-specific courses, the overall training curriculum is not exclusive to each rank or role. As part of the introduction of the Career Path and Training Framework, two new ranks of Senior Customs Officer and Assistant Chief Customs Officer were implemented. The introduction of these new ranks not only provides more accessible career progression steps for staff, but also enables Customs to identify and nurture potential leaders as they move through the ranks.

The Customs Career Path and Training Framework document has been exceptionally well received by staff and is constantly used as a guide for planning individual career development and training requirements and to prioritize delivery of training courses. To continue to reflect the future skills requirements, the Framework document is being updated and this work is due for completion in early 2009.

Alongside the Customs Career Path and Training Framework, the Customs Leadership Career Path document has been introduced. This document:

- Identifies the seven levels of leadership within Customs
- Indicates the leadership focus at each level
- Describes what successful leadership requires at each level
- Sets out the specific leadership competencies for each level
- Identifies the progression experiences and competencies
- Defines the leadership development opportunities supported by Customs.

A section from the Customs Leadership Career Path is shown in appendix C. The Customs Career Path and Training Framework and the Customs Leadership Career Path, along with the Customs Career Development Board (see section 3 below), are the basis for the design, management and measurement of leadership and management capability development within the New Zealand Customs Service.

Importantly, implementation of the curriculum for both the Career Path and Training Framework and the Leadership Career Path has been mainly internal, through the Customs Organization Development and Human Resources Group. This is part of our training risk management strategy to ensure that, with the exception of the senior leadership development programme, Customs owns the intellectual property and training materials. By doing this we minimize the “single point of failure” risk by having several competent facilitators who can ensure continuity of the programme for the future.

3. CAREER DEVELOPMENT BOARD

To link all of the leadership development initiatives together, individual leadership transition programmes for managers (from Chief Customs Officer and above) are co-ordinated through a Customs Career Development Board. The purpose of this Board, of which there is one for each level of leadership, is to assess individual potential and abilities to become a more senior leader. As part of this process, Customs is able to determine the priority of current and future capability development and select and prioritize candidates for participation in specific development opportunities.

The Career Development Board process has just commenced its fourth year of operation and is assisting Customs to ensure that it has a robust map of leadership strength and leadership potential within Customs. Appendix D provides an overview of the Career Development Board process. The Career Development Board 2009 timetable is in appendix E. The process is also used to identify critical people and critical roles within Customs and feeds into talent management and succession planning across Customs.

An overview of the initiatives undertaken and the process adopted is outlined in the next section.

4. DEVELOPMENT INITIATIVES – BUILDING LEADERSHIP CAPABILITY

4.1 Competency Framework Development

The first step in the process was to clearly define the leadership competencies and behaviours required within Customs. As the aim was to have managers at all levels closely involved in the process of agreeing the competencies for each level of leadership, two visuals were designed and sent to all managers. The first visual (appendix F) showed the areas where the resultant competency framework would be used and the second (appendix G), indicated the resources available to managers to use the competency framework for staff development and performance management in the workplace.

From this base, managers at each level participated in the development of a Competency Framework that specified the core competencies for each leadership level. The work also identified the specific competencies required to progress through each of the leadership levels. Appendix H contains a visual of the New Zealand Customs Service Competency Framework. A description of each competency is part of this Framework.

Initially, many managers were reluctant to be involved with the process, considering it to be a function solely for the human resources team. However, with sponsorship from the Comptroller, managers were invited to be involved in the first series of workshops. Once these managers saw the benefits of having a competency framework, they quickly became champions for the process and desired outcome. This enthusiasm has continued and grown to the point where there is now a common competency language amongst managers and strong ownership and application of the competency framework for a wide range of activities such as performance reviews and assessment centres.

To assist staff in leadership positions to understand how the factors identified in the Competency Framework were to be applied in the workplace, an Action-Centred Leadership Model¹ (see appendix I) was adopted. The three elements of individual, team and task in the model have been supplemented with the message: know your people – know what is happening for them – and lead with integrity.

Based on the core competencies selected for each level of leadership and the Customs Action-Centred Leadership Model, leadership development programmes were specifically designed and implemented.

4.2 Leadership Development Programme – Senior Managers

The first programme focused on senior and next level managers. Progressively over a 12-month period, groups of 12 managers at a time participated in an intensive residential learning programme consisting of an initial four-day session. This was followed by two three-day sessions interspersed with on-the-job application of the learning and also supported by individual coaching sessions with an external professional leadership coach.

Before commencing the leadership development programme, the 10 most senior managers participated in an individual 360° leadership survey;² linked to the leadership competencies for their level. These managers were then able to use the leadership development areas identified for them through their survey results as areas for improvement focus. The results also provided an overview of leadership strength and development areas for the senior manager group. The identified development areas were factored into the leadership programme.

The design and facilitation of the senior managers' programme was provided by an external organization with input from Customs. Using external facilitators gave a high level of credibility to the programme. It also enabled people to fully participate, receive independent feedback and explore and apply new leadership behaviours within a confidential environment.

In total, 54 managers participated in this programme. In addition, during the year, these managers participated in a leadership symposium aimed at broadening their knowledge and thinking on a range of strategic national and global issues of importance to Customs.

The initial return on investment for this programme was measured through the evaluation of results from the 2007 and 2008 workplace surveys, which indicated a significant increase in the percentage of staff who reported that they get feedback and coaching that assists them to improve their performance and that their performance is fairly assessed. Progress will again be measured through evaluation of results from the next workplace survey and for individual leaders through the next 360° leadership survey results.

Phase two of the leadership development programme for Group Managers (senior managers) is incorporated into the Leaders @ Customs Programme (see appendix J). For this group of managers, the programme consists of a series of one-day practical workshops on topics that build on the learning so far, with a strong focus on the strategic and management aspects of senior leadership roles.

¹ Action-Centred Leadership, Adair, J retrieved January 2006 from <http://islab2.sci.ntu.edu.sg/h6635/adair.htm>. This model is also known as the Functional Leadership Model.

² A 360° leadership survey gathers feedback through a questionnaire from a selection of direct reports, peers and the person's manager on their leadership behaviours linked to the competencies for the level of leadership. This data is collated, analysed and the results and areas for development provided to the individual manager as feedback.

4.3 Leadership Development Programme – Front Line Managers Initial Programme

The initial programme for Chief Customs Officers, who are our frontline managers, is an intensive eight-day residential development programme with groups of 12 people from different work groups across Customs. Whilst on the programme, participants select an outcome to be achieved back in the workplace, using the skills learned on the programme.

The content of this programme is directly linked to the Customs Leadership Model (see appendix I) and is modular based. In appendix K is an overview of the programme content under each of the headings in the Customs Leadership Model. It focuses on the development of leadership competencies and behaviours identified for frontline managers within Customs. These include building effective teams, developing direct reports, command skills, conflict management, ethics, integrity and self knowledge.

Over 120 Chief Customs Officers have participated in the programme, which is now run as needed, to ensure that new appointees have the same understanding of the requirements of their role and the same development opportunity. Also, as part of their ongoing leadership development during the year, Chief Customs Officers participate in a further two-day development Forum that continues the enhancement of their staff leadership and management skills.

The return on investment for this programme is measured in several ways. First is through initial participant evaluation then, three months later, through a follow-up evaluation of application of learning, both with the participant and with their manager. An overall evaluation of the continuing impact of this programme, both for participants and for their managers, has been completed and indicated that a significant majority of participants gained useful skills that assisted them to more effectively lead people in the workplace, plan and manage work and gain more confidence in their role, and had considerably extended their peer support network.

Again, the results from two staff surveys indicate that frontline staff considers that they are receiving an increased level of feedback and coaching, being encouraged to develop new knowledge and skills and to progress in positive career paths within Customs. A recent research study identified that for Customs officers with less than five years of service, such support from their direct line manager is likely to contribute to increased workplace commitment, effort and retention.

The other measure is the increased level of competence of the participants in dealing with performance and staff issues in the workplace. This has significantly increased, as has the promptness in dealing with such matters and the effectiveness of outcomes achieved.

A visible impact of the development programme is the significantly increased calibre and preparedness of Chief Customs Officers applying for and achieving internal promotions. Successful candidates are presenting with a much clearer understanding of the leadership expectations and are able to evidence the steps that they have taken to gain the experience required for leadership roles.

4.4 Leadership Development Programme – Leaders @ Customs

Phase two of the leadership development programme for frontline managers and the next two levels of managers is called Leaders @ Customs – Shaping the Future – Making a Difference (appendix J). This is an intensive twelve-month practical management-based programme that takes participants on a journey through key areas of:

- Managing the Leaders
- Making it Happen Together
- Building Team Capability
- Enhancing Productivity
- Identifying and Sharing New Ideas
- Operational Planning
- Return on Development Investment
- Leadership in Action.

The programme is residential and, depending on the content of each module, the sessions range from three to one and a half days. Each group has twelve participants who remain as a syndicate for the full programme. During the programme, they have the opportunity to participate in a wide range of practical experiences including external workplace visits, secondments and

the requirement to complete two work-based assignments – one with a capability development focus, the other with a productivity enhancement focus.

Between the modules, participants are involved in syndicate coaching sessions run by the external facilitator and another external presenter. The core purpose of the sessions is to maximize the transfer of learning to the workplace.

On completion of the programme, participants will provide a brief presentation to the Career Development Board (see section 3) on their development and the return for Customs on the investment in their development. In addition, participants are required to return a minimum of 25 hours per year to Customs either in a coach, mentor or specialist facilitator role, on this programme or on one of the other Customs capability development programmes.

Each intake is allocated a sponsor Group Manager who assumes an overall mentoring role for the group and guides them through the full programme. The sponsor Group Manager regularly attends sections of the programme and shares knowledge and experiences with the group. Modules on the programme are presented by a mix of high-calibre external facilitators who are acknowledged experts in their field and specialist internal facilitators. For continuity, an external leadership development facilitator provides the linkage between the modules and presents some of the workshops. They also, with one of the external presenters, provide group and individual coaching sessions for participants.

A flow-on effect from the Leaders @ Customs programme and the Chief Customs Officer programme is the increasing number of managers who are becoming involved as assessment panel members, programme managers and/or excellent specialist topic presenters for both the Chief Customs Officers programme and the Assistant Chief Customs Officers programme, and also becoming mentors for officers evidencing leadership potential.

4.5 Leadership Potential

In 2006, to ensure that there was a distinct and achievable career path available for Customs officers, two new ranks were introduced: Senior Customs Officer and Assistant Chief Customs Officer. The purpose of these new ranks was to provide career progression steps that would enable frontline Customs officers to incrementally gain leadership skills to bridge the gap between self-leadership and leading others. The introduction of these new ranks also provided Customs with an increasing talent pool from which to identify and develop potential leaders. The process for progression to these new ranks is discussed in the next section.

4.6 Leadership Development Programme – Leadership Potential

Identification of leadership potential is effected through an Assessment Centre process that has been implemented to select officers for progression to Assistant Chief Customs Officer positions. The Assessment Centre process is usually run twice a year and consists of two days of comprehensive candidate assessment based on the leadership competencies required for the role. The assessors are a mix of external specialist assessors and selected internal managers. In advance of an Assessment Centre being run, specialized training is provided for the managers involved as assessors. Involving managers in the assessment process is proving valuable, both as a learning and development opportunity for them, and also in adding credibility, validity and ownership of the Assessment Centre process within the leadership ranks.

Once the Assessment Centre process is completed, successful candidates participate in a specially designed eight-day residential programme followed by a further three-day Operations Planning/Mission Analysis course, both targeted at developing their leadership and operational command skills.

A programme has been designed for introduction this year to assist the “not yet” candidates fully develop the competencies required to be successful at an Assessment Centre.

Progression to the rank of Senior Customs Officer is through completion and presentation, to an Assessment Panel, of a body of work that evidences the experiences and competencies required for progression to this rank. To ensure synergy and integration of learning between the different leadership levels, the development programmes use aspects of the modules designed for the Chief Customs Officer programme. This is not only efficient use of resources, but also ensures that the core learning and expectations of core leadership behaviours are being driven through each of the leadership levels within Customs.

4.7 Leadership Development – Graduate Programme

Customs has also designed a graduate development programme for introduction in 2009. The focus of the programme is to identify and nurture high-potential people to move into specialist or generalist leadership positions. The programme will be open to operational and non-operational staff. At this time, it is envisaged that up to four staff each year will be selected through a rigorous assessment process to participate in a multifaceted, two-year development programme.

5. CRITICAL SUCCESS FACTORS

Numerous factors have contributed to building leadership capability within the New Zealand Customs Service. The most significant of these are:

- Active championship and support from the Executive Leadership Team (consisting of the Comptroller and the two Deputy Comptrollers).
- A Customs competency framework and leadership model that defines the behavioural expectations at each level and provides resources and tools that enable leaders to gain new skills and apply these in the workplace.
- Providing an integrated Customs Career Path and Training document that provides a common language and visibility for each development level within Customs and sets out related training requirements and opportunities.
- Providing the Customs Leadership Career Path visual that identifies the focus and requirements at each leadership level and the Customs-supported development opportunities.
- Residential programmes, although not favoured by staff initially, are now recognized as a most valuable component of training and development opportunities as they enable participants to be fully immersed and involved in the learning experience without external distractions. Bringing together participants from different work areas has also built useful networks, reduced silos and has resulted in greater sharing of knowledge and experience than before.
- Involving and connecting leaders at all levels – senior leaders as programme sponsors and using next-level leaders (with suitable skills) as session facilitators on other development programmes. For example, an Operations Manager facilitates the problem-solving and decision-making session on the Chief Customs Officer programme, a Chief Customs Officer facilitates the session on the Assistant Chief Customs Officer programme.

6. CONCLUSION

The New Zealand Customs Service continues to successfully progress and benefit from a “Whole of Customs, One Service” approach to leadership capability development. The core of this success has been the high level of buy-in from staff through setting out the strategy and initiatives in a visual as well as written form, maximizing the use of internal expertise, ownership of as much as possible of the programme content, strong connectivity between the programmes and measuring the effectiveness of each of the development initiatives.

Annex 25

Dictionary of Competencies

Competencies group “THOUGHT”: definition & behaviour indicators

Analytical: Is able to recognize the essence and interrelations of data and information.

- Distinguishes core issues and details
- Is able to relate data to each other
- Distinguishes between cause and effect
- Is able to logically structure a multitude of information and observations

Creativity: Launches fresh ideas and approaches that diverge from fixed thought patterns.

- Launches fresh and original thoughts
- Uses new approaches to issues
- Has several ideas for solving problems
- Suggests new practices

Oral presentation: Knows how to communicate clearly and correctly in discussions, meetings and presentations.

- Is able to construct words and sentences in the correct national language
- Knows how to express ideas clearly and fluently
- Is able to talk about something concisely and in a well-structured way
- Adjusts language and presentation to the receiver

Social awareness: Keeps up with relevant political and social developments and is able to use this information within the organization and job.

- Keeps up with relevant developments and trends
- Is able to assess the significance of external developments in relation to policy and operational methods
- Translates relevant developments into action in the employee's field of activity

Judgement: reaches a substantiated judgement based on the available information and consideration of alternatives.

- Uses the results of analyses to form an opinion
- Considers all available options
- Considers other views and perspectives
- Substantiates opinions with arguments
- Includes feasibility and possible risks in judgement

Planning & organization: Decides on and arranges for actions, time, human resources and means to achieve objectives.

- Formulates a plan for achieving the intended targets
- Estimates the amount of time, number of people and means to carry out the tasks

- Formulates activities to carry out and to have carried out
- Sets priorities for others and oneself
- Arranges for the people and means needed to carry out the tasks

Written presentation: Is able to write understandably and correctly in the languages used in the country to which posted.

- Is able to communicate correctly in the language/languages used
- Is able to express ideas clearly and fluently
- Knows how to structure a text logically
- Brings language and written style in line with the target group
- Effectively uses formatting and layout

Tactical & managerial understanding: Oversees all processes and relationships inside and outside the organization and uses this information for decisions and actions.

- Is familiar with the rules of the organization and the managerial environment
- Is familiar with the political and administrative sensitivity of subjects
- Oversees administrative and political relationships
- Evaluates the influence of interest groups
- Considers the political and managerial feasibility of decisions and actions

Expert knowledge: Has the necessary know-how, develops and applies such know-how.

- Maintains professional knowledge by keeping up with current developments or taking courses
- Handles and evaluates problems using expert knowledge and skills
- Is able to answer all sorts of questions from colleagues
- Disseminates knowledge to others when needed

Opinion: Has a clear view of the current situation and the future of the field of activities, discipline or the organization.

- Is able to formulate a clear view of the current situation and future developments
- Translates recent developments into a clear course of action
- Knows how to put current issues into a long-term perspective
- Formulates scenarios for future developments

Competencies group “EMOTION”: definition & behaviour indicators

Contact-oriented: Makes contact easily.

- Makes job-related contact with people inside/outside the organizational unit
- Is approachable and receptive
- Is open to new contacts
- Is at ease in social situations, even in unfamiliar situations

Empathy: Respects other people’s views, feelings and backgrounds in personal activities.

- Is sensitive to other people’s feelings
- Respects cultural differences, sexual orientation, etc.
- Treats other people tactfully and respectfully
- Acknowledges other people’s motives
- Is able to discuss other people’s needs and personal needs

Client-oriented (internally, externally): Focuses on the wishes and needs of (internal and external) clients when taking action.

- Examines the client’s question
- Sees to it that the client is helped as fast as possible
- Searches (together with the client) for the best solution to the client’s question
- Takes responsibility for correct implementation
- Is clear to the client about the (limits of the) possibilities
- Asks about customer satisfaction

Listening: Derives information from oral communication, continues asking questions and interacts with the other person.

- Is able to filter the information needed from oral and non-verbal communication
- Is able to recognize the underlying message in communication
- Continues asking questions for clarification or explanation of suggestions
- Does not interrupt unnecessarily
- Demonstrates that the message has been understood, for instance by summarizing
- Tailors response to the arguments of the speaker

Stimulating: Acts to increase motivation of others.

- Expresses appreciation for commitment and performance of others
- Invites others to come up with ideas and suggestions for action
- Makes colleagues’ performance and contributions visible to others
- Rewards employees for their contribution and achievements
- Stimulates employees to achieve challenging objectives

Networking: Develops and maintains relationships both inside and outside the organization and uses these for exchanging information and obtaining co-operation.

- Is able to start and maintain contacts with persons and organizations relevant for the job
- Knows how to find the right persons to obtain information and co-operation

- Exchanges information with persons in the network
- Supports and co-operates with persons in the network (when useful for the job and organization)
- Knows how to use the network at the right time to achieve goals

Team development: Stimulates and supports the development of members of the team.

- Discusses personal and professional development of members of the team at regular intervals
- Supports members of the team with formulating their development activities
- Facilitates personal development of team members
- Assigns instructive tasks to the individual team member

Co-operating: Co-operates with others to achieve common goals.

- Actively seeks co-operation and discussion
- Gears personal work to that of others
- Puts common objectives above personal objectives when needed
- Shares knowledge and information
- Contributes positively to the working atmosphere and relations

Leadership competencies

Group-oriented leadership: Guides a group toward co-operation and realization of objectives.

- Examines the possibilities of co-operation and synergy between team members
- Emphasizes in a group the importance of co-operation in achieving objectives
- Organizes consultation and dovetailing of activities
- Talks to team members about co-operation
- Informs the team about the extent of realization of the objectives
- Addresses issues that might influence harmony of the team

Individual-oriented leadership: Guides individual team members with behaviour and with performance.

- Makes agreements with individual team members on results and behaviour
- Gears tasks to the individual team member's capacities and wishes (if possible)
- Adjusts style and approach depending on the situation and the individual team member
- Provides feedback on performance and results
- Is open to feedback on leadership from the individual team member
- Supports the individual team member in achieving results

Competencies group “STRENGTH”: definition & behaviour indicators

Adaptation: Adjusts to requirements of the organization.

- Is able to abandon the originally set objectives when required
- Adjusts objectives when required
- Follows developments in the organization
- Adjusts working hours when required
- Switches over to other assignments or approaches when required

Decisiveness: Makes clear choices, is resolved and does not unnecessarily postpone decisions.

- Takes decisions based on opinions
- Takes a clear position
- Is resolved in taking action, even if information is not yet available
- Does not unnecessarily postpone decisions

Delegation: Delegates tasks and powers to others.

- Considers whether to take personal action or to delegate
- Delegates work and powers to others
- Has others perform the delegated tasks independently

Perseverance: Maintains efforts to achieve the intended aims, even in the case of resistance or obstacles.

- Keeps working to achieve the desired goals, even if this takes a relatively long time
- Overcomes obstacles so that the work continues
- Perseveres when encountering opposition, disappointments or setbacks until the goal is reached or definitely cannot be reached

Courage: Is not afraid to take risks.

- Takes risks when required or desired
- Takes action, even if this may have consequences for own job
- Breaks through fixed routines or procedures when required
- Takes an approach that is new or has hardly been used
- Does not shy away from difficult situations

Flexibility: Adjusts approach if circumstances so require.

- Chooses an approach that fits the situation
- Adjusts behaviour to the situation
- Changes approach when encountering opposition or unexpected circumstances
- Can adjust opinions after receiving new information or valid arguments
- Easily switches between subjects

Initiative: Is self-motivating.

- Acts without having to be prompted into action
- Anticipates and is looking for opportunities and options
- Actively generates ideas and proposals

Integrity: Acts according to generally adopted rules, standards and values.

- Acts according to generally adopted rules, standards and values
- Deals with other persons honestly, carefully and respectfully
- Is accountable when required
- If necessary, brings up for discussion rules, standards and values
- Shares certain information only with the competent authorities
- Prevents unauthorized persons from accessing confidential information
- Maintains integrity when tempted or under pressure
- Prevents conflict of interests
- Does not use any materials or facilities of the organization for individual purposes

Drive: Works hard and passionately.

- Works with energy and zeal
- Seeks challenges in the job
- Does more than is expected
- Works longer if needed

Independence: Acts with conviction.

- Acts without needing confirmation from others
- Has an individual opinion, irrespective of opinions of others
- Voices an individual viewpoint, even when others are known to disagree
- Within reasonable boundaries, sticks to individual viewpoint when encountering opposition or criticism

Persuasiveness: Communicates to convince.

- Substantiates viewpoints with clear and convincing arguments
- Gears arguments or responses to reaction of other(s)
- Enhances arguments by voicing them with determination and enthusiasm
- Comes up with arguments at the right moment

Product-oriented (qualitative): Is able to attain high quality in work.

- Works accurately and systematically
- Works according to the agreed standard of quality
- Performs high-quality work
- Regularly tests and assesses quality of work

Product-oriented (quantity): Achieves high output.

- Provides high output
- Performs tasks quickly
- Provides results within the agreed period
- Spends working hours efficiently

Immune to stress: Performs effectively under stressful conditions.

- Acts effectively and in a self-controlled manner under stressful conditions involving, for example, pressure of work or time, setbacks or risks
- Responds constructively to criticism
- Sets personal limits when pressure of work increases
- Eases stress when personally tense, for instance by putting things in perspective

Progress check: Monitors and checks progress of tasks and activities and makes adjustments when necessary.

- Agrees beforehand on clearly indicated checks and deadlines
- Monitors quality and progress of tasks and activities performed by members of the team, including one's own
- Checks whether agreements have been met
- Creates overview of progress for others and for own use
- Points out in good time any (upcoming) deviations from progress
- Makes timely adjustments when progress threatens not to go as planned

Leadership competencies

Organization-oriented management: Guides and manages the organization.

- Translates the organization's objectives and views into strategies and operational targets
- Adjusts strategies and targets when internal or external developments require
- Determines which organizational processes and structures are needed to achieve targets
- Propagates the organization's objectives and views enthusiastically
- Encourages management and employees to achieve strategic and operational targets

Competencies group "THOUGHT, EMOTION & STRENGTH": definition & behaviour indicators

Self-development: Searches actively for opportunities for self-development.

- Searches actively for new (learning) experiences
- Asks for feedback
- Uses feedback and suggestions for personal growth
- Invests in self-development, for instance by taking courses and training

Annex 26

EXIT INTERVIEW FORM

Starting date (current team/unit) :

Date of resignation:

Reason for resignation VOLUNTARY / INVOLUNTARY

Interviewer :

Date of interview :

General reasons for resignation

1. General reasons for resignation

- ☐ Retirement
- ☐ Incapacity for work
- ☐ Expiration temporary job
- ☐ Expiration student job
- ☐ Expiration work placement
- ☐ Transfer to other unit
- ☐ Mobility
- ☐ New employer
- ☐ Other:

Remarks:

Personal reasons for resignation

2. Personal reasons for resignation

- ☐ Job improvement
- ☐ Primary elements of remuneration
- ☐ Secondary elements of remuneration (fringe benefits)
- ☐ Nature of tasks
- ☐ Not enough variety
- ☐ Too much variety
- ☐ Not enough powers and responsibilities
- ☐ Too many powers and responsibilities
- ☐ No possibilities for staff development
- ☐ No possibilities for career development
- ☐ Work conditions
- ☐ Work relations with colleagues
- ☐ Work relations with superior
- ☐ General atmosphere in unit
- ☐ Distance of commute
- ☐ Changed family situation
- ☐ Study
- ☐ Hobbies
- ☐ Other:

Remarks:

New employer

3. Do you have another job?

- ☐ No (Go to question 6)
- ☐ Yes

If yes, which employer?

.....

4. What position will you hold?

- ☐ Less senior position, that is.....
- ☐ Similar position, that is.....
- ☐ More senior position, that is.....

5. When did you start looking for another job?

- ☐ Less than 2 months ago
- ☐ 2 to 4 months ago
- ☐ More than 4 months ago

Overall opinion

6. What is your overall opinion of the Customs Administration?

- ☐ Positive, because.....
- ☐ Negative, because.....

Induction

7. What is your opinion of your induction in the job?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

Job content

8. What is your opinion of your job?

- ☐ The job was satisfying
- ☐ Too challenging
- ☐ Not challenging enough

Atmosphere

9. What is your perception of the atmosphere in the team/unit?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

10. What is your perception of the atmosphere in the Customs Administration?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

Work relations

11. What is your opinion of your work relation with your supervisor/manager?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

12. What is your opinion of the leadership qualities of your supervisor/manager?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

13. What is your opinion of your work relations with your immediate colleagues?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

14. What is your overall opinion of your team/unit?

- ☐ Positive opinion.....
- ☐ Negative opinion.....

Work progress discussions

15. What is your opinion of the work progress discussions?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

Terms of employment

16. How do you assess the primary elements of remuneration?

- ☐ Positive opinion.....
- ☐ Negative opinion.....

17. How do you assess the secondary elements of remuneration (fringe benefits)?

- ☐ Positive opinion.....
- ☐ Negative opinion.....

Work conditions

18. Which work conditions do you think could be improved? Please state which:

- ☐ Arrangement of workplace
- ☐ Safety regulations
- ☐ Work pressure
- ☐ Work hours
- ☐ Occupational health and safety service
- ☐ Sickness absence policy (including reintegration after sick leave)
- ☐ Other:

Career

19. What is your opinion on the appraisal system?

- ☐ Positive, no remarks
- ☐ The following remarks

20. How do you assess opportunities for career development?

- ☐ Positive opinion.....
- ☐ Negative opinion.....

21. Were any agreements made with you concerning career development?

- ☐ Yes, the following.....
- ☐ No

22. If yes, have these agreements been met?

- ☐ Yes
- ☐ No, because

23. What is your opinion on training opportunities within the Customs Administration?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

24. What is your opinion on career opportunities within the Customs Administration?

- ☐ Positive, because.....
- ☐ Neutral, because.....
- ☐ Negative, because.....

25. Do you think you should have been promoted?

- ☐ No.....
- ☐ Yes.....

Mobility

26. Have you ever moved around the organization?

- ☐ No
- ☐ Yes:
 - ☐ Voluntary
 - ☐ Involuntary

What is your opinion on this?

.....

Information

27. Have you been sufficiently informed about the routines of the unit or section?

- ☐ Yes, because
- ☐ No, because
- ☐

Other remarks and suggestions

28. Do you have any other remarks or suggestions?

.....

.....

.....

.....

.....

.....

.....

Interviewer	Agreed by Interviewee	Read by Supervisor	
Date	Date	Date	

Annex 27

Personal Development Plan (PDP) (Example)

Competency	Development Activities	Desired Result	Timetabling	Support & Facilities Needed
1. Client orientation	Six Thursday afternoons working at the Service desk under supervision of colleague X.	Insight: which approach results in satisfied customers? Experience: what concrete behaviour is needed?	March 15 to May 1	24 working hours supervision
2. Excel computer skills	Follow Excel computer course	Sufficient mastery of the programme to be able to make spreadsheets of relevant management information	Finished by December 31	External course of 10 lessons, to be followed during office hours.
3. Managing a team	Follow Self-Study Course on Practical Management.	Basic knowledge and elementary skills relating to management of teams. Able to manage a team of 5 employees to achieve the desired results.	This year, self-study; next year, a temporary project and practical experience.	Self-Study Course; suitable project assignment with guidance by mentor (2 hours per week).
4.				
Signature Employee:		Signature Manager	Date	

Annex 28

National best practice in the Finnish Customs Service on improving management and the salary system

Introduction

The working environment of Finnish Customs has changed drastically during the past few years.

Customs work has become more international and global, mainly because of the EU membership of Finland and the developments in Russia and the Baltic States, and this has been reflected in the requirements for Customs personnel to have higher occupational qualifications. More emphasis has also been placed on the need for increased customer orientation at work, and on the fairness and reliability required for good administration.

Customs has met these challenges by restructuring its organization, management and reward systems, and its occupational basic training.

The organization has been improved in accordance with the matrix model, by delegating powers and responsibilities. At the same time, equal and uniform modes of proceeding have been reinforced for those activities where uniformity is absolutely necessary, e.g. car taxation.

The organization of the National Board of Customs has been adapted to fulfill the main tasks of Customs: smooth flow of foreign trade, protection of society, and fiscal tasks. The reform has reduced the number of departments at the National Board of Customs and the number of Customs Districts. The Districts are operationally independent, and profit responsibility is emphasized among their activities. The principle is to delegate responsibility and freedom of action to Customs Offices in accordance with the Offices' capacities to assume them.

Description of the salary system

Results and development discussions

In accordance with the principles held by Customs, the new salary system (NSS) is implemented and maintained as part of the "results and development" discussions between managers and their employees.

The main objectives of the results and development discussions are:

- Evaluate the achieved results and make an assessment of the salary
- Agree on the target results for the next results period
- Define individual development needs
- Develop co-operation between managers and their employees
- Improve the general working environment and working atmosphere of the organization and promote an open interaction

The objectives and principles of the salary system

The salary system is based on the following principles:

- The more demanding the job, the higher the salary
- The better the individual command of the job/the better the performance, the higher the salary
- The salary system is as simple as possible, and as easily applied and maintained as possible
- The components of the salary must be such that everyone is aware of their content, and everyone must have the possibility of influencing the development of their own salary
- The salary system fulfils the requirements of fairness when it is
 - a. Acceptable
 - b. Encouraging
 - c. Equitable

Structure of the salary system

The monthly salary consists of the following elements:

- “requirement” element, based on how demanding the task is

The work requirements are assessed using the system of Salary Scales.

The “experience” element is a maximum of 10% of the “requirement” element, and is paid in addition to the latter. After the first year in service, the “experience” element is 5%; after the third year, it is 10%.

The criteria for assessing the requirements are:

- a. Knowledge, skills and experience required for the tasks
- b. Nature and scope of the tasks
- c. Preparation and fundamental issues involved in the tasks
- d. Essential content of the tasks

- “individual” element, based on individual performance

- a. Experience element
- b. Guarantee element (if the salary under the old salary system was higher than under the new salary system)
- c. Working conditions compensation

The “individual” element is a maximum of 34% of the “requirement” element, and is paid in addition to the latter and in addition to the “experience” element.

The working conditions compensation is a maximum of 4% of the “requirement” element. This compensation is paid in respect of extraordinary environmental or workplace factors that cannot be removed entirely by work safety measures.

Implementation of the salary system

- Evaluation of the work requirements

- a. The manager and the employee analyze the tasks to be assessed, either by using the results and development discussion form, or by preparing a separate description of the tasks.
- b. The principles of the SALARY SCALES requirement assessment system are used to determine how demanding the employee’s tasks are. This primarily involves applying the “requirement level table” of Customs directly (alternative A), or assessing the task requirements by referring to the tasks most similar to them in that table (alternative B). If no comparable tasks can be found in the requirement level table, the task requirement points are given on the basis of the SALARY SCALES system (alternative C).
- c. The manager’s superior validates the task requirement assessment undertaken by the manager. In principle, the superior does so separately for each employee. In practice – unless there appears to be a particular reason to validate at different times the assessments for employees in the same group – the superior shall try to validate simultaneously the assessments of an employee group that has a single line manager.

- Evaluation of the “individual” element

- a. The aim of the evaluation of the individual’s performance is to see how well the employee has performed his/her tasks and achieved the jointly agreed objectives. The individual’s target results and development objectives are defined in the results and development discussion which is held at least once a year between the manager and employee. The results that have been achieved during the past period are recorded at the same time.
- b. The evaluation is carried out no later than six months after the employee starts carrying out his/her new tasks.
- c. The “individual” element is a maximum of 34% of the “requirement” element, and it is paid in addition to the latter and in addition to the “experience” element.
- d. The individual’s work performance is assessed by the manager using a matrix. The matrix consists of the following components, each of which is self-contained and has a maximum amount which cannot be exceeded:
 1. Mastery of the work, maximum of 15% of the “requirement” element
 2. Quality of the work and completion of the tasks, maximum of 9% of the “requirement” element
 3. Co-operation or working as a manager, maximum of 6% of the “requirement” element.

e. Each main component is divided into sub-components which together constitute the assessment of the main component. The assessment of the overall "individual" element consists of the assessments which have been given (scale 1-5). Decimal numbers can also be used when awarding assessment points, e.g. 2.50, 2.75, 3.25, 3.50.

■ Salary table of Finnish Customs

- a. Throughout Finnish Customs, both a minimum and a maximum level have been set for each requirement level, based on the salary table. For work at a given requirement level, the salary paid corresponds to at least the basic level.
- b. The requirement levels of the tasks correspond to levels 5-22 in the table. With regard to the specific requirement level, the so-called "salary for the task" is set according to a salary differential of 8%.

Appeal

■ Salary Working Group of Customs and Salary Teams

- a. For the salary system in Finnish Customs, there is a Salary Working Group (SWG) which operates in connection with the National Board of Customs. In addition, the National Board of Customs has appointed Salary Teams (ST) for itself, for each Customs District and for the Customs Laboratory.
- b. The six Salary Teams have the task of promoting the uniform application of the new salary system in Finnish Customs, of handling conflicts and ambiguities arising from the new system and arbitrating in these cases, and of acting as an open forum for discussion on the application and development of the Customs salary system. Another of their tasks is to give points to tasks, and to determine requirement levels using the SALARY SCALES system. Salary Teams are also responsible for disseminating information about the salary system within their District and for developing their own skills and knowledge on the salary system. At the level of the National Board of Customs, the Deputy Director of the Administration Department acts as the chairman of the Salary Team; in the Districts, it is the Head of each District, and in the Customs Laboratory, it is the Director of the Customs Laboratory. The employee organizations in Finnish Customs are also represented in each Salary Team. Each Salary Team decides on the membership changes proposed by the parties represented.
- c. The Salary Working Group of Customs also has the task of promoting the uniform application of the new salary system in Finnish Customs, of handling conflicts and ambiguities arising from the new system and arbitrating in these cases, and of acting as an open forum for discussion on the application and development of the Customs salary system. Another of its tasks is to give points to tasks and to determine requirement levels using the SALARY SCALES system. The appropriate procedure for dealing with disagreements is to raise them with the Salary Team before taking them to the Salary Working Group of Customs.
- d. The Director of the Administration Department is the chairman of the Salary Working Group of Customs. The employee organizations in Finnish Customs are also represented in the Salary Working Group.

■ Procedure recommended by negotiating parties

- a. An employee who is not satisfied with a manager's decision has one month in which to appeal, calculated from when the assessment decision is issued, and no later than from the day when the pay slip is received. The appeal petition shall make clear which part of the decision is at issue and what changes are demanded, as well as the grounds for the appeal. The appeal petition is addressed and sent to the unit concerned (National Board of Customs, Customs District, and Customs Laboratory).
- b. At the first stage, negotiations shall take place between the employee, the employees' representative and the manager within no more than one month of the lodging of the appeal petition.
- c. If the matter cannot be resolved in these first-stage negotiations, it may be referred to the local negotiation level, for handling in accordance with the normal negotiation procedure, i.e. the matter may be referred for handling in negotiations between the employer and the personnel organization concerned. However, the negotiating parties that agreed the new salary system recommend that the matter be referred to a Salary Team for handling. It is important to gather experience of how the new salary system works, and the Salary Teams play a central role in its application.
- d. The appeal petition addressed to a Salary Team shall be accompanied by a memorandum on the negotiations, stating the object of the dispute and the viewpoints of the parties. The matter should be taken up in the Salary Team within no more than one month of the launch of proceedings.

- e. If the matter cannot be resolved by the Salary Team, it may be referred to the Salary Working Group which operates in connection with the National Board of Customs. The matter will be taken up in the Salary Working Group at the written request of either the employer representative, the employee, or the employees' representative. Enclosed with the written request for proceedings shall be a record of the earlier negotiations, petitions of appeal and other written material which the appellant thinks will influence the matter. The matter should be taken up in the Salary Working Group within no more than one month of the launch of proceedings.
- f. The units and the Salary Teams shall send their documentation on resolved disputes and the related records of negotiations to the Salary Working Group of Customs for information.
- g. A person who has been involved in handling an appeal in a Salary Team may not participate in the decision-making process for that appeal in the Salary Working Group.

Realization of the objectives of management and the salary system

■ Positive features

- a. support for the implementation and other strategy development
- b. has changed senior management culture
- c. increased co-operation and interaction at all levels
- d. management and work satisfaction have improved (Work Satisfaction Survey 2001)
- e. has forced the organization to weigh and assess all its tasks
- f. has increased knowledge of the different tasks and made them transparent
- g. fair system of reward
- h. improved motivation
- i. flexible system
- j. better comparability with private labour market
- k. competitiveness of Customs has improved at all requirement levels, particularly for young people
- l. salary is paid according to how challenging the tasks really are and to work performance

■ Problems at implementation

- a. change in culture is involved; there is an attempt to turn general management problems into problems relating to the new salary system
- b. takes an enormous amount of work, benefits come later
- c. engagement of senior managers and leadership in the new approach
- d. lack of courage from groups in key positions
- e. motivation of those receiving so-called guarantee share

■ Key targets of development

- a. no system is so good that it cannot be spoiled by bad application
- b. a system is never ready
- c. maintaining confidence between personnel and leadership at a constantly high level
- d. maintenance and updating of task requirement chart
- e. assessment of individual performance to be developed
- f. continuous development of the management skills of senior managers
- g. newness of system: operational practices must be created and developed by individuals themselves

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10. Donor Engagement

How to establish effective donor co-operation

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SECTION I: The organization of a successful donor conference or meeting

The organization of regional or national donor events aims to:

- > Market the reform and modernization programmes of Customs services regionally or on a national level;
- > Build new business relationships with potential Donors;
- > Improve mutual understanding on respective needs, priorities, requirements and concerns;
- > Foster existing networks;
- > Raise money for Customs reform; and
- > Avoid duplication of donor efforts.



So far the WCO has organised two conferences on Global Dialogue on Customs Capacity Building. The first in Johannesburg on 4 April 2007 and a follow-up conference on 2 October 2008 in London. The Johannesburg Conference highlighted Customs services as key players in the global trade and as essential driver for economic growth and prosperity. The goal of the London Conference was to generate closer donor liaison and collaboration in sustainable Customs reform. As a result of both conferences the participants recognized the importance of Customs modernization and of Capacity Building efforts. During the 2008 conference they further discussed methods of achieving sustainability in Customs development aid programmes and generated 10 key messages for collaboration.

*One key message of the Global Dialogue on Customs Capacity Building:
Donor organizations are prepared to invest into Customs Capacity Building.*

Regional, sub-regional and national donor conferences enable Customs services to break this message down into action

The development of a donor event is typically convened taking account of the six steps shown in Diagram 1.

Diagram 1: Six steps when organizing a Donor Conference



1. Devising the concept

*The concept of a donor conference depends on the strategic aim of the event.
There are several possible scenarios that could apply:*



Awareness raising, Creation of a donor network	Achievement of political support	Presentation of Customs reform projects for external funding
---	----------------------------------	---

1.1 Strategic aim: Awareness raising / creation of a donor network

For Customs services with a low level of donor liaison, it would be essential to first establish contacts with regional donor representatives and to raise their interest in on-going dialogue.

Table 1 illustrates possible reasons for lack lustre donor partner cooperation, together with initial ideas how to improve relations.

Table 1: Establishing or Enhancing Donor Cooperation

Lack of donor cooperation	Background	Solution
The development assistance is not targeting Customs reform.	Donor organizations might not focus on Customs reform as a priority in their economic development portfolio. Some regional donor representatives might not know about the comprehensive role of Customs. Customs might not know how to establish contact with donors.	Here Customs services need to <ul style="list-style-type: none"> > address donors and actively promote their role. > highlight the importance of effective Customs as key for successful expanse of trade and for social security.
Funds are allocated to trade facilitation and Customs modernization programmes. However these programmes do not reflect upon the demands of Customs services.	Often trade reform programmes cover cross-departmental aspects that are implemented by one lead department. Customs services might be excluded from the project negotiation due to traditional ties between donors and other departmental institutions.	Customs needs to establish close liaison with donors and the decision making bodies in other departments. Customs' involvement in the negotiation process maximizes the benefit of the Customs component of aid programmes for all stakeholders.
Funds are allocated to trade facilitation and Customs modernization programmes. However there is a lack of Customs initiative in formulating their policy.	Customs service might be cut off the process of development of economic reform strategies. Customs know best about their reform demands. However, they accept to be excluded from the development of assistance programmes and act passively towards donor organizations. The development of Customs reform without consultation with Customs makes is very difficult for Customs to follow up and to commit to later implementation.	Some donors ask Customs services to "challenge donors more". Here there is a need for Customs to initiate collaboration and to be progressive in presentation of their own reform strategies.

A donor conference or a donor meeting offers the platform to initiate a dialogue with donor institutions. Through presentations, Q&A sessions and side meetings, the participants in a donor event will improve mutual understanding of their respective needs, priorities, requirements and concerns and explore common interests and reasons for lack of collaboration. This will establish a common ground for follow up.

A donor conference is also an extremely useful opportunity for regional/national donors to know more about the WCO and ROCB as well as the possibility of the support that can be extended to enhance future collaboration. Involvement of the WCO and/or ROCB from the planning stage should be considered.

The desired results and expected immediate outputs



Enhanced mutual understanding between Customs and donors	Establishment of a donor - Customs network	Awareness upon fundraising opportunities in the country/region
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1.2 Strategic aim: Achievement of political support

The political reality in some countries does not always reflect on Customs services in the broader context of trade facilitation, border security and protection of social society.

Donor organizations often align their programmes along the political priorities of the beneficiary countries to ensure the sustainability of their investments. Most donors maintain close relationships with the political leadership.

The creation of a positive political climate towards Customs reform can be a major challenge for Customs services. The reason for lack of political support of Customs Capacity Building programmes might be complex¹. Table 2 provides a sample of common political relationship issues and ideas for building political support.

Table 2: Establishing or Enhancing Political Support

Lack of political support	Background	Solution
<p>A lack of inter-ministerial consultation leads to insufficient identification of Customs priorities as core competence within the ministry.</p> <p>A lack of cross-departmental consultation between governmental departments leads to insufficient consideration of Customs' demands.</p>	<p>The preparation of policy proposals and strategic policy papers is a central role of ministries.</p> <p>Ministers should know about:</p> <ul style="list-style-type: none"> > the Customs contribution to social and economic welfare; > the actual Customs issues that require policy response. 	<p>Customs services need to:</p> <ul style="list-style-type: none"> > ensure that the ministers – and thus also the government and donors- receive qualified information on Customs reform demands. > highlight the contribution to political priorities: <ul style="list-style-type: none"> - Modern Customs services contribute to effective revenue mobilization and enhanced facilitation and security of trade. - A well performing Customs service increases the confidence in the quality and integrity of government institutions. > raise the need of consultation at ministerial levels: <ul style="list-style-type: none"> - Early contribution to policy proposals can minimize overlaps/contradictory elements in Customs-related political framework.

1. Some background information in this chapter has been attained from SIGMA Paper No. 39: OECD (2007), "The Role of Ministries in the Policy System: Policy Development, Monitoring and Evaluation", SIGMA Papers, No. 39, OECD Publishing.
<http://dx.doi.org/10.1787/5kml60qkg9g7-en>

Lack of political support	Background	Solution
Some governments do consult all departments. However, the information received by the Customs services might be weak.	<p>Any government can ensure informed decision-making in favour of Customs if the information originally received by the Customs services is weak.</p> <p>Some Customs services don't have the capacity to develop reform proposals or know how to best present their contribution to strategic goals and international commitments.</p>	<p>Here Customs services need to:</p> <ul style="list-style-type: none"> > promote their achievements; > better present their needs; > enhance data presentation. <p>If Customs services suffer from a lack of resources and capacity to meet these tasks, this demand could be integrated into a reform of organizational strategies.</p>
Outside pressure can be an impetus for initiating political commitment. However, Customs services seldom take advantage of this external influence.	<p>The participants in the 2nd Global Dialogue on Customs Capacity Building confirmed the importance of sound Customs services for the benefit of the social and economic prospects of developing countries.</p> <p>It is the Business community that has the prime benefit of accelerated delivery of goods, predictable Customs procedures and a secure supply chain.</p> <p>These stakeholders have a strong demand for effective Customs services.</p>	<p>Customs services need to:</p> <ul style="list-style-type: none"> > mobilize a coalition of supporters; > create a positive political climate towards Customs reform. <p>During a donor conference other stakeholders can reaffirm the demand of greater political awareness of the Customs role and their expectations towards an effective Customs service.</p>

A donor conference/meeting could be a suitable tool for achievement of greater political and donor attention to Customs reform. A donor conference/meeting would be an occasion to mobilize a coalition of supporters, to create a positive political climate towards Customs reform and to disperse resistance. It enables the Customs Services to promote a more holistic role of Customs services in the political strategic framework.

As it was stressed in Issue 2 of the WCO Trends and Pattern Report, in order to 'examine capacity and plan for the future, it is essential to have a firm grasp of the five great Customs responsibilities: revenue collection, social protection, trade facilitation, trade security and collecting trade statistics'. At a regional event some discussion on the role of regional entities in the political decision making process could be launched. There might be a need to consider regional aspects in the development of national Customs priorities.

The desired results and expected immediate outputs



A concluding statement/report	Establishment/strengthening of political support	Achievement of strategic decisions that allow launching of follow up activities
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1.3 Strategic aim: Presentation of Customs reform projects to obtain external funding

Most donor organizations do have distinct experience in implementation of trade development and Customs reform programmes.

Most of the WCO Members in emerging economies have successfully completed the diagnostic phase of the WCO Columbus Programme and they have developed their own strategic action plans for Customs reform.

Whilst some countries obtain sufficient national or external funding for their Customs reform it presents a challenge to others to attract investors for their own Customs modernization agenda. Table 3 considers some of the reasons for difficulties in acquisition of donor funding.

Table 3: Customs Alignment of Institutional Arrangements with Reform Agendas

Insufficient funding of Customs reform	Background	Solution
<p>Customs does not have a clear vision on modernization process.</p> <p>> The reform proposals developed by the Customs services might not fulfil the donors' expectations.</p>	<p>To obtain funding for a reform programme a strategic action plan is essential but it is not sufficient on its own. Complexities involved in fund acquisition are critical for some Customs services. Because of lack of capacity, Customs might not be able to develop a concrete action plan for modernization. Customs services with limited institutional resources have a need for simplified funding processes.</p>	<p>It is important for Customs to develop a clear vision, process and plan for modernization of Customs based on the government policy, recommendations of the WCO diagnosis and other institutions recommendations.</p> <p>Customs services might raise a dialogue with donors on "light" funding programmes with less bureaucratic implication.</p> <p>For reasons of efficiency Customs services might also raise a dialogue on a programme design that meets the criteria of several donors.</p> <p>If Customs services suffer from a lack of resources and capacity to develop complex reform programmes, this requirement could be integrated into a reform of organizational strategies.</p>
<p>The reform programmes developed by the Donor organizations might not meet the demands of the Customs services.</p>	<p>Donor programmes can be prepared by various external consultants with little regard to practicality. At the same time Customs services take the commitment to develop their own reform strategies. Still donors might resist integrating into their development programmes reform strategies owed by Customs service.</p>	<p>Here Customs services need to challenge the donors towards acceptance of their own Customs strategies. These strategies convey a strong sense of Customs' commitment and ownership, some of the key principles for donor investment.</p>

Insufficient funding of Customs reform	Background	Solution
Reform strategies prepared by Customs services might not meet specific interests of donor organizations.	In development of their funding programmes donors often reflect specific interests or political agendas. Some Customs services draft reform proposals in complete disregard of these concerns. Similarly, some donor concerns might be difficult to include in Customs reforms.	Here Customs services need to: <ul style="list-style-type: none"> > learn about the specific demands of donors and react accordingly; > find a balance between the core aim of Customs reform and the consideration of cross-cutting issues; > include cross-cutting issues into their project plans and allocate funds and resource to respective actions.
There are countries with substantial donor interest and intervention. In some countries this results into positive funding climate for the recipient. In other countries a lack of communication endangers the efficiency of development assistance.	In countries with high donor involvement there is demand for collaboration in development assistance. Consideration risk of this circumstance is that it can lead to duplication of efforts and lack of absorption capacity on side of the recipient. In a climate of competitiveness some donors exert pressure on the beneficiary to meet their own timelines and targets. This can have detrimental effect on the project design.	Here Customs services need to: <ul style="list-style-type: none"> > bridge a lack of communication; > promote their own strategic vision; > alleviate overlap or contradiction of project contents; > raise the problem of absorption difficulties; > challenge donor organizations to share common interests and endeavour co-funding solutions for their own reform programmes.

If the aim of a donor event is to obtain external funding for concrete Customs reform, a strategic Customs reform and modernization plan should be developed beforehand. A contract for funding of a specific Customs reform project will not be reached by “just” one donor conference or meeting. Donors have their own priorities based on their strategy and policy. Sometimes they are not used to Customs seemingly complex and almost contradictory priorities (trade facilitation, community protection, revenue collection, etc.). Therefore Customs might be requested to adjust or slightly amend their reform plan to meet donor requirements and to develop greater understanding for Customs economic role and responsibilities. Customs should also explain the realities of their plan and try to agree on mutually acceptable collaborative actions.

A donor conference or a donor meeting allows for a dialogue on the expectations and the possible contributions of all stakeholders to a clear Customs reform programme. This leads to better understanding of specific interventions and interests and to the desired financial support.

Therefore the purposes of the donor meeting are:

- > To present the Customs reform and modernization plan as well as Customs concerns to donors and gain their understanding;
- > To know and share the information about donors activities in the country/region, their needs, priorities, requirements and concerns;
- > To inform donors of the WCO and ROCB and the possibility of their support that can be extended to enhance future collaboration;
- > To develop a Customs and donor network and information exchange channel; and
- > To gain future support from donors.

During a donor conference/meeting stakeholders might work towards solutions to diffuse impediments to Customs reform. A donor event could also allow for a discussion on the empowerment of specific entities (for instance the ROCBs) to play a more significant role in donor co-operation.

The desired results and expected immediate outputs



Sharing information among donors to avoid duplication of support	Achievement of concrete response towards a Customs reform initiative → A concluding statement	Clear expression of support Achievement of overall commitments and decisions on follow up activities
--	--	---

How to present a Customs reform programme during a Donor Conference or Donor Meeting?

A Customs reform proposal can be a specific Customs concept or a complex Customs reform programme along a multi-annual strategic action plan. For a Donor event Customs services do not need full project documentation, but they need to present a strategic plan for their reform proposal, the benefit of this reform and an estimate of overall cost and timing.



*Target the demands of the audience!
Express a wider benefit of Customs reform efforts for all stakeholders*

Donors are not interested in very detailed and specific Customs technicalities. But the presentation of the reform programme should clearly reflect on the following issues:

- > What is in it for the other stakeholders?
- > Is the value added for the trading community apparent?
- > Has a level of co-operation with trade and business and/or other departmental institutions been considered?
- > Is the ownership of the reform is with Customs?
- > Do Customs services have a clear vision of their reform and required modernization processes?
- > Is there a political will to support this reform?

The Customs service should further be prepared to answer the following questions:

- > Does this specific project meet political priorities?
Indicators of political support could be:
 - Can reference be made to strategic policy documents such as annual strategic plans, roadmaps etc.?
 - Are countries/regions willing to cover part of the financial contribution to the project out of their own funds?
 - Do countries/regions commit to allocation of new staff to this changing process?
 - Does the minister seek regular updates on project developments?

In those cases where such political support is non-existent, the conference could be the platform to express this demand and ask for donors support in awareness raising.

- > Consider integrity issues.
Good governance is one of the major considerations for donor investment. Customs services are commonly seen as being vulnerable to corruption because Customs officers have a wide range of discretionary powers. From the outset of a project planning Customs services should allocate time, activities and resources to implementation of integrity activities. Ideally actions for enhanced integrity are an integral part of a comprehensive reform strategy.

Consideration of integrity could be described through:

- a. Higher transparency and predictability through a modern and more automated clearance process,
- b. Better transparency and predictability through publication of Customs rules,
- c. A reform of existing integrity activities as part of a reform of HR-strategies,
- d. Better administrative and penalty procedures along the newly established system,
- e. A higher consideration of integrity in Customs educational strategies, etc.¹

> Is there ownership of the proposed Customs modernization project?

Donors are most likely to inquire ownership of any reform programme to be with the beneficiary Customs service. Donors look at ownership as key element for success and for sustainability.

Ownership and leadership could be shown by the following:

- a. If Customs designs its own reform strategy and the Customs leadership commits to present this to the Minister as part of the strategic vision;
- b. If Customs can prove any progress made in past Customs modernization processes or in any co-operation with donors the current reform programme could be presented as a commitment to maintain and further enhance these achieved results; and
- c. Any proactive preparation towards commencement of the reform and any commitment to allocate budget and staff to the reform reflect strongly on ownership and commitment by the Customs authorities.

> Is there a strategic vision?

Donors are more likely to invest into a programme with a strategic vision rather than a “stand alone” list of desired activities. Comprehensive Customs reform strategies meets this criterion. For single concepts, Customs services should also present the relevance of this specific component as one part of the entire Customs development agenda.

Some examples would be:

- a. A pilot or a sector specific project could be an important catalyst to be cascaded to other agencies/countries/ regions at a later stage.
- b. A follow up project could be planned to integrate the new Customs concepts into Customs educational strategies and later training accordingly.
- c. Promotion of new procedures, delivery of statistical figures and impact measurement could be achieved through later establishment of respective public relations concepts, establishment of Customs to business consultation, establishment of systems to collect and assess baseline data and result based figures, etc.

> Sharing of common regional interests / raising of national particularities

Here the view of the donor community is rather diverse. Some donors promote regionalization others have a specific country focus. There are arguments in favour of both. The design of the specific project may need to be tailored to ensure alignment with the donors’ interest.

Table 4: Considerations when deciding Regional or National Projects

Arguments in favour of a regional project:	Arguments in favour of a national project:
<ul style="list-style-type: none">> Facilitates and accelerates trade through standardized application of Customs procedures in several neighbouring countries.> Facilitates development towards Customs unions.> Minimizes duplication efforts.> Maximizes the outcome of a development programme, etc.> The presentation of a regional project might also allow for a discussion on the empowerment of regional entities to have a stronger role in the donor co-operation process.	<ul style="list-style-type: none">> Takes account of particular national concerns of Customs services in their institutional reform process.> Immediate response to specific post conflict circumstances to ensure soon re-structuring and re-functioning of destabilized Customs services.> Establishment of a pilot and testing phase for later rolling out to border management agencies, private sector or other countries.> Consideration of emerging countries capacity to “keep track” to meet regional/international demands.> Bridge the different capacity levels of Customs services – especially in regions with diverse development levels.

1. A list of good governance activities can also be derived from Chapter 7 of the WCO Customs Capacity Building Diagnostic Framework.

2. Consultation with the WCO and/or ROCB

From a strategic perspective, the involvement of the WCO and/or ROCBs can add significant value to enhance collaboration between donors and regional/national Customs administrations. Donors normally lack the specific and technical knowledge on Customs matters and are seeking third party expert advice for designing and implementing Customs-related projects. On the other hand, Customs administrations on regional/national level partly lack the information on donors' needs, priorities and requirements and are also seeking expert advice on securing support in implementing projects. In order to minimize the gap between donors and Customs administrations, the involvement of the WCO and/or ROCBs could be secured to act as "matchmaker".

While the WCO and/or ROCBs are not the "owner" of projects, especially considering the importance of ownership and leadership of the project to be taken by Customs administrations, the WCO and/or ROCBs can provide advice to both donors and Customs administrations to design projects and assist, as necessary, in implementing the project through, for instance, coordinating the use of regionally available expertise.

The WCO and ROCBs have accumulated experience and expertise on how to organize regional/national donor meetings and it is worthwhile considering involving them in the planning of regional/national donor meetings at an early stage. In Annexes 1 to 4, there are some of the examples of assistance that can be extended by the WCO and/or the ROCB:

- > Example of an invitation letter (including potentially co-signing by ROCB);
- > Example of a registration form;
- > Example of a donor meeting agenda; and
- > Example of presenter's note and logistics note.

3. Identification of target audience, chairpersons and key speakers



Depending on the strategic aim of the donor event the target group will have a stronger stakeholder outreach or a stronger political outreach.

The decision on the invitees requires consideration of the issues listed below. Some are strategic concerns, others are of an operational nature.

- > Decision on Chairpersons and keynote speakers;
- > Representatives of all stakeholders or focus on "just" specific stakeholder groups;
- > Consideration of appropriate hierarchy level along the expected aim and results;
- > Headquarter representatives or representatives from regional/local branch offices;
- > Building on existing relationships or establishment of new relationships; and
- > Limitation of number of participants along venue capacity or/and available budget.

Chairpersons and keynote speakers

The organizers of a bigger donor event will need to try and attract high-profile personalities to take in the event as Chairperson or keynote speakers asking their contribution to a specific topic along the overall conference theme.

Ideally the keynote speakers cover a topic closely linked to their specific professional portfolio leading to a clear statement in line with the expected outcome of the conference or the particular session. Keynote speakers of a donor conference can be:

- > A Minister or Vice Minister
The participation of a Minister or Vice Minister displays political will to Customs reform. It would also give strong visibility of the value of Customs reform to the public since events with ministerial participation are likely to be reported on TV and other media.
- > Appealing public personalities
Outstanding public persons, who commonly represent internationally well-known identities in the world of development aid, business development, state building or Customs reform. In the event that he/she is unable to personally attend, consideration could be given to a video conference or video presentation. In this way, the high profile of the specific keynote speaker remains, noting that video presentations tend to be less dynamic and are not interactive.
- > High to senior level representatives of internationally well-known identities in the world of development aid, business development, state building or Customs reform. In this case the invitation is addressed to the head of an organization. In the event that this person is unable to attend the conference he/she could be asked to nominate a senior representative on his/her behalf.
- > High to senior level representatives of a specific stakeholder group. Unique areas to consider include:
 - Regional/geographical particularities such as landlocked countries, corridor countries, small island states, countries with major transport hubs, etc.; or
 - Specific economic demands (such as representatives of SMEs, investors, entrepreneurs, representatives of a specific industry sector, trade associations etc.).
- > Representative of WCO and/or ROCB. WCO and/or ROCB representative can introduce WCO and/or regional capacity building policy, tools and instruments. It is highly recommended that the WCO and ROCB indicate their commitment for assisting the reform and modernization project to be introduced.

Commonly the Chair-persons represent high level representatives of the host country or host organization or of other internationally reputed organizations.

The timely announcement of a confirmed participation of a prominent Chairperson/Keynote speaker will raise the profile of the event as this will attract the interest of other high level invitees. This is important consideration specifically for an event with a very senior portfolio.

4. Planning the logistics

4.1 Timing

The decision on the date of the event can be done in consideration of:

- > Implementation of a high level conference back to back with a similar event of international standing;
- > Implementation of a combined conference with a preparatory/follow up workshop;
- > Consideration of the timing of prior regional Heads of Customs meetings with a vision to present information on the regional Customs reform strategies;
- > Implementation back to back with specific Customs, Customs to business or trade events, such as the inauguration of regional offices, international/regional trade fairs, AEO conference etc.; and
- > Preparedness of internal document, such as completion of the revised strategic plan.

4.2 Venue

The decision on the strategic aim will impact the choice of the venue. The survey of the venue should be done in consideration of the following aspects:

- > The required overall standard and audience capacity;
- > The required technical equipment, such as:
 - Projection screen for Power Point presentations
 - Projector for video playback or videoconferencing (in case of video transmission of a key note)
 - Microphones for the audience
 - Facilities for simultaneous translation
 - CD/audio cassette player to allow tape recording of the conference (a record of the conference is a very helpful tool for the rapporteur of the conference).
- > Appropriate catering facilities;
- > Sufficient administrative facilities (internet access, access to copy and fax machine, adapters etc.);
- > In case of a high level conference: security aspects.

Above all, the venue must be affordable within the given budget.

When selecting the venue the organizer might also consider additional facilities that accommodate side events (exhibition area aside the conference, workshops, informal breakfast meetings, business lunches, receptions, gala dinners, press conferences or others). Another consideration is whether or not there is an appropriate welcome/registration area.

4.3 Announcement / Invitations



The earlier the better → Advance publicity

Advance publicity announcing conference details is an effective tool to raise awareness of the upcoming event. This allows the target group to block dates in their calendars and to follow up on the additional information.

Advance publicity should cover the following minimum information:

- the theme of the conference
- the date and the venue
- the expected topics to be discussed
- the expected keynote speakers
- reference to further information (such as contact point, web link, announcement of later invitations).

Advance publicity could be made through announcement during other meetings/conferences, or via leaflets, press advertisements, electronic newsletters, e-mail and/or web publications.

4.4 Invitation / agenda

It is critical to the success of regional/national events to identify the appropriate invitees. Different donors have different working structures, agendas, priorities, needs and interests. In this regard, close communication between organizers and the various donor institutions at the preparation stage is very important.

The invitations should be sent along with information on the agenda and the conference arrangements. Ideally information on the Conference is also published via internet to have a wider reach of the parties concerned. Co-signing by the Director General of the host Customs administration and the Head of the ROCB (or appropriate staff member of the WCO) of the invitation letter can add value to the event.

A risk of early dissemination of invitations is that changes in the agenda are likely to occur before the meeting. It is recommended to regularly update the information on the event so that all interested parties are aware of the changes.

In case of a regional/sub-regional event, it is also recommended to have a preparatory session before the conference where Customs administrations can discuss common interest, priority, needs and requirements and common positions on important issues for the discussion with donors.

4.5 Presenter's note

While a regional/national donor event is an extremely useful opportunity to share the existing programs, needs, priorities, interests and requirements of donors as well as Customs administrations, the time management of the event is another important element for success. In order to maximize the benefit of the event, presentations from both Customs and donors should be prepared to be precise, to the point and highlight the key issues.

In order to achieve this objective, preparation of a presenter's note to inform all expected presenters is useful so they know more about their expected role.

The presenter's note may include:

- Background
- Expected contents
- Length of presentation
- Information about other presenters and their presentations; and
- Contact person.

4.6 Briefing of Chairpersons and keynote speakers

The success of the conference or of the donor meeting will depend on the contribution of keynote speakers and the Chairperson. This requires a detailed briefing on their role and the expectations linked to the event. In addition, good briefing of Chairpersons and keynote speakers reflects well on the support and client service of the organizers. The briefing note should cover information on the conference theme, the desired outcome and a vision of the topic to be covered by this specific speaker. Here a proper balance has to be found to determine the scope of the speech but remain sufficiently diplomatic to not be too leading on the content of the presentation. The briefing note should also cover organizational information on available conference facilities and allocated timing for each presentation. It is appropriate to ask the speakers to adhere to the time allocation. The reason is to ensure that there is enough time for interaction with conference participants.

Shortly before the event the Chairperson should be given:

- Short biographies of each keynote speaker
- Information on the keynote speakers' organization
- Information on the number of participants; and
- Information on any external financial contribution to the conference.

The event organizer might also ask the keynote speakers to share their presentations in advance to prepare hard copy or electronic copy information and for the benefit of interpreters (if used). To accord the highest support for the Chairperson and keynote speakers, the organizer might pay special attention to the following details at the conference venue, such as:

- > Availability of a contact person for the keynote speakers and chairpersons at the venue;
- > Provision of all relevant briefing material in a small conference folder;
- > Arrangement of a welcoming meeting for the keynote speakers and Chairperson to establish or foster contact with those key persons, to reiterate the aim of the conference and to advise any organizational issues of importance.

4.7 Visibility and Merchandising

The successful result and the important messages of any donor event should be duly shared with the stakeholders and also with the public through respective press releases, web publication, etc.

The logo of the conference, the logo of the host organization and the logo of any sponsor organizations should be represented on all conference publications.

There are advantages and disadvantages when choosing either multiple sponsors for the same event or a single sponsor. Table 5 describes some of these advantages and disadvantages.



Sponsorship promotion

The advantage for sponsors and exhibitors

- > Increased visibility within the Customs services and the trading and donor community
- > Establishment of business contacts with the high level audience
- > Exclusive advertising of their business

Table 5: Advantages and Disadvantages of Multiple or Single Sponsors

Pricing strategies for sponsorship and exhibition



One sponsor package	Different sponsor packages with varying content and price levels
Advantage: Easier to manage and to follow up.	Advantage: different sponsor suggestions might attract more sponsors.
Each exhibitor would have the same exhibition booth at disposal.	Exhibitors could be offered sponsor packages with different price levels along varying sizes of the exhibition booths.
The sponsor would not relate to a specific conference part but contribute to the comprehensive event with a fixed amount.	<p>Sponsor could be offered packages covering different parts of the conference, such as:</p> <ul style="list-style-type: none"> > small scale packages for sponsoring of coffee breaks, conference bags, stationeries, conference CD-ROM, etc. > mid-scale sponsoring for sponsoring of lunches, dinners, cocktails, small side events, etc. > big scale sponsoring could cover the cost of interpretation facilities, cost for a side event, significant cost for conference technicalities, etc.

Content of sponsor packages:

Sponsor packages might cover all or some of the following services:

- > free conference participation;
- > free participation in all or some of the side events;
- > verbal recognition during event;
- > promotion and marketing through logo inclusion on all event advertising and documentation;
- > banner placement.

Exhibitors might be offered similar sponsoring packages with the additional offer of

- > on-site promotion of their marketing tools at a booth in the exhibition area.

Additional organizational considerations:

The organizer needs to ensure proper briefing of the sponsors and exhibitors and to provide advice on the exhibition facilities on the event. The organizer needs to further establish a system of payment tracking!

4.8 Event Registration

Event registration enables the organizer to follow up on the status of participation and to establish effective attendees' management with the participants and the co-workers in the event. The data from the registration is important to:

- > Keep a record of participants
- > Create name tags
- > Manage participants according to categories (Chairs, keynote speakers, etc.)
- > Receive contact data for follow up
- > Some participants tend to register with nicknames. If additional travel and accommodation service is provided it is essential to obtain proper passport information to avoid non-conformity with vouchers or visa.

An effective online registration has the advantage of immediate sharing of additional event information such as:

- > Immediate notification of successful registration to the attendees via automated e-mail
- > Automatic sharing of additional information (Photos and descriptions of venue, display maps and directions, information on nearby accommodation options or of hotel booking services etc.)
- > If the organizer decides to limit the participation to the donor conference to invitees or to a limited number of people the online registration needs to be closely monitored. Registration by non-eligible applicants requires notification of rejection.

4.9 Additional client service => Logistics, travel booking

The organizer might decide to offer additional client services such as travel booking, reception and transport service to/from the airport or accommodation arrangements. This decision will also be driven by the number of staff allocated to the conference planning as additional service implies additional work. In times of easy online booking one could leave the travel and accommodation arrangements to the participants. Nevertheless, some minimum client service in this regard raises the profile of the event. It is therefore suggested to publish along with the agenda:

- a description / web link of the conference venue
- an explanation on the transport facilities from the major airports/stations to the venue
- a list of accommodation facilities in the conference neighbourhood
- in case of arrangement of any social event some background information accordingly.

Some Customs service can negotiate special price arrangements with some conference venues. Some special attention could be addressed to high level attendees. Here also the establishment of additional security measures might be required.

After confirming all the arrangement on logistics to be made, preparation of a "logistic note" will help the smooth dissemination of all necessary logistic information as well as smooth communication between organizer and participants.

4.10 Event follow-up

The event follow-up includes the following components:

- > Distribution of the conference report
- > Sharing of final list of participants
- > Appreciation letters to Chairs, keynote speakers, sponsors and exhibitors
- > Publication of conference results and presentations on the Internet or distribution via CD ROM
- > Press releases
- > Follow up on the conference results with immediate action
- > Financial balance of the event.

As mentioned earlier in this Chapter, a donor conference or a donor meeting provides the platform to initiate a dialogue with donor institutions. Concrete contract for funding of a specific Customs reform project will not be reached by “just” one donor conference or meeting. Donors have their own priorities based on their strategy and policy. In order to come up with mutually acceptable contracts for funding of a specific Customs reform project, follow up of regional/national donor conference becomes crucial.

It is therefore recommended to agree on a proper follow-up scheme at the end of the respective event. The most appropriate follow up depends on the region, sub-region, national or agency level nature of discussion.

5. Budget forecast and follow-up

It is essential to plan any conference or meeting in close collaboration with the financial managers in order to avoid financial shortfalls. The costs of the event will vary along the selected venue, the number of participants and the services provided. An initial budget forecast or some alternate solutions can be presented based upon offers received from some venue providers, technical equipment services and additional suppliers (catering, interpretation). During project planning any decision with financial impact should be agreed with the financial unit. The budget follow-up includes a verification of all costs and payments after conference implementation.

5.1 Own funds

The annual budget for each Customs service commonly provides for funding of conferences, meetings or regional workshops. Early co-operation with the financial division ensures timely blocking of funds to this specific donor event.

5.2 Registration fees

To lower the costs for a donor conference one could consider registration fees from all participants or a specific group of participants. Registration fees commonly cover costs for participation in the event, the catering and the provision of the conference follow up documents.

5.3 Sponsoring

Additional external funding could be obtained for the donor conference through sponsors and exhibitors. Please see information under section 3.5.

6. Coordinating the technical aspects

The following checklist could be a helpful tool for planning of event milestones and activities.

Table 6 : Checklist

Donor event organization - Milestone	Responsible persons/ units to be involved	Status
Conference date, place and concept decided Any side events agreed		
Consultation with the WCO/ROCB (as necessary)		
Decision on a specific conference logo		
Decision on the conference manager/contact person		
Agreement on the targeted audience, the expected keynote speakers, chair persons, presentations and maximum number of participants		
Advance announcement of the conference published		
Setting up contacts with conference venues and suppliers of additional service		
Budget forecast presented		
Decision on the conference budget and on funding arrangements (own budget, sponsors, registration fees)		
Decision on the venue		
Decision on additional supplies (catering/technical requirements/ interpreters/translators, etc.)		
Agenda agreed		
Arrangement of co-signature with WCO/ROCB for invitation letters (as necessary)		
Invitations sent to Chairpersons and keynote speakers		
Promotion of sponsorship published and sent to some stakeholders		
Conference registration system developed and published		

Donor event organization - Milestone	Responsible persons/ units to be involved	Status
Conference information published (if need be in several languages)		
Invitations sent to conference audience		
Keeping track of any changes in the agenda / Conference information regularly updated		
Keeping track of confirmation of conference participants including regular update of attendance list, sending of reminder letters and briefing of the management.		
Financial follow up		
Development of promotion material for distribution during the event (handouts, leaflets, etc.)		
Logistic note sent to all participants		
Presenter's note sent to expected speakers		
Briefing material sent to Chairpersons and keynote speakers (possibly also to exhibitors and sponsors)		
Keynote speeches received in advance of the conference		
If need be: translation of conference material obtained		
If need be: keynote speeches and agenda in advance shared with interpreters		
Closure of registration		
Preparation of final participants list, nameplates and name tags Information on final number of participants shared with co-workers (venue, catering service, etc.)		

Donor event organization - Milestone	Responsible persons/ units to be involved	Status
Allocation of tasks upon the event: <ul style="list-style-type: none"> > rapporteur > contact person for key players > assistance in registration and administrative issues > photographer (in the event of no official press release) > contact person for technical service, venue management and caterer 		
Conference room layout/sitting order agreed		
Delivery of all conference material to the venue		
Remaining material returned to Customs service		
Conference report finalized, distributed and published		
Appreciation letters sent		
Press release		
Financial follow-up finalized / close down briefing		
Follow-up meeting (sub-regional / national / inter-agency level)		

SECTION II : Developing a sound business case to secure internal buy-in and external support

According to international development cooperation norms, donors mainly pledge funds for national development projects that are supported by national decision-makers and aligned with a country's National Development Strategy.

Before officially engaging with donors and embarking on the formulation of a fully-fledged project proposal, it is important to secure internal buy-in and general external support. One way to do so is to develop a sound business case. This second part of the chapter provides an overview of a process that can be followed to develop business cases.

Once the necessary internal and external support is obtained, the business case can be used as the preliminary tool to engage and negotiate with donors.

1. What is a business case?

A business case answers the question "What happens if we take this course of action?".

A business case outlines arguments for a proposed course of action and it is created to win support for the proposed course of action. It can be used to engage a range of stakeholders (internal and/or external) to gain support. It analyses options and makes a recommendation to follow a specific course of action.

2. Why develop a business case?

Developing a business case will not only help a Customs administration in identifying potential solutions to problems, it will also help it "sell" its ideas to key decision makers. A business case is developed to :

- > Gain support for all types of decisions;
- > Initiate action; or
- > Obtain resources for an initiative.

Annex 5 provides some tips for building support for a business case.

3. What are the pre-requisites to develop a business case?

Before developing a business case, it is essential to:

- > Ensure that the Customs administration has a strategic framework/plan;
- > Make an inventory/assessment of on-going and planned projects/initiatives;
- > Have a good knowledge of regional and international agreements that may influence the Customs administration's priorities.

A business case should always demonstrate alignment to a Customs administration's strategic plan, which in turn demonstrates alignment to the National Development Strategy, on which donors engage. Diagram 2 illustrates the relationships and dependencies between a business case through to contributing to strategic goals such as the Millennium Development Goals. A business case that does not fit into the stated priorities of a Customs administration will not trigger the same interest from key stakeholders and decision-makers.

Diagram 2: Relationships and Dependencies from Business Case Planning to Strategic Policies



Duplication of initiatives and projects should always be avoided. In order to ensure that the business case fits into the current and planned state of play, it is paramount to make an inventory of on-going and planned projects/initiatives¹. A business case that addresses needs that are yet to be delivered has a better chance of generating interest and support.

It is possible that regional or international agreements influence the priorities of a Customs administration and could have an impact on the business case. For example, if a Customs administration is a signatory of the revised Kyoto Convention (RKC), a business case laying out a course of action to support the implementation of the RKC could be well received by the decision-makers of the Customs administration. Therefore it is essential to have a good overview of the regional and international agreements that could impact a Customs administration's priorities and activities before embarking on the development of a business case.

4. Developing a business case – A six-steps process

Developing a business case can in general be broken down into a "Six-Steps Process":

- Step 1: Identify the opportunity
- Step 2: Identify alternatives
- Step 3: Gather and analyze data
- Step 4: Choose a solution and assess the risks linked to this solution
- Step 5: Create a high-level implementation plan
- Step 6: Communicate the business case

¹ An example of an inventory of past, ongoing and planned projects is the WCO Project Map Database, which might be consulted at this stage, too.

Step 1: Identify the opportunity

A business case should address one or several priority needs of a Customs administration. These identified priority needs should be linked to the strategic plan/mission objectives of the Customs administrations to catch the attention of the decision-makers.

Once the need or needs are identified it is important to develop an “opportunity statement” which will highlight the potential gain made by a Customs administration if they follow the course of action proposed by the business case. The opportunity statement needs to be rationalized or aligned. It must be linked to the organization objectives of the Customs administration. The opportunity statement should ideally be no longer than two sentences.

EXAMPLE

Problem identified:

“Lack of compliance with procedures hampers trade and effective and efficient operations”

This problem could generate multiple opportunity statements and would need to be tackled at different levels. However, for this example, let us say that institutional compliance management would address improved performance through enhanced intelligent risk management. One possible opportunity statement could be:

“Enhance risk management capabilities of Customs administrations and/or economic operators to ensure more effective and efficient operations, thereby facilitating trade and increasing revenues”.

Step 2: Identify alternatives

Now that the problem is identified and the opportunity statement is formulated, it is important to identify alternatives to realize the opportunity. At this stage of the business case development, it is important to consult with relevant stakeholders within the Customs administration and outside stakeholders. This is the phase where expert advice is absolutely essential to identify all potential alternatives. Consulting the relevant stakeholders at this stage is also beneficial as the eventual proposed course of action will most likely impact on their work. Being involved at an early stage will increase their sense of ownership of the proposed course of action.

When generating alternatives, it is very important to include the “status quo” as one of the alternatives.

In order to generate alternative courses of action for realizing the identified opportunity, it is recommended to convene a group of key stakeholders for a brainstorming session.

It is likely that a brainstorming session results in the generation of numerous alternatives. Consequently, it will be important to narrow down the alternatives to, ideally, 3 to 4 (including the status quo). In order to narrow down the options, one could:

- > Combine alternatives that could reasonably be implemented together;
- > Eliminate complicated and high risk alternatives; or
- > Favour easy-to-implement over complex and difficult alternatives.

Annex 6 provides an overview of steps that could be followed to analyze alternatives and Annex 7 provides an overview of tips that could be followed to gather data.

EXAMPLE : Continuation of the example mentioned above

Opportunity statement was: “Enhance risk management capabilities of Customs administrations and/or economic operators to ensure more effective and efficient operations, thereby facilitating trade and increasing revenues”.

Identification of alternatives:

- Alternative a: Organization development to have staff dedicated to Risk Management
- Alternative b: Install (or upgrade) a Risk Management IT system
- Alternative c: Build capacities and raise awareness on procedures among staff and economic operators
- Alternative d: Remain with status quo

Step 3: Gather and analyze data

Once several alternatives have been identified, it is important to assess them objectively in order to be able to choose the most appropriate alternative to realize the opportunity. In order to do so, it is important to define assessment criteria. The assessment criteria must be carefully selected to ensure that they can be applied to all alternatives.

At this stage it is important to be able to define the data needed to objectively compare the alternatives. All the data gathered must then be analyzed and it is important to keep the “analysis report” at hand as it is the core document justifying the selection of one alternative over the others.

EXAMPLE : Continuation of the example mentioned above:

Possible assessment criteria:

1. estimated level of impact on revenue collection,
2. estimated impact on cost savings and operational efficiencies,
3. estimated impact on improved reputation as a trading partner.

Possible assessment (1- low; 5- high) of alternatives resulting from gathering and analyzing data as well as brainstorming with key colleagues:

Alternative	Criteria 1:	Criteria 2:	Criteria 3:	TOTAL
Alternative A	4	5	3	12
Alternative B	5	5	4	14
Alternative C	3	4	4	11
Alternative D	0	0	0	0

Once this assessment has taken place, it would be ideal to narrow down the alternatives to 3 (the top two alternatives + the status quo). It is always important to keep the status quo in the short-list.

Step 4: Choose a solution and assess the risks linked to this solution

Once the necessary data has been gathered and analyzed, an objective ranking of the alternatives should be done followed by focusing on the best ranked alternative.

In order to demonstrate that the course of action proposed has been thought through thoroughly and is transparent with the audience of the business case, the next step is to present the potential risks linked to the implementation of the proposed course of actions. As part of the Business Case, a Risk Management Plan is a useful document to present the identified risks and the potential risk mitigation strategies.

Note that the results of the risk assessment may lead to some modifications to the business case. Annex 8 provides additional advice on risk assessment and risk mitigation.

In order to assess the risks linked to an alternative, the following can be done:

- > Brainstorm session with relevant stakeholders to identify risks linked to the alternative;
- > Assess the level of probability of risks materialization;
- > Assess the level of impact of the risks materialization on the implementation of the alternative; and
- > Devise risk mitigation strategies/mechanisms.

EXAMPLE: Continuation of the example mentioned above:

Example of potential risks linked to Alternative A (L= Low, M=Medium, H=High):

Risk	Probability	Impact	Mitigation
Lack of adequate infrastructure (IT network, servers...)	M to H	H	Foresee adequate budget for eventual procurement activities
Lack of reliable source data	M to H	H	Raise awareness among staff and plan eventual training

Step 5: Create a high-level implementation plan

In a business case, the implementation plan does not need to be exhaustive or detailed.

A high-level implementation plan should include several parts, which are detailed below.

5.1 Presentation of primary milestones

The high-level implementation plan needs to clearly identify the major milestones so that decision-makers can understand the progression of the proposed course of action, the potential gains to be made through the proposed course of action and its feasibility. These milestones, if the business case is approved, will allow them to track progress and measure the success of the proposed course of action. If the proposed course of action can be divided into phases, it would be advisable to list milestones per phase.

5.2 Resources/Budget

At this stage, the resource planning and budget do not have to be extremely detailed. However, it will be important to allocate

resources and budgetary lines to each phase or milestone of the proposed course of action. This would allow the decision-makers to have an overview of the cost of the proposed course of action in terms of staff and financial resources.

5.3 Accountability/Responsibility Table/Matrix

A possible accountability or responsibility matrix is a table used to ensure that every foreseen phase or activity is properly assigned. It enables easy understanding of each person's responsibilities within the implementation team.

In order to facilitate progress tracking and ownership of the course of action by the "implementing staff", it is advisable to name individuals/teams responsible for the delivery of each milestone. An accountability table/matrix also gives an overview to the decision-makers about the foreseen role and responsibility of each individual. Table 7 is an example of a simple version of an accountability matrix.

Table 7: Example of an accountability matrix

	Person 1	Person 2	Person 3	Person 4
Training Needs Assessment	X	X		
Training Material Preparation		X	X	
Training Sessions Held			X	
Training Sessions Evaluation	X			X

In this example, Person 1 is responsible together with Person 2 for the Training Needs Assessment. Person 1 is also responsible for the evaluations of the training sessions together with Person 4.

5.4 Monitoring and Evaluation Plan

If the milestones provide a good indication of progress achieved, a Monitoring and Evaluation Plan should be drafted. The plan should be designed to define success indicators and the key periods for carrying out monitoring and evaluations of the course of action. This will allow decision-makers to track the course of action's progress, efficiency and effectiveness.

Further tips about creating an implementation plan can be found in Annex 9.

EXAMPLE: Continuation of the example mentioned above: Alternative A

Potential example:

1. Major Milestones:

- Risk Management IT solution is operational at the Customs Admin. of country X
- The Customs Admin. of country X has the adequate IT infrastructure in place and is operational to support the new RM-IT solution
- The relevant staff of the Customs Admin of country X and other relevant Border Management Agencies are sufficiently prepared to effectively use the new RM IT solution and infrastructure

2. Resources/Budget:

Milestone a) Estimated resources to - cover costs of User Requirements Study and specification of the RM IT solution wanted; - procure and purchase of the RM IT solution wanted; - Test the RM IT solution and finalize the RM It Solution; - Roll-out the IT solution.

3. Accountability/Responsibility Matrix: see example in 5.3

4. Monitoring and Evaluation Plan

In the M&E plan, identify objectively verifiable indicators and timeframes for the delivery of the results/outputs.

Step 6: Communicate the business case

Before communicating the business case to the audience, it is important to understand the audience:

- > Who will be reading the business case?
- > What is the audience's focus and interest?
- > How does the audience like to receive information?
- > Is there a certain channel to follow to submit the business case?
- > Does the audience have a business case template or any further writing instructions?

These are just examples of questions to be considered before going into the actual drafting of the business case.

In an ideal scenario, once the business case is written it would not only be submitted to the audience, but also verbally presented so that potential questions can be addressed face-to-face.

Further writing tips are provided in Annex 10. A "business case check list" is also provided in Annex 11 that could serve as a basic template for writing a business case but needs to be adapted to individual circumstances.

SECTION III : Developing programme/project proposals according to donor's requirements and expectations

As mentioned in Section 2, donors tend to pledge funds to specific programmes/projects. In order to access these donor funds, it is crucial to be able to develop programme/project proposals according to donors' requirements. The sections below do not only present the generic "elements of a programme/project proposal" but also the 4-steps process that could be followed for the development of project proposals.

1. Step-by-step process to develop a programme/project proposal:

In this section, the step-by-step approach to programme/project proposal is presented. Specific information about the elements.

Step 1: Prerequisites

Problem Analysis or Opportunity justifying the Project. A business case would provide this information and a logical framework analysis is recommended at this stage to ensure the buy-in of the project stakeholders/beneficiaries.

Step 2: Fill out the Logical Framework Matrix:

- > Intervention logic (Overall Objective, Project Purpose, Results, Activities) - Column 1 of the LFM
- > Assumptions – Column 4 of the LFM
- > Indicators – Column 2 of the LFM
- > Sources of Verification – Column 3 of the LFM

Step 3: Carry out the detailed planning

- > Work Breakdown Structure
- > Timetable of activities
- > Costing & budgeting

Step 4: Drafting the project proposal

This is the stage where the actual drafting of the project proposal starts, which means populating all the sections of the project proposal, namely:

- 1. Background / rationale**
- 2. Expected Results: Overall Objective (Impact), Project Purpose (Outcome), Results (Outputs)**
- 3. Risks & Assumptions**
- 4. Cross cutting themes**
- 5. Project activities**
 - Activities – linked to the results
 - Work Breakdown Structure and work plan (timetable of activities)
- 6. Management Structure and reporting**
- 7. Budget**
- 8. Logical Framework Matrix**

2. Elements of a programme/project proposal

While every donor is different, most require the submitted programme/project proposal to include the following sections:

A. Background/Rationale

In this section, the proposal presents linkages (background on the organization), the issues addressed by the proposed project, the stakeholders/beneficiaries of the proposed programme/project and the development context (identify and mention other on-going relevant donor-funded projects).

Any project proposal requires a programme/project background or rationale to explain the context to the donor organization. The intent is to convince the donor organization of the necessity of investing its resources in the programme/project. This section requires extensive research (in some cases, it requires field missions) so as to present the donor with an accurate picture of the situation and issues to be addressed. A business case, if drafted according to the recommendations presented in Section 2 of this chapter of the Compendium, should be a good source of information and data to develop this section of the programme/project proposal.

B. Expected Results

In this section, the proposal presents the overall objective of the project, its purpose and results. It remains at the higher level and does not get into details regarding activities.

- > **The overall objective (also known as impact or goal)** relate to the wider national or sectoral objective to which the programme/project will contribute. The programme/project alone will not achieve the overall objective; it will only contribute to it. This is a long-term objective. It is important to draft this overall objective with the indicative tense "To contribute to".

EXAMPLE of overall objective could be:

"To contribute to Country X's integration into the international and regional trading system, thereby strengthening economic development"

- > **The project purpose (also known as outcome or specific objective)** should address the core problem(s) identified and is to be defined in terms of sustainable benefits for the target group(s). This purpose has to be achieved by the end of the programme/project and can be seen as a "medium-term" objective. It is important to use the past tense here as the project purpose describes the situation wanted at the end of the project.

EXAMPLE of project purpose could be:

"The Customs Administration of country X has enhanced capacities to facilitate international and regional trade"

- > **The results (also known as outputs)** refer to the tangible goods/services delivered by the project as a consequence of implementing a set of activities. They can be considered to be achieved on a "short-term" basis. The results should also be formulated in the past tense as they are to be achieved during the project life time.

EXAMPLE of project results could be:

- *"A new Risk Management IT solution is operational at the Customs Administration of country X" ;*
- *"The Customs Administration of country X has implemented its first AEO programme"*

C. Risks/Assumptions

In this section, the proposal presents the risks and assumptions that can adversely or positively impact the proposed programme/project. It also presents the mitigation strategy envisaged to manage the identified risks. For more information on risks, please refer to the relevant section on risks under section 2 of this chapter.

Assumptions can be defined as external factors which could affect the progress or success of the project if they do not hold true, but over which the programme/project manager has no direct control.

EXAMPLE of assumption could be:
"The project benefits from sustainable top management support"

D. Cross-Cutting Themes

Donors have various "priorities", which could be divided as:

- > **Sectoral priorities**, which can be referred to as "technical priorities". They include for example, health, education, regional development, trade facilitation and, among others, private sector development
- > **Geographical priorities**, which refer to the region or countries that the donors would like to focus their efforts and resources on. The countries of focus of one donor could, for example, be located in a certain geographical area (Asia, Sub-Saharan Africa, etc.) or share commonalities (Least Developed Countries, Small Island States, etc.).
- > **Cross-cutting themes** (or thematic priorities) refer to broader social issues that are of importance to the donors.

EXAMPLE of cross-cutting themes could be:
"gender" or "environment"

Integrating cross-cutting themes is another common element in programme/project proposals. Donor organizations require applicants to submit information as to how they are going to integrate certain themes into their programme/ projects. If a donor has strong views regarding gender equity, it will be important to demonstrate the benefits of the project for both women and men.

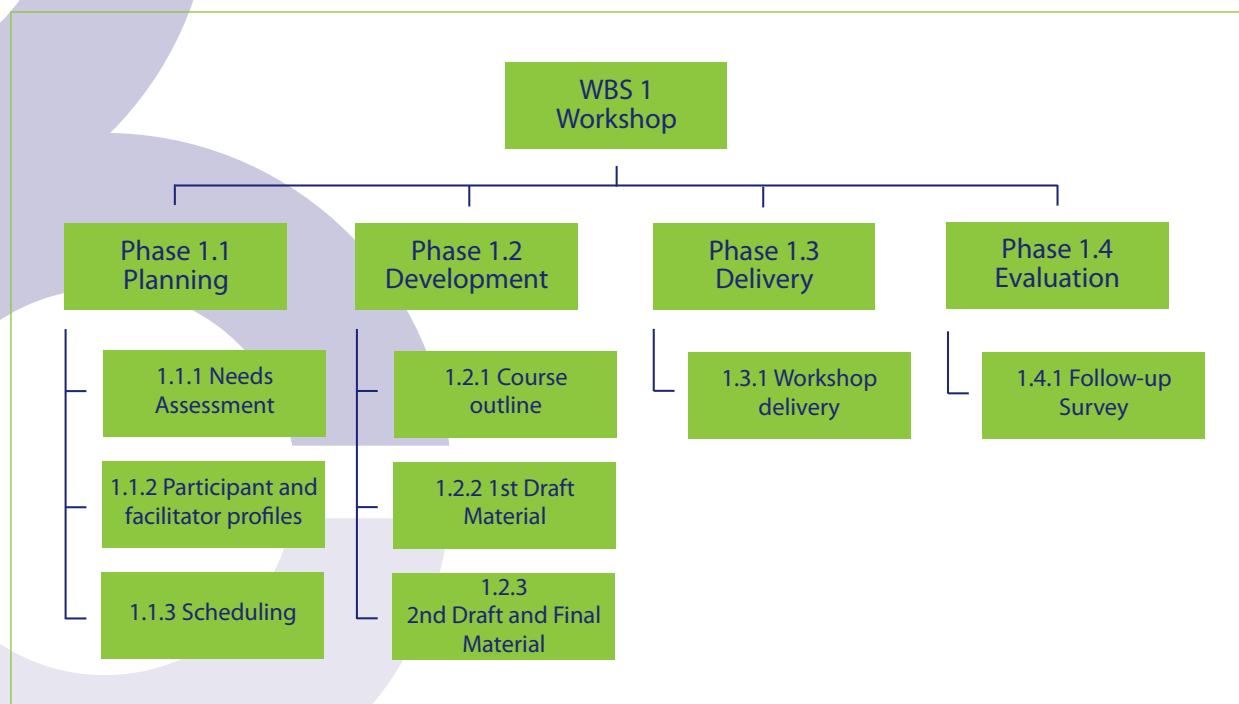
E. Project activities, work breakdown structure and work plan (or timetable of activities)

The project activities refer to the “set of activities” carried out to “produce” the stated project results.

These activities can be presented in a chart known as the “Work Breakdown Structure” (WBS).

A Work Breakdown Structure is “a deliverable-oriented grouping of project elements that organize and define the total work scope of the project. Each descending level represents an increasingly detailed definition of project work.”¹ Diagram 3 is an example of a Work Breakdown Structure for a workshop, imagining that the workshop is one of the result or outputs to be delivered by the project.

Diagram 3: Example Configuration of a “Work Breakdown Structure”



One important element of any proposal is the “work plan”. The work plan is the chart (or timetable) that schedules and sets out the activities (may include resources) necessary to deliver the results and achieve the project purpose.

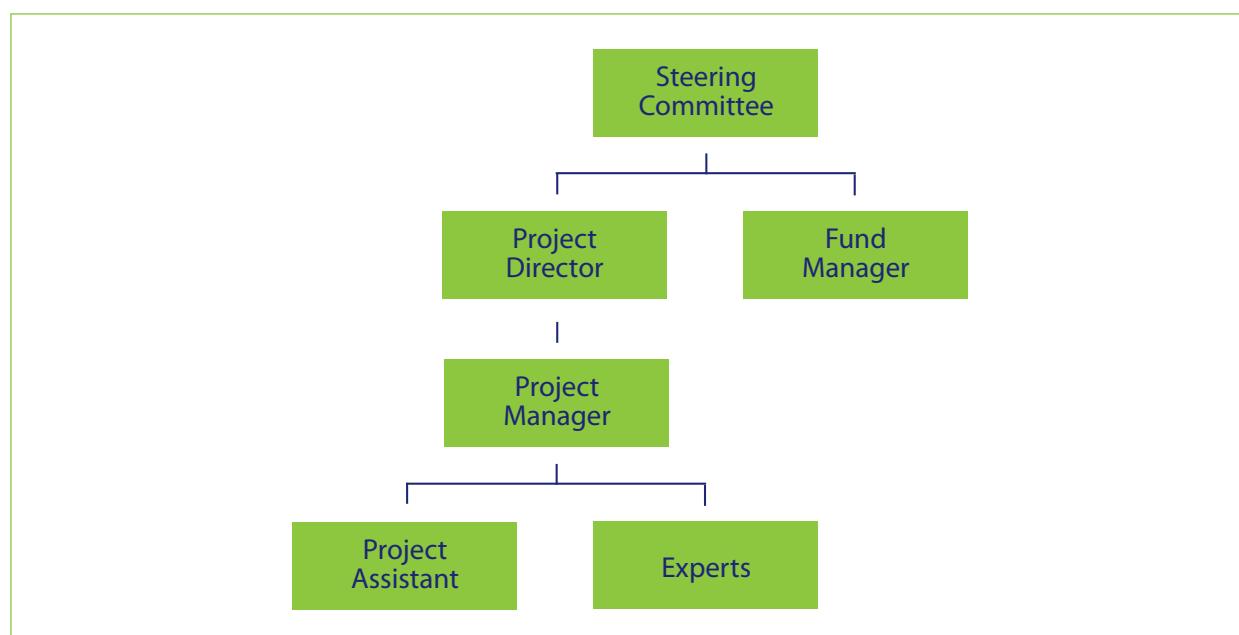
¹ Source : PMBOK Guide.

F. Management structure and reporting scheme

In this section, the proposal does not only describe the envisaged programme/project management structure to manage and implement the project, but also the foreseen reporting scheme.

Depending on the programme/project, the **management structure** can vary. However, some common elements include the Steering Committee, Programme/Project Director and Project Manager. Diagram 4 reflects an example of a Programme/Project Management structure.

Diagram 4: Example of Project Management Governance Structure



More information about Steering Committees, Project Directors and Project Managers is available in Chapter 5, Project Management of this Compendium. In summary, the roles and functions are generally:

- > The **Steering Committee** provides overall orientation to the project and may be composed of some or all of the following stakeholders: project sponsors, representatives of the project beneficiary target groups, project director, fund manager and project manager.
- > The **Project Director** or **Programme Manager** oversees the delivery of the project results and activities. He/She provides guidance to the Project Manager and validates documents to be submitted to the project sponsors and steering committees.
- > The **Fund Manager** is responsible for ensuring that the funds spent under the project are eligible and spent according to the financing agreement conditions.
- > The **Project Manager** is responsible for the delivery of the project results and activities, under the supervision of the Project Director. He/ She is responsible for the preparation of all key project management documents, which include, among others, the annual work plans and risk management plans.

The reporting scheme does not only present the (type of) reports to be submitted throughout the programme/project but also the timing of their submission. While the reporting requirements change from one programme/project to the other, progress reports and evaluation (both mid-term and final) reports are usually requested by donor agencies. Progress reports and evaluation matters are introduced in a latter item on project management under this chapter of the Compendium.

G. Budget

In this section, the proposal presents the budgeting step. Each donor requires the budget to be presented in a different way. However and increasingly, donors require the budgets to be broken down against a set of activities. Table 8 shows a hypothetical example of an overall budget exercise.

Table 8: Allocating funds for an overall budget

Overall Budget		1 080 000
Result 1: A new Risk Management IT solution is operational at the Customs Administration of country X		
Activities	Description	Cost in EUR
1.1	To elaborate the User Requirement and to define the specifications of the IT solution desired	50 000
1.2	To develop the IT solution desired	125 000
1.3	To purchase the equipment needed to run the IT solution desired	150 000
1.4	To test and finalize the IT solution	50 000
1.5	To roll-out the IT solution to the whole administration	125 000
Result 1 Total		500 000
Result 2: The Customs Administration of country X has implemented its first AEO programme		
2.1	To establish a Working Group on AEO, including the relevant public and private sector stakeholders to agree on the AEO programme criteria and monitor the progress of the AEO programme	60 000
2.2	To deliver training on Audit, Post-Clearance Audits and Risk Management to Customs officers and Customs brokers and economic operators	120 000
2.3	To carry-out a pilot phase of the AEO programme with 10 selected and compliant companies from key import/export areas	120 000
2.4	To review the pilot phase and make amendments to the AEO accordingly	35 000
2.5	To raise awareness about the new AEO programme among the business community	25 000
2.6	To roll-out the AEO programme to companies requesting AEO accreditation and meeting the eligibility criteria	120 000
Result 2 Total		580 000

Activity Cost Estimates are a valuable project management tool for determining the costs for a project. Much like how a project's work is broken down into activities and work packages, the activity cost estimate breaks the project's costs down to the activity/task level in order to improve the reliability and accuracy of the estimate.

The activity cost estimate considers each project activity and the costs associated with completing the activity. These costs include direct costs for project resources, indirect costs which may be passed on to the project and the amount held in contingency reserve for the activity. A given activity may have many resources allocated to it which all must be accounted for as part of the estimate for that activity. It really depends on organizational arrangements and the project on how much detail is included.

One characteristic of the activity cost estimate is documenting how the estimate was determined. This is usually done by either analogous or parametric estimating. **Analogous estimating** is done using similar past projects or activities to estimate cost. **Parametric estimating** is done by determining and using a unit cost calculated over a duration or quantity of units. Parametric estimating is usually more accurate and should result in a higher confidence level.

Another characteristic of the activity cost estimate is that it often uses a range for the activity's cost estimate as well as a confidence level. At different stages of project planning some activities may be more well-defined which may result in a much higher confidence level than that of an activity with more unknowns. It is important to note that like most project management documentation, the activity cost estimate should continue to be revised and improved throughout the project's lifecycle. Table 9 is a simple example of what an Activity Cost Estimates document structure could look like. Table 10 uses the same structure and provides an example of a simulated spreadsheet with Activity Cost Estimates included.

In general, the more information and detail that is available for an activity, the more accurate the activity cost estimate will be. Once activity cost estimates are completed for all of a project's activities, these can then be used to develop the overall project cost estimate.

Table 9: Example of Activity Cost Estimates Document Structure

Activity Cost Estimates							
Project: Name of Activity:							
WBS Number	Resource / Nature of Cost	Unit	Number of units needed	Price per unit In (name currency)	Total Cost of Resource	Budget Line	Method
This should be the WBS number from the Work Breakdown Structure	Type of resource (labour, material, equipment, service, etc.)	Type of unit used to estimate resource cost (working hours, working days, days...)	Number of units needed	Price per unit	= (Number of units needed * Price per unit)	It could be that donors ask that the budget is itemized according to specific budget lines. In this column, the cost of a resource to a specific budget line can be attributed	Method used to calculate (parametric or analogous)

Table 10: Example of Spreadsheet with Simulated Activity Cost Estimates Included

Activity Cost Estimates							
Project: Upgrade of the IT structure for Customs Risk Management System							
Name of Activity: Delivery of Training Workshop (Activity 1.3)							
WBS Number	Resource / Nature of Cost Description	Unit	Number of units needed	Price per unit In (name currency)	Total Cost of Resource	Budget Line	Method
1.3.1	Service (Venue hire and venue services, including interpretation, lunch and coffee breaks)	Days	5	300	= 5 * 300 = 1500	N/A	Parametric
1.3.2	Service (Accommodation for participants)	Nights	90	100	= 90 * 100 = 9000	N/A	Parametric
1.3.3	Service (Accommodation for workshop facilitators)	Nights	14	100	= 14 * 100 = 1400	N/A	Parametric
1.3.4	Workshop Facilitator 1 - Fees	Working Days (person/ days)	7	300	= 7 * 300 = 2100	N/A	Analogous
1.3.5	Workshop Facilitator 2 – Fees	Working Days (person/ days)	7	0	= 7 * 0 = 0	N/A	Parametric
1.3.6	Travel costs - Participants	Flight	2	1000	= 15 * 1000 = 15000	N/A	Analogous
1.3.7	Travel costs – Facilitators	Flight	2	2500	= 2 * 2500 = 5000	N/A	Analogous
1.3.8	Per diems Costs Partici- pants	Nights	90	80	= 90 * 80 = 7200	N/A	Parametric
1.3.9	Per diem Costs Facilitators	Nights	14	80	= 14 * 80 = 1120	N/A	Parametric


H. Logical Framework Matrix

The Logical Framework Matrix (LFM), or Logframe, is the tool/product/document used to present the logical framework analysis/approach, i.e. the logical flow of levels of results and to measure them.

The Logical Framework Approach (LFA) is mainly used for the design, monitoring and evaluation of international development programmes/projects but can be used for all programmes/projects. This approach requires stakeholders to come together to set the plan for implementation and monitoring. The present document will not go into the details of the LFA but will only present the LFM, which has become a typical component of donor-funded project/programme proposals.

Drafting a Logical Framework usually begins with a four x four project table as depicted in Table 11.

Table 11: Basic Logframe Table

 Logical FRAMEWORK			
Logic	Indicators	Source of verification	Assumptions
Overall Objective/Impact	How the objective is to be measured - quantity, quality, time?	How will the information be collected, when, by whom?	
Purpose/Outcome	How the purpose is to be measured - Q, Q, T?	As above	IF the purpose is achieved, WHAT assumptions must hold true to achieve the overall objective?
Results/Outputs	How the results are to be measured - Q, Q, T?	As above	IF the results are achieved, WHAT assumptions must hold to achieve PP?
Activities			As above

The four rows are used to describe the four different levels of “events/results” that take place throughout project implementation: the project Overall Objective /Impact (Long-Term), Purpose/Outcome (Medium-Term), Results/Outputs (Medium to Short-Term) and Activities (Short-Term to Immediate).

The four columns provide different types of information about the “events/results” in each row:

- > The first column (left column) is used to provide a “narrative description” of the events. The first column of the logframe matrix is often referred to as the “Intervention Logic”. The intervention logic is a depiction of the causal relationships between the activities, results (also known as outputs), purpose (also known as outcome) and overall objective (also known as impact) of a given programme/project or initiative/policy. It is important to note the following:
 - The programme/project should only contribute to “**one** overall objective”;
 - The programme/project should only aim to achieve “**one** project purpose”;
 - The programme/project should only aim to achieve the project purpose through ideally “**three to five**” results;
 - Ideally, each result can be achieved through 4 to 8 activities.
- > The second column lists one or more Indicators (usually referred to as Objectively Verifiable Indicators, or OVIs) of these events taking place. They are formulated in response to the question “How would we know whether or not the project objectives have been achieved? How do we verify success?” They describe the project’s objectives in operationally measurable terms (quantity, quality, time). In general, it is recommended to limit the number of indicators to 3 per level of “events/results”. The formulated indicators should try to be “SMART”:

- Specific to the objective it is supposed to measure;
 - Measurable (quantitatively or qualitatively);
 - Available at an acceptable cost;
 - Relevant to the information needs of stakeholders and the persons involved in the programme/project management structure; and
 - Time-bound – so we know when we can expect the objective/target to be achieved.
- > The third column describes the Source of Verification where information will be available on the indicators. One thing is to know what indicators are used to measure the level of achievement of the stated project objectives. The other thing is to know where information about this indicator can be found. The third column indicates the “source of verification”.
- > The fourth column lists the Assumptions. Please see section “2.c” above on “assumptions” for more information.

The core of the Logical Framework is the «temporal logic model» that runs through the matrix. This takes the form of a series of connected propositions:

- > If these Activities are implemented, and these Assumptions hold, then these Outputs will be delivered;
- > If these Results are delivered, and these Assumptions hold, then this Purpose will be achieved; and
- > If this Purpose is achieved, and these Assumptions hold, then this Goal will be achieved.

Diagram 5: Temporal Logical Model of the Logframe

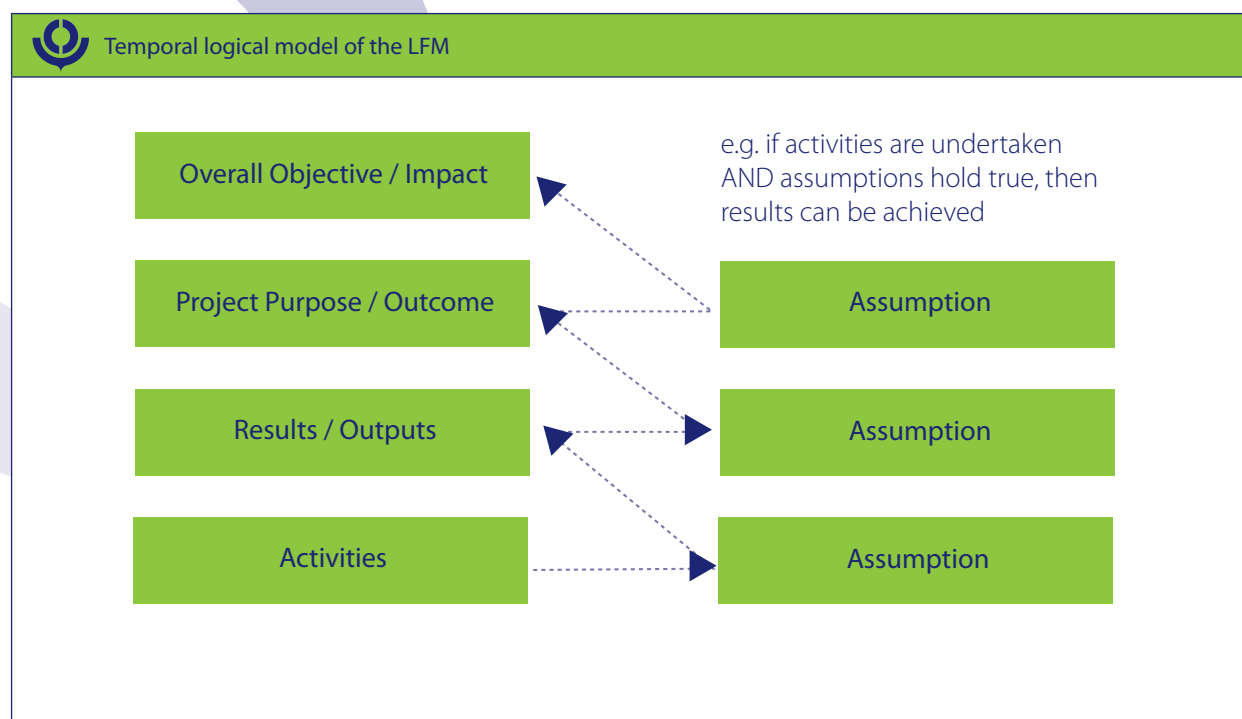



Table 12 provides an overview about the steps to follow when building the LFM. Cell number 1 refers to the first cell to fill in whereas 13 is the last cell to be filled in when building the LFM. An example of a partially filled-up logical framework can be found on in Annex 12 for further reference.

Table 12: Sequence for compiling the cells in a Logframe

 Steps to follow when building the LFM				
	1. Intervention logic	2. Verifiable indicators	3. Sources of verification	4. Assumptions
Overall objective/impact	1	8	9	
Project purpose/outcome	2	10	11	7
Results/Outputs	3	12	13	6
Activities	4a	4b	4c	5

3. Monitoring and evaluation of development aid projects: key principles

As mentioned in Section 2, donor organizations tend to grant funds for specific programmes/projects that will:

- > Contribute to an overall objective;
- > Achieve specific objective;
- > Deliver results; and
- > Implement a succession of activities to deliver the results, achieve the specific objective that in turn contributes to the overall objective.

So, how does one track and measure the success of a programme/project?

Like all projects, development aid projects require to be monitored and evaluated closely. Donors, for the most cases, require:

- > Regular reports (both narrative and financial) to closely monitor the project's progress;
- > Mid-Term and Final Evaluations to be carried out by external professional programme/project evaluators.

In the absence of effective monitoring and evaluation, it would be difficult to know whether the intended results are being achieved as planned, what corrective action may be needed to ensure delivery of the intended results and whether initiatives are making positive contributions towards development/modernization.

According to the United National Development Programme (UNDP) Handbook on Planning, Monitoring and Evaluating for Development Results, “monitoring and evaluation relate to pre-identified results in a development plan and/or project proposal’s logical framework”. They are driven by the need to account for the achievement of intended results and provide a fact base to inform corrective decision-making.

1. Monitoring

A. Definition and importance

The UNDP Handbook on Planning, Monitoring and Evaluating for Development Results further notes that “monitoring provides opportunities at regular pre-determined points to validate the logic of a programme/project, its activities and their implementation and to make adjustments as needed.”

When carrying out a monitoring exercise of a programme/project, the intent is to answer the following questions:

- > Are the pre-identified outputs being produced as planned and efficiently?
- > What are the issues, risks and challenges being faced or foreseen that need to be taken into account to ensure the achievement of results?
- > What decisions need to be made concerning changes to the already planned work in subsequent stages?
- > Will the planned and delivered outputs continue to be relevant for the achievement of the envisioned outcomes?
- > Are the outcomes we envisaged remaining relevant and effective for achieving the overall national priorities, goals and impacts?

B. The critical role of reporting against the logical framework to track and measure progress

Each programme/project comes with a “reporting scheme” that allows the development partner, the implementing agency (if there is one) and the beneficiary to track and measure the project's progress. This reporting scheme usually includes progress reports (quarterly), annual reports, final report, financial reports as well as mid-term and financial evaluation reports.

In light of the above, it is clear to see that reporting is not just an “administrative or legal requirement”, it is an important programme/project management activity to be carried out as it allows the monitoring of the project and the partners to make informed decisions and/or take corrective measures to ensure that the project will achieve its stated results.

When reporting, it is logical to report against the information provided in the logical framework, namely against the indicators presented. A complete logical framework/Logframe often has a total of 6 columns:

- > The 4 mandatory columns (Intervention Logic, Indicators, Sources of Verification, Assumptions); and
- > 2 extra rows: baseline data and target.

These two extra rows identify:

- > The situation of the indicator at the beginning of the programme/project (baseline data column);
- > The situation wanted at the end of the project (target).

Table 13: Example for a hypothetical small country impacted by hard drug trafficking

Intervention Logic	Indicators	Source of Verification	Baseline Data 2014	Baseline Data 2016	Assumptions
Purpose: Risk Management capacities within the Customs Administration of Country X have been improved by 2016	Volume of drugs' seizures made	Seizure statistics	Volume of seizures of hard drugs: 20 kg	Volume of seizures of hard drugs: 200 kg	Risk Management is a priority of the Customs Administration of Country X and the importance of effective and efficient Customs
	Reduced crime rates	Enforcement operations reports	100%	50%	
	Reduction in drug-related deaths				
	% of goods being scanned at the country's entry points				

If such a logical framework is provided from the outset, reporting against the logical framework will provide the necessary information to the programme/project team and development partners to track and measure the progress of the project. The reports will contribute to the close monitoring of the project.

2. Evaluation

A. Definition and importance

Evaluation is an integral part of programme management and a critical management tool. After implementing and monitoring an initiative for some time, it is important to take stock of the situation through an external evaluation.

According to the Organization for Economic Cooperation and Development (OECD)'s Development Assistance Committee (DAC):

"Robust, independent evaluation of development programmes provides information about what works, what does not and why. This learning contributes to improving the development effectiveness of aid and helps hold donors and partner country governments accountable for results".

The benefits of carrying out external mid-term and final evaluations are clear:

- > They provide feedback that can be used to improve programming, policy and strategy;
- > They identify unintended results and consequences of development initiatives, which may not be obvious in regular monitoring as the latter focuses on the implementation of the development plan / programme/project; and
- > They contribute to organizational learning as well as the global knowledge base on development effectiveness.

B. Evaluation Criteria

In order to evaluate a development project, the global development community has identified the following five criteria as the main evaluation criteria that can guide the evaluation of development projects. The following section is a verbatim extract from the OECD DAC website:

- > **Relevance:** the extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

In evaluating the relevance of a programme or a project, it is useful to consider the following questions:

- To what extent are the objectives of the programme still valid?
- Are the activities and outputs of the programme consistent with the overall goal and the attainment of its objectives?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?

- > **Effectiveness:** a measure of the extent to which an aid activity attains its objectives.

In evaluating the effectiveness of a programme or a project, it is useful to consider the following questions:

- To what extent were the objectives achieved / are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?

- > **Efficiency:** efficiency measures the outputs -- qualitative and quantitative -- in relation to the inputs.

It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.

When evaluating the efficiency of a programme or a project, it is useful to consider the following questions:

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?

- > **Impact:** the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.

This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators. The examination should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions.

When evaluating the impact of a programme or a project, it is useful to consider the following questions:

- What has happened as a result of the programme or project?
- What real difference has the activity made to the beneficiaries?
- How many people have been affected?

- > **Sustainability:** sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn.

Projects need to be environmentally as well as financially sustainable.

When evaluating the sustainability of a programme or a project, it is useful to consider the following questions:

- To what extent did the benefits of a programme or project continue after donor funding ceased?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?

ANNEXES

ANNEX 1 - Examples of invitation letter



WORLD Customs ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

The Secretary General

Brussels, xx March, 2012

Dear Director General,

I am pleased to inform you that the World Customs Organization (WCO), in cooperation with Royal Thai Customs and the Asia Pacific Regional Office for Capacity Building (ROCB A/P), and with the sponsorship from the Japanese Customs Cooperation Fund (CCF Japan), is organising a **Regional Workshop on Partnership for Customs Modernization**. This workshop will be held from **28 May to 1 June 2012** in Bangkok, Thailand and will be conducted in English.

The week is composed of two parts. From Monday 28 to Wednesday 30 May, Customs administrations will meet together to find out more about partnership with development partners and exchange experiences about their Customs Reform and Modernization process. This three-day session will be followed by a two-day WCO Regional Dialogue with developing partners on Donor Engagement and Customs Capacity Building, from Thursday 31 May to Friday 1 June 2012.

The whole workshop is part of the WCO's ongoing efforts to enhance cooperation and engagement among its Members and prospective development partners in the area of Customs Capacity Building. The objective of the workshop is to provide an overview of the WCO Capacity Building approach and of current progress within each administration or region under the umbrella of the WCO and development partners, in order to discuss successes achieved as well as challenges faced, and identify potential areas of future cooperation.

The main aim of the first three-day session is to exchange information on successful experiences and challenges in the reform and modernization projects, particularly, in the light of receiving supports from development partners. It is expected that some Members will deliver a progress report on their strategic and action plans, and introduce their experience of partnership with the development partners. Discussion at sub-regional level on common needs, priorities and challenges are also planned during the session.

.../...



.../...

During the two-day regional dialogue, the outcome of the first three days of the week will be presented to the development partners. The development partners are also expected to introduce their strategy, assistances and the area of interests. It is believed that this approach will encourage interaction and discussion between Members and the various development partners present. We hope to generate positive synergies between all those working in the region to avoid issues of duplication and overlap.

This workshop is specifically targeted at Director (or equivalent executives) who are responsible for reform and modernization programmes. In order to take full advantage of this Workshop, the nominated participant should be able to communicate in English. It should be noted that participants in this Workshop will be expected to report the outcomes of the Workshop back to their respective administrations and take a leading role in improving the partnership with developing partners.

In the margins of the Workshop, there will also be an opportunity for participants to meet with development partners bilaterally.

I should be grateful if you would ensure that the duly completed registration form will be received **no later than Friday 13 April, 2012**. Please return them to the following **addresses**:

Ms. AAA Thai Customs Officer WCO ROCB A/P Tel : +662-667-XXXX Fax : +662-671-YYYY E-mail :	Mr. BBB Capacity Building Directorate, WCO Tel : +322 209 ZZZZ Fax : +322 209 AAAA E-mail :
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Funding for the workshop, including airfare, accommodation and per-diem for one participant from each eligible country will be supported by the CCF Japan through the ROCB A/P. Your administration qualifies for such funding. Should you wish to designate a second participant to attend this Workshop, please bear in mind that he or she may attend the workshop at your administration's own expenses.

You may direct any inquiries on logistical issues to Ms. AAA (e-mail address of AAA). Upon request, the ROCB can also provide assistance to obtain an entry visa for Thailand. For other enquiries, please have your staff contact Mr. BBB (e-mail address of Mr. BBB).

I thank you for your ongoing cooperation.

Yours sincerely,

Kunio Mikuriya.



WORLD Customs ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

The Secretary General

Brussels, xx March, 2012

Dear Madam,
Dear Sir,

I am pleased to invite you to a two-day **WCO Regional Dialogue with Development Partners** on Customs Capacity Building, organized by the World Customs Organization (WCO) in cooperation with Royal Thai Customs and the Asia Pacific Regional Office for Capacity Building (ROCB A/P). It will take place from Thursday 31 May to Friday 1 June 2012 in Bangkok, Thailand and will be conducted in English.

The Dialogue is part of the ongoing efforts of the WCO to enhance cooperation and engagement amongst its members and prospective development partners on Customs capacity building. The objectives of the workshop are to provide an overview of the WCO Capacity Building approach and of current progress within each administration or region under the umbrella of the WCO and development partners, to discuss successes as well as challenges faced, and to identify potential areas of future cooperation.

At the two-day Dialogue, the development partners are expected to introduce their strategy, assistances and the area of interests in the light of Customs Capacity Building. The pragmatic guidance to participating Customs administrations will be highly appreciated. Therefore, we kindly ask that all participants bring information on their current or foreseen projects in the Asia Pacific region. The Dialogue will be held directly after the session among Customs administrations for discussing Customs reform and modernization. The outcomes of this session will be presented to the development partners.

This approach is believed to encourage interaction and discussion between members and the various development partners present. We hope to generate positive synergies between all those working in the region to avoid issues of duplication and overlap.

In the margins of this event, there will be an opportunity for participants to meet bilaterally with Customs administrations from WCO Asia Pacific region, other development partners as well as the WCO Secretariat and the ROCB.

.../...



.../...

For your first information, you can click on the following link to access a set of e-brochures around the work of the WCO in Customs Capacity Building: <http://transfer.wcoomd.org/message/100hngylsQNIv5eKkmg1Ym>. You might also want to visit the WCO website www.wcoomd.org.

We hope that we can count on your presence and your support during this important event. I would be grateful if you could ensure that the duly completed registration form will be received no later than **Friday 4 May, 2012**. Please return them to the following **addresses**:

Ms. AAA Thai Customs Officer WCO ROCB A/P Tel : +662-667-XXXX Fax : +662-671-YYYY E- mail :	Mr. BBB Capacity Building Directorate, WCO Tel : +322 209 ZZZZ Fax : +322 209 AAAA E- mail :
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You may direct any inquiries on logistical issues to Ms. AAA (e-mail address of AAA). Upon request, the ROCB can also provide assistance to obtain an entry visa for Thailand. For other enquiries, please have your staff contact Mr. BBB (e-mail address of BBB).

I look forward to your participation in this event.

Yours sincerely,

Kunio Mikuriya.

Completed form to be returned by 30 April, 2012 to :

<p>Ms. AAA Thai Customs Officer WCO ROCB A/P Tel : +662-667-XXXX Fax : +662-671-YYYY E- mail :</p>	<p>Mr. BBB Capacity Building Directorate, WCO Tel : +322 209 ZZZZ Fax : +322 209 AAAA E- mail :</p>
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**WCO Dialogue with Development Partners
on Customs Capacity Building
(Thailand from 31 May to 1 June 2012)**

NOMINATION FORM

Please type or write legibly. A separate form should be used for each delegate attending the event.

1. Personal Particulars

Name of Institution:

Prefix to the participant's name: (Mr. / Mrs. / Miss. / Other (please specify))

Surname:Given name:

.....

Nationality:Passport No.:

.....

Date of birth (date / month/ year):

Post title:

Office address:

.....

Phone:

Fax:

E-mail:

2. If visa to Thailand is needed, please inform your information as below;

Father's Name:

Place of Birth:

City where Thai Visa has been applied:

Complete Address where Thai Visa has been applied:

.....

Passport Information:

Date & Place of Issue:

Date of Expiry

Completed form to be returned by 13 April 2012 to :

Ms. AAA Thai Customs Officer WCO ROCB A/P Tel : +662-667-XXXX Fax : +662-671-YYYY E- mail :	Mr. BBB Capacity Building Directorate, WCO Tel : +322 209 ZZZZ Fax : +322 209 AAAA E- mail :
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**WCO Regional Workshop on Partnership for Customs Modernization
(Thailand from 28 May to 1 June 2012)**

NOMINATION FORM

Please type or write legibly. A separate form should be used for each delegate attending the event.

1. Personal Particulars

Name of Country:

Prefix to the participant's name: (Mr. / Mrs. / Miss. / Other (please specify))

Surname:Given name:

.....

Nationality:Passport No.:

.....

Date of birth (date / month/ year):

Post title:

Office address:

.....

Phone:

Fax:

E-mail:

2. If visa to Thailand is needed, please inform your information as below;

Father's Name:

Place of Birth:

City where Thai Visa has been applied:

Complete Address where Thai Visa has been applied:

.....

Passport Information:

Date & Place of Issue:

Date of Expiry

3. Travel itinerary

Name of the city of departure/arrival in your country:

Please note that air ticket will be arranged and sent by the ROCB A/P to the above office address or e-mail address (e-ticket) for participants who are eligible for CCF Japan.

4. Dietary Requirements

(Vegetarian, etc.):.....

5. Other communication to the coordinators, if any:.....

ANNEX 3 - Examples of agenda

WCO Asia/Pacific Regional Dialogue between the Customs Administrations in the region and the Development Partners on Partnership for Customs Modernization Bangkok, Thailand, 28 May – 1 June 2012

Day 1-3: Regional workshop on the Partnership for Customs Modernization (Customs Members only)

Day 1 May 28 (Monday)

Main Subject: Global/Regional policy on CB

Chair: ROCB A/P

Time slots	Activities	Remarks
0900 - 0930	Registration	ROCB
0930 - 1230	<ul style="list-style-type: none">> Opening ceremony> Group Photo> WCO Capacity Building Policy and Activities and its tools and instruments	WCO
1230 - 1330	Lunch	
1330 - 1700	<ul style="list-style-type: none">> Capacity Building Strategy> ROCB outline and its role on regional support> A/P capacity building needs survey> Progress report on Customs Reform and Modernization : Presentation from A, B and C on the progress of Customs modernization efforts based on the Columbus program.	WCO ROCB ROCB Representatives from A, B and C

Day 2 May 29 (Tuesday)

Main Subject: Progress of Customs Reform and Modernization and the way forward

Chair: ROCB A/P

Time slots	Activities	Remarks
0900 - 1230	<ul style="list-style-type: none">> Progress report (continued)> Discussions on the Customs reform and modernization	Representatives from E, F and G
1230-1330	Lunch	

1330 - 1700	<ul style="list-style-type: none"> > Sub-regional discussion on how to enhance partnership with development partners. Participants are expected to discuss in particular on the key issues to invite development partner to work with Customs administration. (e.g. identification of sub-regional priority, follow- up work etc.) <ul style="list-style-type: none"> - Central and West Asia Group - Southeast Asia Group - South Asia Group - Pacific Islands Group > Presentation by Customs administrations on their program/priority/requirement 	F
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Day 3 May 30 (Wednesday)

Main Subject: Enhancing partnership with development partners

Chair: ROCB A/P

Time slots	Activities	Remarks
0900 - 1230	<ul style="list-style-type: none"> > Donor Coordination > Project Map Database > ROCB and members' experience on national meeting with development partners 	WCO ROCB, Representatives from G and H
1230-1330	Lunch	
1330 - 1700	<ul style="list-style-type: none"> > Development of Business Case > Discussions on the effective cooperation with donors > Preparation for Thursday and Friday (agenda by agenda review of the process) 	ROCB

Day 4-5: Dialogue session with the Development Partners

Day 4 May 31 (Thursday)

Main Subject: improved mutual understanding between Customs and development partners

Chair: ROCB A/P

Time slots	Activities	Remarks
0900 - 0930	Registration	ROCB
0930 - 1230	<ul style="list-style-type: none"> > Opening ceremony > WCO Policy on Capacity building and its tools and instruments > Regional support on Customs modernization 	WCO ROCB
1230 - 1330	Lunch	
1330 - 1700	<ul style="list-style-type: none"> > Introduction of the priorities/requirements of the development partners (15 minutes each) <p>Partners are expected to inform participants of for instance, their priority, requirements and the expectation to Customs for partnership</p>	Participating Development Partners

Day 5 (Friday)

Main Subject: Exchange of views between Customs and Development Partners on how to promote trade facilitation through Customs modernization

Chair: ROCB A/P

Time slots	Activities	Remarks
0900 - 1230	<ul style="list-style-type: none"> > Presentation by Customs administrations on their program/priority/requirement > Presentation by the respective sub-regional groups of Customs administration on their needs and priorities <ul style="list-style-type: none"> - Central and West Asia Group - Southeast Asia Group - South Asia Group - Pacific islands Group 	Representatives from I, J and K Sub-regional Groups
1230 - 1330	Lunch	
1330 - 1700	<ul style="list-style-type: none"> > Project Map Database > Discussion on how to enhance partnership between Customs and development partner and the next step forward > Closing ceremony 	WCO

WCO Asia/Pacific Regional Dialogue between the Customs administrations in the region and
the development partners on partnership for Customs modernization
Bangkok, Thailand, 31 May – 1 June 2012

Day 1 (Thursday)

Time slots	Activities	Remarks
0900 - 0930	Registration	
0930 - 1200	<ul style="list-style-type: none"> > Opening ceremony > Group Photo > Introduction of WCO Policy on Capacity building and its tools and instruments > Introduction of regional support on Customs modernization 	WCO ROCB A/P
1200 - 1300	Lunch	
1300 - 1700	<p>> Information session on development partners' programs/priorities (15~20 minutes respectively)</p> <p>Note: Participating Development Partners are invited to introduce your institution/organization and/or programs/priorities for better mutual understanding (15~20 minutes each). In order to help improve the understanding of Customs administrations in particular on your institution/organization, it would be most appreciated if you could cover the following points in your presentation.</p> <ul style="list-style-type: none"> - Outline of your institution/organization - Your existing Customs-related programs/projects in the A/P region - Your priorities/interests/concerns - Advice to Customs administrations to further enhance cooperation between Customs modernizations and your institution/organization 	Participating Development Partners

Day 2 (Friday)

Time slots	Activities	Remarks
0900 - 1230	<ul style="list-style-type: none"> > Information session on development partners' programs/priorities (continued) > Presentation by the respective sub-regional groups of Customs administration on their needs and priorities <ul style="list-style-type: none"> - Central and West Asia Group - Southeast Asia Group - South Asia Group - Pacific islands Group 	<p>Representatives from I, J and K</p> <p>Sub-regional Groups</p>
1230 - 1330	Lunch	
1330 - 1700	<ul style="list-style-type: none"> > Project Map Database –WCO tools for better engagement of prospective development partners > Exchange of views among the Customs administrations, development partners and WCO/ROCB A/P on how to enhance partnership for Customs modernization. This may include identification of follow up. > Closing ceremony 	<p>WCO</p> <p>Development Partners and Customs administrations</p>

ANNEX 4 – Examples of presenters note and logistic note

Presenter's note for the session on "Experience on National Meeting with Development Partners" WCO A/P Regional Workshop on the Partnership for Customs Modernization Bangkok, Thailand (Allocated Time and Day)

1. Objective

Your countries, XXX and YYY, have experience on organizing national donor meeting and ROCB A/P highly valued the effectiveness of the meeting for the enhancement of partnership with development partners. ROCB A/P is now discussing with several regional members to organize this event in their countries. The purpose of this session is to share your valuable experience on organizing national donor meeting to facilitate the preparation of interested countries after this regional workshop as one of the follow up work. This session is also aimed at preparing for the dialogue with the development partners to be held on Day 4 and Day 5 of the Workshop.

2. Expected topics to be covered by your presentation

In order to facilitate discussion among Customs participants, we expect that roughly the following topics will be covered by your presentation.

- > Why you organized national donor meeting
- > Outline of the meeting (e.g. participants, agenda etc)
- > Experience during the preparation
- > Experience during the meeting
- > Experience after the meeting
- > Difficulty and the key for the successful organization of the meeting

3. Session flow

In order to achieve the objective above, this session will roughly be divided into 5 parts as follows;

- > General Introduction of topic by the moderator (ROCB A/P, and the WCO);
- > Presentation by Mr. XXX on the ROCB experience on the organization of national meeting with development partners.
- > Presentation by A and B (20-minute each)
- > Q&A
- > Discussion among Customs participants on the way forward.

4. Preparation

Please prepare your presentation and send it to the following ROCB staff by deadline date at the latest. If you have any questions, please feel free to contact ROCB A/P.

Mr. AAA (E-mail address of AAA)

Ms. BBB (E-mail address of BBB)

**WCO A/P Regional Dialogue on Partnership
for Customs Modernization
Bangkok, Thailand
Designated Date**

Dear Partners,

Thank you very much for your interest in participating in the upcoming World Customs Organization (WCO) Asia Pacific Regional Dialogue on Partnership for Customs Modernization to be held at King Power Hotel in Bangkok on Designated Date. Directors of the Customs Administrations in the A/P region who is responsible for their Customs reform and modernization as well as many prospective development partners are expected to get together in Bangkok to discuss how to enhance partnership for Customs modernization in mutually beneficial manner.

The primary objective of this dialogue is to deepen mutual understanding between Customs administrations in the Asia Pacific Region and the prospective development partners participating in this dialogue for instance on their programs, needs, priorities, interests and concerns. For this purpose, the Customs administrations are going to meet and discuss national/regional priorities prior to this dialogue to prepare. At the same time, the WCO and the Asia Pacific Regional Office for Capacity Building (ROCB A/P) would like to request your institution/organization to make short presentation (for 15-20 minutes including Q&A) during the dialogue to introduce your program/priorities/concerns for the better understanding of Customs administrations. The presentations are expected to be made at the "Information session on development partners program/priorities" scheduled for the afternoon of designated Date.

ROCB A/P, facilitator to this dialogue, prepared this brief note for you to facilitate your preparation.

The objective of this session is to provide opportunities for Customs administration to know more about your institution/organization by informing your program/priorities and concerns. Considering the usefulness of this dialogue for deepening understanding of Customs administrations to your institution/organization, participating development partners will be invited to make presentation by turns and we would appreciate it if you could cover the following topics

(Topics may be covered)

- > Outline of your institution/organization
- > Your existing Customs-related programs/projects in the A/P region
- > Your priorities/interests/concerns
- > Advice to Customs administrations to further enhance cooperation between Customs modernizations and your institution/organization

We would really appreciate it if you could send us your presentation by deadline date at the latest to prepare for hard copies of your presentation. If you have any questions, please contact the following ROCB A/P staff in charge.

Mr. AAA (e-mail address of AAA)

Ms. BBB (e-mail address of BBB)

Dear participants & colleagues,

**Subject: WCO Regional Workshop on Partnership for Customs Modernization
(Thailand from 28 May to 1 June 2012)**

This logistics note is jointly prepared by the World Customs Organization Regional Office for Capacity Building (ROCB) and Thai Customs to ensure a pleasant and fruitful Seminar. It aims to explain the current status in preparation and keep you updated on the coming event. Hereby, ROCB would like to express our sincere appreciation to Thai Customs, especially, Customs Academy, for their due support and dedication to this special event.

1. Logistics

1) Travel details

The participants for whom ROCB arranges the air ticket will receive the e-ticket through e-mail from HIS, travel agency in Bangkok, by Date, Month and Year at the latest. If you have not received the ticket then, please contact ROCB immediately. If, for any reason, the air ticket booked is not used, the entire ticket should be returned back to ROCB (this is quite important for ROCB to recuperate the money from the airline company) and should immediately inform ROCB.

The participants who arrange the ticket by themselves are requested to inform ROCB the travel details no later than Date, Month and Year. It is necessary to arrange accommodation and airport transportation.

The staff from Thai Customs will kindly welcome you near Customs Control Area at Suvarnabhumi International Airports and offer a transfer between the airport and the accommodation venue.

The staff will be holding the sign board with the logo of the World Customs Organization (WCO) and your name:

If you cannot find the welcoming staff or for any emergency, please call Ms. /Ms. Responsible person's Name at phone: 02-XXX-YYYY ext ZZZZ, mobile: 081-AABCCDD then follow the instructions given to you.

2) Visa

Participants who need a visa for entering Thailand should obtain it from the nearest Thai Embassy or Consulate. Please check and arrange the visa by yourself. If the Embassy or Consulate requires the visa note from Thai Customs, please inform ROCB and Thai Customs. Thai Customs will issue and send you a visa note to facilitate your visa application.

For further information, you may contact ROCB or directly consult the contact person of Thai Customs in Bangkok:

- Ms. / Mr.
(Title of the officer)
- (Department or Division the officer belongs)
- Name of the organization
- E-mail : XXX@yahoo.com
- Tel: 02-XXXXYYY ext. ZZZZ1 and 08-AABCCDD
- Fax: 02-EEFFGGHH

3) Venue and accommodation

The meeting and your accommodation will be in the same venue, ABC Hotel. The hotel is located in Bangkok, around one hour drive from the Suvarnabhumi International Airport.

- ABC Hotel
- Address:
- Tel: +66 (0) IIJJKK- 9999
- Fax: +66 (0) LLMMNN- 9998
- www.ABC Hotel.com (Provide Website link of the hotel)

For the participants funded by CCF/Japan (those for whom ROCB has arranged the air ticket), the accommodation costs including breakfast will be paid directly to hotel by ROCB. Furthermore, per diem will be calculated based on the WCO and ROCB rules and will be distributed to these participants in US dollars on the first day of the seminar.

For the participants who are self-financed, please pay hotel directly. The costs for accommodation including breakfast are THB XXXX/per night. Hotel can accept a credit card.

The hotel will provide all the concerned services as well as facilities for your pleasant stay. For more information, please visit the above Pullman hotel website.

4) Insurance

Participants are advised to have the proper travel/medical insurance as ROCB is not in a position to cover the medical expenses or the like.

5) Climate in Thailand

It is hot during the day with a thunder and raining sometimes. The lowest temperature 26-27 degrees C (Night Time) and maximum temperature of 36-38 degrees C (Day Time). You are advised to bring comfortable clothes. (provide appropriate climate information in the host country)

6) Time Difference

Thailand GMT plus 7 hours.

2. Seminar

1) Schedule

The Opening Ceremony will be held from 09.00 a.m. on May 28. The seminar meeting room will be communicated to you upon your arrival at hotel.

The provisional agenda you have received along with the invitation letter is to be modified, and the updated version will be circulated to you duly.

2) Participants

As noted in the invitation letter, the workshop is composed of two parts. The first three days are only for Customs administrations session and the last two days are invited to donors and partners. In addition, the WCO Secretariat will send resource persons and ROCB staff will facilitate the workshop.

3) Materials

The WCO and ROCB, with cooperation of Thai Customs, would prepare the related materials for each of the participants.

4) Certificate

Successful participants in the Seminar will be awarded a certificate of participation by the Secretariat of the WCO. (It depends on the each situation if the certificate provided or not)

5) Dress Code

It is required to wear business suits at the opening and closing ceremonies.

3. Communication

Preparations are quite tight. For efficient work, please be sure that any communication should be made by e-mail or telephone when it is urgent to ROCB. It is also advisable to confirm the receipt of the communication information to the sender as early as possible. Please check your e-mail regularly and respond promptly (better within the day).

The officers at ROCB in charge of this workshop for logistic matters are:

Ms. CCC Thai Customs Technical Officer, Professional Level TEL: +66-AAA 7026 FAX: +66-BBB 7293 E-mail: CCC@rocbap.org	Ms. DDD Thai Customs Technical Officer, Practitioner Level TEL: +66-AAA-7026 FAX: +66-BBB-7293 E-mail: DDD@rocbap.org
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If you send e-mail to one of the above officers, please do cc to the other.

If necessary, please contact directly the contact person in Thai Customs:

- Ms. / Mr.
- (Title of the officer)
- (Department or Division the officer belongs)
- Name of the organization
- E-mail : XXX@yahoo.com
- Tel: 02-XXXXXXX ext. ZZZZ1 and 08-AABBCCDD
- Fax: 02-EEFFGGHH

Thank you for your continued co-operation.

Let's work closely for a successful event in Thailand,

With best regards,

Name
Director (Head)
WCO Regional Office for Capacity Building (ROCB)

ANNEX 5: Tips for Building Support for your Business Case

■ Identify key stakeholders and decision-makers.

Consider who the idea will impact and who controls the resources needed to implement it? Ask how these people might respond to the idea.

■ Ask for input from stakeholders early in the process.

Arrange an informal meeting with key stakeholders to seek advice on the ideas in the business case. The goal in these meetings is not to present the case but to discuss it. Before meeting with stakeholders, anticipate their concerns and be prepared to answer their questions. During the meetings, try to uncover the opportunities and issues that are most important. What do they care about? How will they benefit from the idea? Have them identify any gaps they see; it's better to get input on the plan's shortcomings now than have them pointed out later in the process.

■ Incorporate any feedback into the case.

The discussions with stakeholders will help bring to the surface information that can be used to improve the business case and help secure approval. For example, it may expose which business objectives are most important to key decision-makers. Options can then be evaluated against these objectives. In addition, other information that is critical for your case may arise.

■ Ask for input from trusted advisers.

As the case is built, show the preliminary work to trusted advisers and mentors. Ask individuals to look for holes in the analysis and to suggest questions that decision-makers might raise. Revise the case based on the input received.

■ Create multiple delivery formats for the case.

When ready to sell the recommendation, different versions may be needed for different stakeholders. For example, one version may be a detailed document including all of the assumptions and calculations for internal use. Another version may be a higher-level slide presentation for communicating the idea to decision-makers. Another version may simply be an executive summary tailored to address specific stakeholder concerns and interests for groups that would be affected by the recommendation.

ANNEX 6: Steps for Analyzing Alternatives

1. List the costs.

Start by thinking about all of the costs that might be associated with each alternative. Identify the up-front costs as well as those expected in subsequent years. Make sure to think beyond the obvious financial costs such as purchasing equipment or paying salaries. Consider the business objectives chosen to evaluate and how each alternative will impact them. For example, will the alternative negatively impact employee turnover? If so, can it be quantified? Some research may be needed to come up with the credible figures. Ask for help from people in other departments such as finance. Also consider looking on the Internet for estimates. Remember to record sources of information and list any assumptions made.

2. List the benefits.

In the public sector the benefits are not generally increased revenue, as in the private sector. But in the case of Customs, increased revenue collection may be a benefit. But it may be other results – increased compliance, increased clearance times – which represent improved efficiencies and cost savings for transactions. Again, consider the business objectives chosen. What benefits are anticipated resulting from each alternative? How will these benefits impact operations? For example, how will the project impact customer satisfaction?

3. Point out any cost savings to be gained.

Consider how implementing each alternative could save the organization money. Spend some time thinking about this area because cost savings can be difficult to recognize. They can arise from a variety of sources. For example, will fewer people be required to do a job because of the project? Will the project reduce the time it takes to complete a task, therefore allowing for more work to be completed, or more products to be manufactured?

4. Identify when the benefits are expected.

Look at the three lists and try to estimate when each one is expected to be realized. Completing this step will also help with the creation of the implementation plan.

5. List any unquantifiable benefits and costs.

Most business cases aren't built on numbers alone. Depending on the business objectives chosen to use for analyses, there are some qualitative factors to consider as well. For example, the strategic fit of each alternative with the organization's mission, or an increase in community goodwill because of a particular action. Other factors to consider include the ability to take on the new opportunity without losing focus, or the likelihood of success given the operating environment. Even without numbers associated with them, these costs and benefits can be persuasive and are important to consider.

ANNEX 7: Tips for gathering data

- Define the categories of information needed to compare options. Use the strategic/business objectives selected to help guide the process.
- Make a list of the specific questions requiring answers, such as «How much will it cost?» or «How will client satisfaction be impacted by this alternative?»
- Be prepared to add to the list of questions. As information is gathered, identify additional factors that could impact on alternatives.
- Document assumptions and sources as drafting continues. It's easy to forget where a particular piece of information is found. Keeping a list will help explain the logic if someone asks.
- Make sure estimates are realistic. Consider whether the data found sounds correct. If not, seek additional estimates.
- For each piece of information, consult multiple sources, such as several colleagues in different departments, to get the best estimates possible.
- Once data is gathered, ask for input from individuals in departments that would be affected by the recommendation to make sure something hasn't been overlooked.

ANNEX 8: Risk Identification and Mitigation

Possible risk categories for consideration:

- > **Strategic Risks:** the risk of doing the wrong thing (i.e., planning, forecasting, governance, etc.);
- > **Delivery Risks:** the risk of doing the right thing the wrong way (i.e., failure to deliver on plans, lack of standard processes for life cycle management, insufficient funds and resources);
- > **Relationship Management Risks:** the risk of failure with agreements (i.e., ineffective supplier arrangements, lack of partner agreements, contracts, MOUs, etc.); and
- > **Support Risks:** the risk of not having supporting systems and tools in place (i.e., inadequate Information management systems, lack of training, lack of standard competencies, etc.).

Consider these in terms of Probability and Impact. Rank them Low, Medium, High or on scale of 1-5.

IMPACT		RISK MANAGEMENT ACTION		
	Significant	Considerable management required	Must manage and monitor risks	Extensive management essential
	Moderate	Risk may be worth accepting with monitoring	Management effort worthwhile	Management effort required
	Minor	Accept risks	Accept, but monitor risks	Manage and monitor risks
		Low	Medium	High
LIKELIHOOD				

Then consider how to mitigate:

Risk/Issue Description	Probability of Occurrence	Impact	Mitigation, Contingency and Actions
Strategic Risks			
Support Risks			
Delivery Risks			
Relationship Management Risks			

Mitigation Strategies

- > Accept the risk,
- > Avoid the risk,
- > Reduce the risk,
- > Share the risk.

ANNEX 9: Tips for creating an implementation plan

- Consider all of the steps it will take to make the project a reality. But include only major milestones in the case presented to decision-makers. This audience does not need a high level of detail.
- Make sure milestones can be clearly defined and easily measured—for example, «develop pilot training content» or «conduct feasibility study».
- Use generic rather than specific dates—for example, «year one» or «six months from contract approval».
- Be realistic about the time it will take to implement the recommendation. Managers often underestimate the time they'll need.
- Consider the resources needed for each milestone and whether they will be available for the project. For example, is it likely that someone from operations will be available to help review the training program? If not, who else could help?
- Be prepared for decision makers asking to speed up the implementation. Have a back-up plan for how things could be done more quickly or a convincing set of reasons why it is too risky to bring dates forward.
- Use specific names, not just department names or position titles, when assigning accountability for a task or committed result.

ANNEX 10: Tips for writing your business case

- Does the organization have a required format for business cases? If it does not, consider what format would be best for the particular audience—for example, an executive summary highlighting the key points for upper management.
- Remember that this is a sales pitch. Engage the audience by clearly stating the opportunity up front and selling the opportunity again at the end of the document.
- Clearly illustrate how recommendations were arrived at. Documenting each step taken will help the reader better understand the reasoning behind the proposal.
- Make it interesting. Remember someone will read the case—success depends on the ability to tell a convincing story.
- Keep it concise. The case should be as short as possible while still providing enough detail to give the reader the whole story.
- Use descriptive language (not just a series of bullet points) to help your reader visualize the expected outcomes.
- Demonstrate the value of the project from all points of view—financial, customer, executive, employees and society as a whole. Explain why the project is important.
- Be clear about what is being asked for. Are resources needed? Is support needed from work areas to get direct reports on the project? Are additional people, budget or capital dollars needed?
- Verify that calculations are correct. Ideally, have finance review calculations and assumptions before the case is presented.

Checklist for Creating a Business Case

Use the 20 questions in the checklist below to evaluate preparedness for drafting a written business case.

Question	YES	NO
1. Is there a clear problem to solve, or opportunity to seize?		
2. Is there a clear opportunity statement?		
3. Are there key business objectives for the organization that are relevant to this opportunity?		
4. Is there a list of objectives that considers stakeholders' needs and interests?		
5. Are there identified metrics that map to each of the business objectives?		
6. Is there a full list of alternatives to meet the opportunity by brainstorming with stakeholders?		
7. Are there alternatives that best address the objectives and key stakeholder needs?		
8. Has all the data needed to be able to analyze alternatives been gathered?		
9. Is there an estimated time-frame for implementing the initiative and achieving the benefits of the opportunity?		
10. Have all the estimates and assumptions been documented?		
11. Have the alternatives been analyzed against relevant business metrics?		
12. Have the alternatives been compared using a pros/cons table or other framework?		
13. Has the best possible solution been selected?		
14. Have the risks been considered—and a mitigation plan developed for each risk?		
15. Is there a high-level implementation plan?		
16. Is there a tracking plan or other means of tracking project results?		
17. Who will ultimately decide whether to approve the recommended solution?		
18. What is the best way to "sell" the case to stakeholders?		
19. Is the final presentation focused and concise?		
20. Is all the backup data (including calculations) available if someone requests further detail?		
<p><i>"YES" to all of these questions, proceed to present arguments for the Business Case.</i></p> <p><i>"NO" to any questions, consider waiting to present the Business Case.</i></p>		

ANNEX 11: Business Case Template

<BUSINESS CASE TITLE >

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Executive Summary

This section should provide general information on the issues surrounding the business problem and the proposed initiative or initiative created to address it. Usually, this section is completed last after all other sections of the business case have been written. This is because the executive summary is exactly that, a summary of the whole document in one-to-two pages.

1. Summary

This section should briefly describe the business problem/opportunity that the proposed initiative will address. This section should not describe how the problem/opportunity will be addressed; only what the problem/opportunity is.

1.1 Anticipated Outcomes

This section should describe the anticipated outcome if the proposed initiative is implemented. It should include how the initiative will benefit the administration and describe what the end state of the initiative should be.

1.2 Proposed approach

This section summarizes the approach for how the initiative will address the business problem/opportunity. This section should also describe how desirable results will be achieved by moving forward with the initiative.

1.3 Justification

This section justifies why the recommended initiative should be implemented and why it was selected over other alternatives. Where applicable, quantitative support should be provided and the impact of not implementing the initiative should also be stated.

1.4 Strategic Alignment

All initiatives should support the organization's strategy and strategic plans in order to add value and maintain executive and organizational support. This section provides an overview of the organizational strategic plans that are related to the initiative. This includes the strategic plan, what the plan calls for and how the initiative supports the strategic plan.

Plan	Goals/Ojectives	Relationship to Initiative

2. Problem Definition

2.1 Problem/Opportunity Statement

This section describes the business problem/opportunity that this initiative was created to address. The problem/opportunity may be process, technology, or product/service oriented. This section should not include any discussion related to the solution.

2.2 Organizational Impact

This section describes how the proposed initiative will modify or affect the organizational processes, tools, hardware, and/or software. It should also explain any new roles which would be created or how existing roles may change as a result of the initiative. Can be described in terms of people, process, technology, governance/management, infrastructure.

3. Overview

This section describes high-level information about the business case to include a description, goals and objectives, assumptions, constraints, and milestones. This section consolidates all initiative-specific information into one chapter and allows for an easy understanding of the initiative since the baseline business problem/opportunity, impacts, and recommendations have already been established.

3.1 Description

This section describes the approach the business case will use to address the business problem(s)/opportunity. This includes what the initiative will consist of, a general description of how it will be executed and the purpose of it.

3.2 Overall Objective and Purpose

This section lists the goals and objectives to be achieved by the initiative.

Objective and Purpose	Description
Overall Objective/Goal	
Purpose	

3.3 Performance

This section describes the measures that will be used to gauge the performance and outcomes as they relate to key resources, processes, or services.

The following table lists the key resources, processes, or services and their anticipated business outcomes in measuring the performance of the initiative. These performance measures will be quantified and further defined in the detailed initiative plan.

Key Resource/Process/Service	Performance Measure

3.4 Assumptions

This section lists the preliminary assumptions for the proposed initiative. As the initiative is selected and moves into detailed initiative planning, the list of assumptions will most likely grow as the subsequent project plan is developed. However, for the business case there should be at least a preliminary list from which to build.

3.5 Risks and Constraints

This section lists the preliminary risks and constraints for the proposed initiative. As the initiative is selected and moves into subsequent detailed project planning, the list of risks and constraints will most likely grow as the project plan is developed. However, for the business case there should be at least a preliminary list from which to build.

3.6 Major Milestones

This section lists the major initiative milestones and their target completion dates. Since this is the business case, these milestones and target dates are general and in no way final. It is important to note that as the initiative planning moves forward, a base-lined schedule including all milestones will be completed.

Milestones/Deliverables	Target Date
Plan Review and Completion	
Kickoff	
Phase I Complete	
Phase II Complete	
Phase III Complete	
Phase IV Complete	
Phase V Complete	
Closeout / Completion	

4. Annexes

4.1 Cost/Benefit Analysis

Many consider this one of the most important parts of a business case. This is because it is often the costs or savings an initiative yields which win final approval to go forward. It is important to quantify the financial benefits of the initiative as much as possible in the business case. This is usually done in the form of a cost benefit analysis. The purpose of this is to illustrate the costs of the initiative and compare them with the benefits and savings to determine if the initiative is worth pursuing.

The following table captures the cost and savings actions associated with an Initiative, descriptions of these actions and the costs or savings associated with them through the first year. At the bottom of the chart is the net savings for the first year of the initiative.

Action	Action Type	Description	First year costs (- indicates anticipated savings)
	Cost		
	Cost		
	Savings		
	Savings		
	Savings		
	Savings		
Net First Year Savings			

4.2 Alternatives Analysis

All business problems may be addressed by any number of alternative initiatives. While the business case is the result of having selected one such option, a brief summary of considered alternatives should also be included—one of which should be the *status quo* (i.e. doing nothing). The reasons for not selecting the alternatives should also be included.

No Initiative (Status Quo)	Reasons For Not Selecting Alternative
Alternative Option	Reasons For Not Selecting Alternative
Alternative Option	Reasons For Not Selecting Alternative

ANNEX 12: Example of partially completed logical framework

Logic	Indicator* *in below example, only the 'Quality' is filled out	Means of Verification	Assumptions
Overall Objective: Country X's trade flows have been facilitated by 2018	Country X's reputation as a reliable trading partner among the international, regional and national trading community by 2018	Analysis of trade statistics and survey among trading community	
Purpose: Risk Management capacities within the Customs Administration of Country X have been improved by 2018	Evolution of imports/exports in value and volume by 2018	Revenue collection statistics	<p>Risk Management is a priority of the Customs Administration of Country X and the importance of effective and efficient Customs</p> <p>Risk Management is understood and supported by the highest relevant authorities (President/ Prime Minister, Ministry of Finance)</p> <p>Customs Administration of Country X has sufficient control on the movement of people, goods and services</p>
Results: 1. A new (upgraded) Risk Management IT solution is operational at the Customs of Country X by 2016 2. The Customs Administration of Country X has the adequate IT infrastructure in place and is operational to support the new RM IT-solution by 2016 3. The relevant staff of Customs and of other relevant Border Management Agencies of country X is sufficiently prepared to effectively use the new RM IT infrastructure and solution by 2016	<p>Improvement of module/application that refers high or low risks (improvement of exporter/importers profiling):</p> <ul style="list-style-type: none"> > Nr. of high and low risk referrals > Nr. of error messages > Nr. of complaints from importers <p>Effective installation of the new IT infrastructure</p> <p>The New RM IT solution runs effectively on the new IT infrastructure</p> <p>Improvement of referrals for examinations by operational areas</p>	<p>Time-Release Study results</p> <p>Risk referrals register</p> <p>Error register</p> <p>Complaints register</p> <p>Acceptance receipt of the new IT infrastructure by the Customs and/ or final payment to IT infrastructure supplier</p> <p>Result report test runs</p> <p>Training workshops and on-the-job training sessions report/survey, register of staff trained</p>	<p>The solution is integrated with electronic declaration and clearance system</p> <p>Customs has taken the necessary measures to have the new infrastructure installed and the supplier meets its obligations</p> <p>Training provided complements other training in the field of Risk Management (RM analysis, RM profiling). Relevant staff are made available. Training venues are made available. Relevant staff adheres to the IT upgrade.</p>

12. ■ Supply chain management

Item: How to develop an AEO-program

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12.1. Introduction

The Authorized Economic Operator (AEO) is a model program that many Customs administrations are pursuing as a means to both secure and facilitate global trade, while at the same time providing incentives that benefit both Customs and traders that have decided to work in partnership. The WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE) is a document that provides overall guidance for this purpose, but in order to put these measures into effect, that implementation will require practical matters to be considered and addressed. Therefore this guide's purpose is to provide basic step-by-step guidance on development and implementation of an AEO program. It is important to understand that depending on each administration's situation.

This guide will serve different purposes, whether it is to know how to take the first step or out of interest to garner other ideas, either way this is a guide and therefore not mandatory.

First and foremost, the Director General, in considering the implementation of this program, must review their country's economic and trade reality. Posed as a question, would an import program provide stability and predictability for the revenue collection that is so important for a developing nation? At the same time, an export program might result in better market access and greater international visibility that could have a direct impact on internal taxes (more sold equaling more revenue) or investment. Therefore, from the beginning the Director General will need to have a vision for the end goal of the program to know how to progress. A potential first step, before considering implementation, might be to conduct a cost benefit analysis to clearly identify benefits, as well as identify resource implications, of an AEO program for government, customs and industry.

12.2. How to Start

The Internal Process, Commitment and Political will

The decision process must start with the Director General. For this program to succeed, the Director General must be involved and personally committed from the very start. This program will require funding and resources which will mean that the Director General will have to meet with Minister, possibly Prime Minister, level to ensure the necessary support for the program's inception. Certainly support from the Minister level will be useful in working with other ministerial offices. Early engagement of other ministries that cover border activities will greatly reduce development and implementation problems later on. Other important reasons for the Director General's direct involvement include giving the program credibility before the trade and transport community, providing tangible support to the team developing the program, and ensuring that all customs officers understand the importance of the program.

Once the Director General has committed to the development of an AEO program, the next step is to form a work group that will include a high-level manager, trade compliance officer, customs field officer, legal counsel from Customs, Human resources representative, and others that might have valuable input. This work group's purpose will be to develop the overall strategy and vision for the program, and they will develop the infrastructure taking into consideration the WCO Framework of Standards AEO which is to secure and facilitate global trade, as well as the pilot project and report the results to the Director General. The Director General must provide the key strategic points for that Customs administration to achieve, which could be, for example mutual recognition with another country.



Mutual Recognition of AEO programs represents one of the principal goals of SAFE, and for many administrations is an important point that assists in funding its inception. Gradually Mutual recognition programs are coming on stream but it should be recognized that a fully fledged AEO program, not a pilot, needs to be in place before Mutual recognition can be considered. There are some exceptions to this, such as a regional program where all participating administrations had a say in the development of the program, or where bilateral agreements are reached early on in the process by two administrations generally by syncing their process. The working group will have to carefully review “AEO standards and guidelines” in the SAFE and study other administration’s programs, to ensure compatibility. It is worth noting, Mutual Recognition is still in the development stage. At the writing of this document there were less than a dozen Mutual Recognition Agreements/Arrangements, and in fairness deserves greater coverage than will be given here since this guide covers the implementation process.

Other considerations that must be looked at, which will not be covered in this document, are:

- For an AEO program that includes exportation, Customs must have national legislation that gives authorities and competences to control exportation. This will be necessary to provide assurances to the receiving administration and to extend benefits to the trade.
- A comprehensive and effective computerized risk management program that will enable Customs to distinguish AEO cargoes from numerous import/export declarations and provide reduced inspections and random exams will be essential in delivering benefits to AEO members. AEO’s will have a profile of their own, since risk scoring and identifying members of other AEO programs will become essential to such a program.
- An integrity program to diminish any corruption concerns that might negate the establishment of a program.

lessons learned:

Depending on each administration’s situation, we would recommend that if you do not have a relationship with private sector that you begin to develop a working relationship. However, as related above, the end program will contain these three components so each administration will need to assess and develop each of these areas, if the administration has identified weaknesses.

lessons learned:

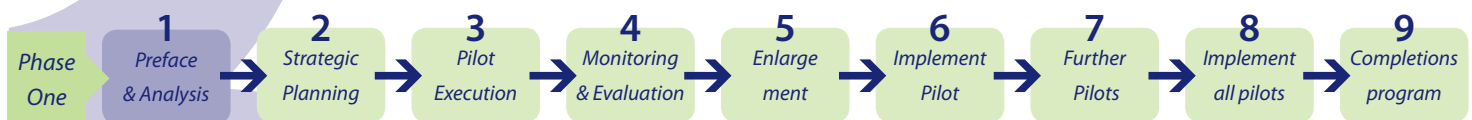
It should be noted that conducting a pilot project is not a prerequisite. However, for many administrations, it would be advisable to carry out a pilot in order to refine processes and identify possible problems before formally implementing an AEO program.

12.3. External collaboration

The process “How to incorporate Trade”

The primary work group will not only keep the DG informed but will work with the trade to form a joint committee to look into the private sector participation and advise customs on trade issues. In the beginning, these two separate committees can work separately to address distinct, but necessary, concerns and come together to review progress and assist each other. Both groups should frequently and jointly inform the stakeholders through public forums and other appropriate communication mechanisms, such as a website dedicated to the project, leaflets/booklets, “news bulletins.” If the administration has chosen to use a pilot, once the pilots begin, these two groups will begin to operate as one.

12.4. The nine phases approach in implementing an AEO Program at a national level



Create a Customs to Business dialogue where the general idea of an AEO Programme should be presented and discussed. Recommend forming one Customs core workgroup as explained in the above introduction, and a separate trade group that will mirror the customs work group. Each group will identify tasks and ways to work forward and meet regularly.

(Trade Management and Communication Projects)

lessons learned

Initially, the heavier work load will fall on the Customs group since they will have the highest learning curve in terms of becoming familiar with other programs and in learning how each of the sectors within the trade work

lessons learned

Even though this is a Customs to Business Partnership, as outlined in the second pillar of the Framework of Standards, Customs is the responsible party not only to other Customs Administrations but also as a regulatory agency within its government structure.

- *Analyze and assess the traders at national level*
Customs should identify those companies responsible for the majority of revenue collected by that administration <Note: since revenue collection is of great importance to many administrations because they collect a high percentage of the state budget, gaining the compliance and membership of these companies will secure a majority of the revenue. Thus mitigating a major concern of some administrations and allowing them to enlist other companies to join through positive reinforcement.>

Gaining compliance and support from these companies will help to make a first rough selection for membership. Many of these companies can also serve as positive reinforcement within the trade community. Equally so, if their experience is a negative one they can give the program a bad reputation. (Trade Management project)
- Determining the level of interest in an AEO program is particularly important as this will help determine resources (human and financial) later on and will help in garnering support of stakeholders (political, other agencies, etc.) outside of private sector.

- Identifying all stakeholders that might be impacted or could have an impact in the process or program is essential and relies on good communication channels and increases the chance for achieving a successful program. For instance, Border Police, Immigration, Bureau of Standards, Transport and Agriculture are some of the representative agencies at the border that should be engaged. Other key stakeholders include minister level, parliament level staff personnel and all trade and transport sectors. Each administration will understand which stakeholders will be interested and those they will need to work with through information and dialogue to convince them of this type of initiative. Therefore, it might be wise to assess early on which stakeholders will support your initiative and can also help you with other stakeholders. (Trade management and Communication projects)
- Legal counsel must be included to determine possible legal and/or administrative constraints that will need to be addressed prior to implementation. For instance, whether Customs has the necessary legal powers to “certify” a company for participation purposes will need to be explored.
- Customs will need to devise a process to vet companies that apply for the program. This can include reviews of compliance records for import/export, any criminal records for company and its officers, tax compliance, fiscal solvency, safety and security and finally a look at its overall business portfolio. All of these can lead to a determination for accepting an application. In this respect, SAFE includes detailed conditions and requirements for Customs and the AEO which should be taken into account in devising this process. A flexible approach should be taken to the needs of Small and Medium Enterprises (SMEs) as outlined in the WCO FAQ “AEO and the Small and Medium Enterprise.”
- This deliberative process for program participation will remain internal to Customs and should not be shared with the private sector, other than to let them know that companies’ history and compliance will be reviewed. (Legislative project)
- Analyze the key performance indicators for employees that will work under this program and train based on the need of these requirements. This relates to having a dedicated workforce, sufficient training measures and specified performance indicators. (HR Development)

Lessons learned

Codes of Conduct specific to this particular assignment might be necessary to ensure the integrity and credibility of the program

- Analyze the need for allocating staff to conduct the validations and Post Clearance Audits. Or, as indicated in the SAFE, if appointing a third party, developing clear methodology for them to follow in order to ensure compliance and credibility of the program. Ultimately, Customs will be responsible for managing the actions of the third party that performs on their behalf and retaining oversight of the program. (Trade Management)
- In developing the program, review of IT options and optimal development of a 2-way “portal” that will allow the submission of applications and communication between Customs and the member, which long term will be a more effective way to communicate. Trade Management (System support)

Customs Administrations	AEO Participants
<ul style="list-style-type: none"> Facilitates the ability to exchange AEO data with other Mutual Recognition countries Improve management of AEO data AEO Process is more visible and easier to audit. Ability to accept/process changes/ updates electronically from AEO Sync AEO with internal systems for customs-wide access limited by user role Less paper, increased accountability Increased workload measurement and reporting capabilities 	<ul style="list-style-type: none"> Easier, more secure submission of application information, including changes/updates. Faster response time from customs. Access to online training information on a secure portal

lessons learned

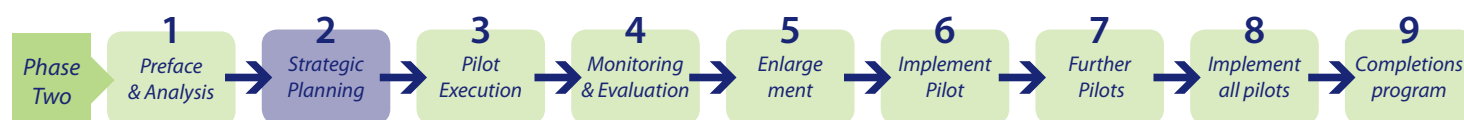
Availability/Necessity of IT supported portal/system will depend on the number of traders likely to seek/acquire AEO status. If a small country expects 10 traders to become AEO, they do not need such a sophisticated system. Another factor to be considered other than expected numbers of AEOs, could be the complexity of the system that is needed (for example if a Customs Union decides to have a joint AEO concept as they will have to consider timely exchange of information).

- The final step in Phase I should be a finalized draft of the program structure to include clear requirements to join the program, application process, certification, validation, benefits, removal or suspension and an appeal procedure. The DG should review and approve this document. The private sector committee can review and provide feedback & suggestions and relevant ideas, that make sense for Customs and trade, and where feasible they should be incorporated.

lessons learned

Customs and Private Sector will not always agree, however ultimately Customs must remember that its role as a regulatory agency must take precedence. For example, a request that (as a benefit) a program participant not pay taxes on imports or exports is not feasible or reasonable. However, a request for single point of contact in a Customs administration is a reasonable request.

- Once Customs has an idea of how they want to structure the program they should share this initial structure with the private sector and listen to their suggestions and ideas. Pertinent ideas and good suggestions should be incorporated where feasible.



- Prior to the start of the pilot, Customs should have provided private sector with seminars explaining their plan to start the process of implementing an AEO program. This will help educate trade on the administration's intention and facilitate this particular change. Determine which type of operators to start a pilot with, i.e. the total number (although our recommendation would be that you start small, no more than ten), cross section representing size (to include, volunteers that meet

the criteria, SME, large and multinational companies) and type of business (produce, technology, etc.), and whether the pilot will be regionally focused or if it will attempt to use a major market (Customs decision).

- Consider the idea of allowing the Trade Committee to make the selection of which operators may take part in the pilot activities. Determine the scope of the program, which should also address import/export protocols (one or both, although to start, focusing on one might be more realistic), as well as major categories of participants (Brokers, Carriers, etc.). Human and financial resources play an important role in how many entities within a supply chain will be allowed into the program. Therefore, by starting with the importers and exporters you capture those that contract the services, next (if resources allow) Brokers who process paperwork, transport, ports. (Trade Management and Communication Strategy Projects)

lessons learned

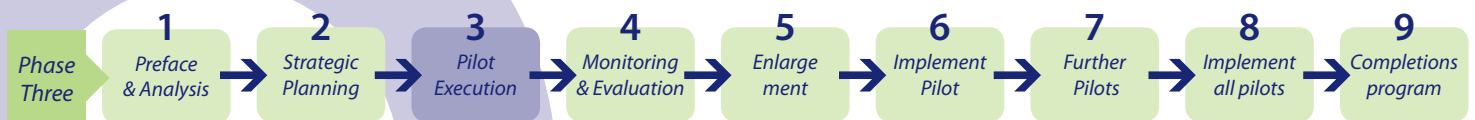
By starting with your importers/exporters you might leverage more change in behavior since these are the players that contract services to move their goods from one end to another in the supply chain

lessons learned

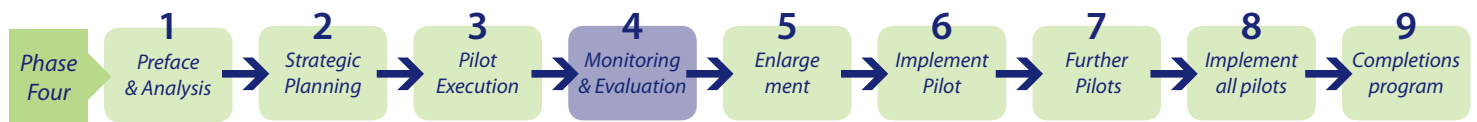
For a pilot, operators that are interested in helping to develop the program should be selected using volunteers

- Determine the type of simplifications/benefits and the criteria, using the SAFE criteria and guidelines that need to be obtained to become a participating AEO in the program.
- Determine the verification process - how it will be conducted and by whom. Make sure to develop a consistent approach from the beginning for all personnel that administer the program.
- The process of suspending and removing companies must be outlined at the start of the program and available to the private sector for transparency purposes. Additionally, an appeal process must be developed for companies seeking relief. A model Appeals procedure has been developed for these purposes by the WCO. (Trade management, Risk Management and Intelligence projects)
- Determine the need for IT/Risk Management/ and Operational support to successfully identify and facilitate the release of goods belonging to a pilot operator
- If possible and advantageous to both, consider infrastructure changes (a dedicated lane at the border point) or technology such as proximity reader cards/units/or GPS to add levels of checks. <These are two suggestions, but each administration, with consultation from private sector, will need to review feasible benefits both short term and long term.> (Trade Management)
- Set up milestones when to launch the pilot activity and phases in which more operators will be integrated. This also includes any “phased-in” approach, where there can be continued testing and refinement of protocols, prior to expansion to greater numbers or additional segments of trade.
- This particular phase should be carried out carefully. Once the team feels that they have removed any issues or problems from the initial test group, open the program to the rest of that entity (in other words, if you started with ten exporters you would now open it up to the rest of the exporters.)
- Once the first entity has been finished, then develops a test group for the next entity (such as brokers) and begins the process with them. (Trade Management and Communication Strategy)

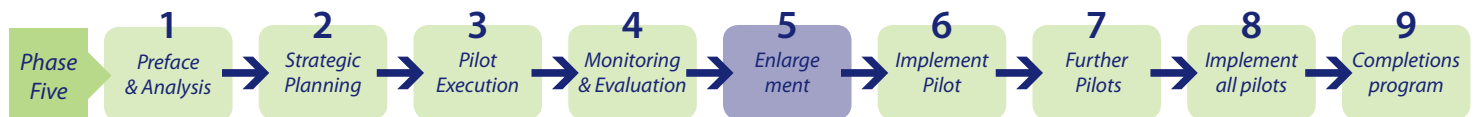
- Involving staff from the field will assist in making field personnel part of the development of the program and more likely to support the program, particularly in countries that have distant posts in remote locations.
- Providing seminars where all staff, from executive to front line officers, are provided information on how the program works will ensure that they work together to make it a success. (HR Development)
- Set milestones and performance indicators when to launch the pilot versus the actual main program and consider what type of information will need to be given to personnel as the program develops. (HR Development)
- Set milestones when to introduce simplifications/benefits in a sequenced manner.
- Keep track of all benefits being given, from the simple ones such as seminars, to the more complex ones, like audits.
- Benefits should be 'meaningful, measurable and reportable'. All benefits ascribed to the program should be recorded and tracked. For instance, a fast lane used only by AEO members, how many times a month does the member uses it versus the normal lane and time savings. (Trade Management Project)



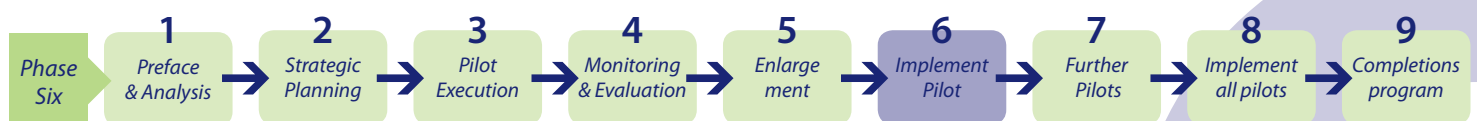
- Prepare and visit the pilot operator to document and conduct (through a step-by-step approach)
 - Company analysis
 - Security Review
 - Cost benefit review
 - Accreditation by applying the risk mapping methodology of the operator's organizational characteristics, records of compliance, volume of business, type of goods, and procedures (Trade Management, Risk Management and Intelligence)
- Set up a company/entity specific control programme that responds to the findings and recommendations (remaining relevant risks) of the risk mapping approach
- Provide one established point of contact for the company, preferably one that was involved in the original visit to ensure continuity (this officer can be the point of contact for several companies) (Trade Management, Risk Management and Intelligence)
- Execute operational pilot
- Select only ten (or fewer) companies for this test to avoid being overwhelmed. (Trade Management, Risk Management and Intelligence)



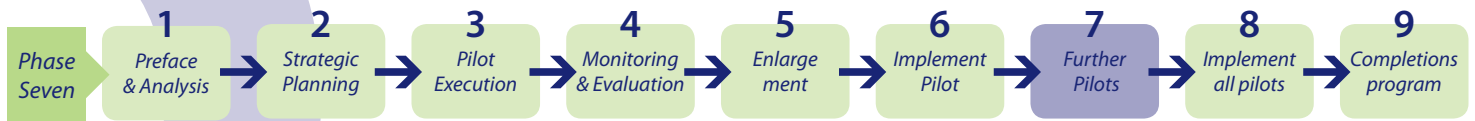
- Determine the evaluation and monitoring phases of the entire AEO Programme (accreditation, control programme, IT usage/support, legislative constraints, benefits, TRS).
- All benefits given to companies should be monitored. Maintaining records of benefits and the impact of these benefits will assist Customs later to anticipate benefits to industry. (All relevant areas)
- Determine the need for
 - training and, depending of the function, type of training activities that gradually will be needed throughout the organization (for instance allocating a sufficient number of staff with experience in the area of PCA, Risk Analysis, Compliance and Enforcement to support the timely development of the project)
 - recruitment to deploy new skills, or
 - hire experts temporarily and plan how to retain or institutionalize their knowledge within the organization (Customs should always attempt to gain this internal knowledge so as to continue a process of professionalizing the service.) (HR Development)
- Evaluate and monitor
 - Accreditation approach
 - Benefits/facilitations being provided
 - Control programme
 - Cooperation with other stakeholders
 - Legislative and or other legal and administrative constraints. (Trade Management, Risk Management, Communication and Legislation)



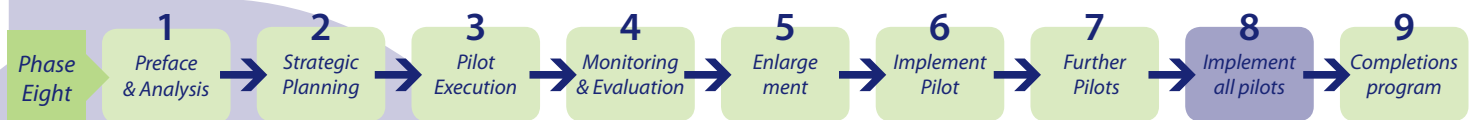
- Expand the pilot operation by allowing more operators and/or sectors available to take part in the pilot. If SME were not part of the inception of the pilot, now is an excellent time to bring them in since errors that might be costly to them should at this point be fixed. This point is particularly important, since many considerations must take place, especially resources. Allowing all entities into the program requires human and financial resources to meet the needs of the members. This program should never over promise, taking it step by step will lead to credibility. (Trade Management)
- Every six months for the first year, evaluate the program to discover problems or issues that must be addressed or fixed. (Mistakes will happen, that is not a negative. Not learning from those mistakes or correcting them as soon as possible can lead to further problems). (Trade Management, Risk Management, Communication and Legislation)



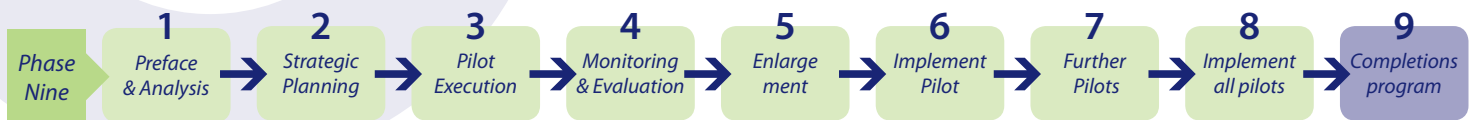
- Implementation of pilot activities into the current organization
 - Set up milestones for when tested products need to be phased out and implemented into the organization through a sequenced approach (making products/benefits available for everybody provided that equal quality is present). (Trade Management)



- Further pilot (test activities)
 - Make further use of the IT support
 - Test further simplifications/benefits
 - Monitor and evaluate the results



- Subsequent implementation of previous test activities
 - Training of staff that will handle the traders at regional or local level (HR Development)
 - Implement mechanisms that support the operational staff that will handle the traders (Trade Management and HR Development)
 - Sequenced implementation of further tested benefits (Trade Management)



- Completion of legislative/operational regime to implement AEO program ¹
 - Through drafting laws and regulations on AEO, gathering public comments and opinions from relevant bodies, and submission to and deliberation in legislative sessions, laws and regulations are then finalized.
 - Before full implementation of an AEO program, a sufficient preparation period should be reserved, and sufficient Public Relations activities to the private sector should be carried out.
 - Not only laws and regulations, but also guidelines on standards regarding authorization and revocation of AEO status and benefits, etc., should be open to the public, to ensure high transparency and uniform application in a country.
 - It is necessary for Customs to build up its internal system, such as making a common central unit serving for unified interpretation of AEO laws and regulations, to avoid arbitrary implementation of the AEO program by Customs officers and to ensure standardized implementation of AEO program nationally.

¹ This applies to those administrations that require such legislative structure

Some final notes:

As with any guide, we hope this will serve those reading to learn how to begin a program. The points in this guide in some instances may apply or may not apply, we urge the reader to analyze the reality of their situation and use this to help “guide” them in the decisions they make based on the reality of their situation. The contributors of this guide will tell you it is a difficult task, it will take time and it will require resources. However, in the end, the benefits to customs, the trade and the administration's economy will be recognized.

As an annex, we would like to mention some “Best Practices” that might help with the future of your program.

Sum up of some lessons learned:

For Customs:

- Customs will have to carry out a proper audit, even if they know the company, the AEO status should never be given automatically
- Customs should (in order to speed up the authorization and audit process, which is important for trade as well as customs in terms of saving money and time) take existing audit reports/authorizations given to the trader into account when assessing compliance
- Customs should work in a partnership approach with companies
- Customs should always verify physically (this means at company premises, not only paper-based evaluation) whether the self assessment the trader provided is accurate
- Customs should take into account, where appropriate, compliance with other existing certifications (ISO, C-TPAT or other AEO-qualification, ISPS Code) - this avoids duplication of checks and can facilitate the process
- Customs does not necessarily have to visit all 25 premises if the audit of 3 satisfies that all conditions are complied with (this is also saving burden/money/time for both, trade and customs)
- Customs should appoint client coordinators or contact points for companies so that each AEO can receive information through one contact point or a service centre
- Customs needs to ensure proper training and should - if there are several agencies involved in the attribution of AEO status - communicate results/problems/findings among the centers to enable the development of best practices into the training module.

For Trade:

- A company interested in applying to join the program should prepare its application and - if one is requested - self assessment (this is a requirement of SAFE)- the better prepared the company for the subsequent audit, the faster the authorization process will be carried out
- Company should closely cooperate with customs (partnership approach also on their side)
- Company should see the application/Authorization process as a possibility to bring certain schemes in the company in order/align them with legislation/streamline them

12.5. Annexes

Annex 1 Authorized Economic Operator

National ProgramGuide

Action	Responsibility	Time Frame
Decision by Director General to implement AEO Program <ul style="list-style-type: none"> ■ Cost Benefit Analysis ■ Political Will from Executive level ■ Work with other agencies/ministries 		
Develop a committee/working group to develop the program <ul style="list-style-type: none"> ■ Learn from existing programs (EU, US, Canada, Jordan, Singapore, NZ, etc.) ■ In depth review of how country's private sector works ■ Review of current risk management program ■ Review of current integrity/ethics program ■ Review of legislative authority for export program 		
Determine private sector's level of interest (Administration should identify the companies responsible for the greatest amount of revenue collection, identify interest from SME's, large and multinational companies) <ul style="list-style-type: none"> ■ Form a private sector group to mirror the committee above ■ Identify all stakeholders (private sector, ministries, executive level, public, etc.) 		
First Phase: <ul style="list-style-type: none"> ■ Voluntary vs. Mandatory ■ Identify which entities within supply chain program will work with (recommend: phased approach on taking membership) ■ Develop program requirements and application procedures (by the end of phase I, these should be clear to all who participate) ■ Vetting (criminal history, non compliance with revenue payments, etc.) ■ Contract/legal terms/ Confidentiality ■ Verifications ■ Legislation (if necessary) ■ Benefits <ul style="list-style-type: none"> • Each administration will need to look at potential benefits with the help of their private sector. • Benefits that don't tax human or fiscal resources might include expedited clearance, point of contact, front of line service, training, etc. • Benefits that might require infrastructure review or working with other agencies, Member lane at ports (where feasible/cost benefit analysis), gaining support and acceptance for clearance by other ministries, etc. • Ultimately, each administration will need to review and continue to work with their private sector to develop measurable benefits. ■ Suspensions/Removal ■ Appeal process ■ Human Resources (Officers and training) and funding ■ IT system 		

Second Phase:

- Provide private sector committee with a copy of the program you have outlined (Phase I) give them time to review. Meet with private sector committee to hear their concerns and give the opportunity to submit ideas, suggestions, and solutions.
- Ideas or solutions that improve the program should be taken seriously and incorporated if possible.
- Private sector can suggest benefits that they are interested or would like see developed and if possible implementation should be seriously considered.
- Private sector is given an amount of time to determine responses and once time frame is up modify based on suggestions or new ideas.
- Customs and Private Sector Committee will host seminars to educate all of private sector on the AEO, implementation and expectations.
- Suggest the private sector committee identify companies for a pilot program.
- Suggest you start with one entity (importer/exporter-a decision to be made by customs with advice from private sector.) And, encourage participation from SMEs, large companies and multinationals, different products, etc. Don't select too many, instead start small and the participants should understand there might be mistakes and they should help with correcting them.

Third Phase:

- Prior to implementing the pilot, Customs must host seminars to educate personnel that will come into contact with the pilot. Eventually all personnel must be educated in the process.
- Develop a pilot to test the process. Include milestones and performance indicators. (recommendation: start with one entity in the supply chain. Example: importers/exporters and work with them first. Then 6 months later allow in brokers...etc.)
- **Reminder: Fiscal and Human resource will dictate how many companies are allowed in the program-don't over promise.
- Accept applications
- Team dedicated will conduct vetting (including import/export history, declaring/paying duties, compliance, and criminal history),
- If application is accepted meet with company to verify that application is accurate. If yes, then benefits are allocated accordingly, if not company is not allowed in the program.
- Customs must follow through with the benefits promised to companies that are members of the program
- Maintain record of benefits provided (dedicated lanes-usage by member, point of contact-hours spent/consultation, etc.)
- Evaluate the program after 6 months to determine problems and fix.
- Meet with Private sector committee and those that are taking part in the pilot and listen to see if there are problems and address the problems.

Fourth Phase: <ul style="list-style-type: none"> ■ Once your pilot is working well, move to allow the other entities into the program (recommendation: allow time between each entity or your program may be overwhelmed.) ■ Develop a self inspecting/evaluation program to identify problems and correct. ■ Customs will need to review additional expertise needed and provide for personnel. ■ Evaluate and monitor- pilot and additional resources or training required. 		
Fifth Phase: <ul style="list-style-type: none"> ■ Expand the program further if resources allow this. If SME's weren't part of the initial program now would be the time. ■ Continue to monitor and evaluate with the private sector committee how the pilot is maturing. Address any mistakes or problems and continue to improve upon the program. ■ Do not become complacent-the program will evolve. 		
Sixth Phase: <ul style="list-style-type: none"> ■ Establish milestones and performance indicators for phasing out the pilot and incorporating the process into the organization. 		
Seventh Phase: <ul style="list-style-type: none"> ■ Make further use of the IT support ■ Test further simplifications/benefits ■ Monitor and evaluate the results . 		
Eighth Phase: <ul style="list-style-type: none"> ■ Training of staff that will handle the traders at regional or local level ■ Implement mechanisms that support the operational staff that will handle the traders ■ Sequenced implementation of further tested benefits 		
Ninth Phase: <ul style="list-style-type: none"> ■ Completion of legislative procedure ■ Draft Laws and Regulations that are open to public commentary and transparent ■ Public Relations must be carried out prior to finalizing the pilot and final implementation of the program. ■ Program requirements, suspension/removal criteria, etc. must be made public to retain a high level of transparency ■ The program should be centralized within the administration to ensure consistent interpretation and application of requirements and criteria. 		

****Note:** If you would like to work on mutual recognition with other countries, such as major trade partners, then you will have to look at how the programs differ and reviewing how to make them compatible so that you do not undermine your trade sector

Annex 2 List of benefits related to trade facilitation²

Types of simplifications that can be offered by Customs based on the level of security and compliance of the operator.

- **Lead time and predictability**
 - Speed, fast processes and border crossing
 - No interventions and traditional transaction control
 - A one-stop-shop- system
 - A No-stop-shop, fast track border crossing
 - Facilitated, simplified processes
 - Alternative control place like e.g. a warehouse or at the trader premises
- **Data requirements and data submission**
 - Less information to be submitted
 - Periodic declarations
 - Notification in book keeping
 - Track and trace of consignments and transports
 - New simplifications of customs procedures and routines
 - No additional documents to be handed in
 - Re-use of information from business systems
 - A single window to Government
 - Centralized clearance of goods
 - Free access to all e-Government services on the Internet
- **Relations and Quality Issues**
 - A personal Client Coordinator
 - Individual solutions
 - Re-use of company quality systems and international audits
 - International accreditation
- **Results for Trade gained by the simplifications**
 - Predictability in the logistic chain
 - Better logistics
 - Transparency and level playing field
 - More cost-effective controls
 - Centralizing key-functions and competences
 - Reduction risks
 - Less administration
 - Less locations
 - Lower staff costs
 - Lower compliance costs
 - Lower IT costs
 - Cash-flow gains

² The Swedish Stairway

Annex 3 Ten practical steps to set up a sustainable treatment programme for Trusted Traders (TT)

- Step 1** What do we know about the trusted trader?
- Step 2** Analyse the information.
- Step 3** Process the information systematically and lay it down in the TT-file
- Step 4** Change the method of control for a period of three month
- Step 5** Re-analyse the information and lay it down in the TT-file
- Step 6** Prepare an audit
- Step 7** Carry out an audit
- Step 8** Analyse all the information and lay it down in the TT-file
- Step 9** Draw up the control programme
- Step 10** Draw up the plan of treatment for the TT (take care of maintenance)

Step 1: What do we know about the trusted trader?

What we already know about traders is shown up in this step. In order to do this, information about the traders must be gathered. In particular, information about his goods, the legislation and regulations that applies to the goods and to the procedures which have been laid down for the trader, the revenue interest, information about the trade, the results of controls and the trader reputation in the Tax department. However the fastest and simplest way to obtain information is to carry out controls on the trader. Therefore it is wise to take steps 4 (change the method of control) and 7 (carry out the audit) fast. Besides the already mentioned tax department, the Customs intelligence and enforcement Centre, the Ministry of Agriculture, Ministry of Quarantine and other important Other Governmental Agencies must be approached to obtain information. An up-to-date picture of the trader will arise this way.

Step 2: Analyze the information.

Once there is an up-to-date picture of the trader, the controls that have been carried out so far on that trader as well as the results of these controls must be recorded. This way it will become obvious whether certain goods, shipments, operations or aspects have not yet been inspected. It may also become obvious that controls are usually carried out in one way. This is a first, rather rough risk-analysis.

Step 3: Process the information systematically and lay it down in the TT-file

There is a model according to which risk-analyses are to be done. Certain information may be laid down in this. All the gathered information has a place in the traders file. Therefore, the traders file is the up-to-date picture of the trader.

Step 4: Change the method of control for a period of three month

On carrying out step 2, it became obvious how the trader has been inspected so far. For example it is possible that the nature and the composition of a product which is imported by a trader are examined regularly, whereas the number of pieces of a shipment has never been inspected. Then it may be wise to focus the control on the number of pieces for a while. It may also occur, for example, that controls on notifications have not been carried out for a long time. It may be wise then to carry out physical inspections on a number of notified shipments. There are numerous examples. Therefore, it is important to carry out different controls for a certain period. In other words, this step will lead to carrying out a number of controls.

Step 5: Re-analyse the information and lay it down in the TT-file

The results of the controls show the risks which the trader and the goods entail. They also show the traders behaviour when he is approached differently. On trying to find the desired mix of controls, this is extremely important information. This way the risk-analysis is being refined.

Step 6: Prepare an audit

For each trader a mix of controls should be established and carried out. The mix of controls contains physical inspections, verification of declaration and (post clearance) audits. The audits in particular provide important additional information for the whole supply chain. Therefore audits are regularly set up for both the trader with whom procedures have been laid down and the importers, exporters and forwarders who are acting in the same supply chain. An audit is only useful when it has been prepared properly; what will be examined?

Step 7: Carry out an audit

The audits of a large trader (for instance a multinational Company) should be done by specialized Custom officers. These Customs officers are generally working on HQ and it is sometimes difficult to plan audits for them in the region. But it is important to involve them in the beginning of the audit preparations.

The audits of the other traders are done by the Customs officers in the region.

Step 8: Analyse all the information and lay it down in the TT-file

After the audit has been carried out, all information about the trader is known. Now all the risks are examined and laid down in the model specified for this. That provides a complete picture of the trader and the risks attached to his activities. Thus there is an up-to-date picture of the trader as well as a risk-analysis based on it.

Step 9: Draw up the control programme

It is important to know the risks. It is even more important to know which controls must be carried out in order to cover the risks. These controls, the frequency with which they are carried out and the person by whom they are carried out, are laid down in the control programme. In other words the control programme indicates which controls should be carried out in order to cover all risks that have been found.

Step 10: Draw up the plan of treatment for the TT

It will be obvious that it is not necessary to cover all the risks completely by controls. Not every risk is that high. With the risk-analysis the trader indicates whether he considers a risk to be high, medium or low. Furthermore there is not always enough manpower available to inspect everything. Therefore choices have to be made: which risks should and which should not be covered. Should controls be carried out in the specified frequency or not?

These choices will have to be made by the team leader. The customs officer who is responsible for this trader ("client" coordinator) will describe in this plan the final treatment for this trader. The maintenance of this plan is essential and that's why the client coordinator evaluates regularly what has been inspected, what has been found and what information has become available. On the basis of these factors he will adjust the up-to-date picture, the risk-analysis and the control programme.

Summary:

Controls will continue to be carried out on the basis of information which is as up to date as possible. The up-to-date picture of an economic trader, the risk-analysis, the control programme and the plan of treatment will have to be adjusted from time to time. The trader may start other activities, legislation may change and thus the risks, the results of controls may lead to the decision to inspect certain goods closer. All these factors will affect the choices that have been made.

Therefore it is very important for the 10 steps to be regularly taken again.

Annex 4. Best practice

“The Customs Client Coordinator”

As mentioned in the benefit chapter, the Customs Client Coordinator is one of the benefits Customs can offer to the compliant traders and companies.

Every compliant, accredited and/or certified company receives a Customs Client Coordinator. These client coordinators will have substantive and working knowledge of the business models or business specialties they are to cover. The Customs Client Coordinator is the daily meeting point (or front office desk) with the company and all the Customs contacts are streamlined through this officer. If the Customs Client Coordinator cannot handle the matter directly the officer will take the responsibility for the issue and contact the right competence within the Customs (the back office). When the matter has been cleared up, the Customs Client Coordinator will contact the company to report the results. The Customs Client Coordinator should be available all time for the company and also should take the responsibility for further improvements and simplifications of the company processes. Companies should use the client coordinator as both a source of information and a reporting point, in the event there is any suspicious activity that should be reported. Therefore, even though this document focuses more on the responsibilities of Customs, companies must understand that keeping their Customs Client Coordinator informed will lead to a much better level of service.

A Custom officer can function as a Customs Client Coordinator for more than one operator depending on the size, volumes and complexity of the companies involved. As good governance and integrity is an important issue for Customs and Trade it is recommended that the Customs Client Coordinator rotates after a period of time and/or the Customs Client Coordinator portfolio of companies changed from time to time. A mentoring period for the new Customs Client Coordinator should be instituted to ensure the consistency of service. The outgoing coordinator can pass on knowledge and insight and also introduce the new coordinator to the client representatives.

The Customs Client Coordinator duties and activities are in general :

- Being the daily contact point for the company
- Being the single window (the front office desk) for the company
- Managing and updating the companies files administration
- Managing the authorization and/or accreditation process for the Company
- Responsible for improvements and further simplifications
- Insight in the execution of the risk control activities
- Preparing and updating the individual treatment plan for the company
- Initiating controls based on the plans and risk profile
- Responsible for daily follow-up work of the company compliance

Two real-life examples about Company “MultiCom” and Company “ABC/XYZ”

These Companies are multinationals and dealing with a lot of Customs administrations globally

What are the activities of the Customs Client Coordinator for the Electronic Company “MultiCom”?

- Periodically (once a month) the Customs Client Coordinator consults with “MultiCom” about operational and strategic matters. Separate arrangements are made for their elaboration. This means that the coordinator consults with “MultiCom” one morning or afternoon per week on average. At the monthly meeting they discuss (e.g European or Asian) developments regarding customs, developments at “MultiCom” (in the broadest sense and in detail), the progress of projects, and possible problems in the monthly declaration, audits (internal by MultiCom and audits and initial inquiries by Customs).
- Solving acute -daily- Customs problems.
- Initiating and managing accounting controls and physical checks at “MultiCom” in country X and country Y.
- Initiating and managing the processing of the monthly declaration by means of an audit programme.
- Including the results of accounting controls, physical checks and verifications in the monthly declaration for the treatment (risk analysis) of “MultiCom”.
- “MultiCom” is almost constantly audited by means of partial audits. The authorisation issuing department takes care of the initial audit, the accounting controls are conducted by an accountant (with auditor diploma), or delegated by him. Every year the Customs Client Coordinator prepares a joint audit programme, which includes an audit plan for that year. This plan also includes the joint audits with the Customs administration of country Y and the audits that are conducted in country Y independently.
- Updating the client information system.
- Keeping authorisations up-to-date. The authorisation issuing department issues them; two persons are assigned to deal with the “MultiCom” authorisations.
- Regularly visit business units to observe the method of working in practice and to gather information about the logistic and production process.
- Consulting with those countries for which “MultiCom” has requested the national Customs administration permission to use a cross-border authorisation.
- Keeping the provided security up-to-date.
- Dealing with requests for refunds and requests for payment in special cases.
- Gathering and processing signals (provided information and inquiries) from both countries from different sources, especially from within the Customs organisations.
- Making an audit plan and risk analysis

What does the Customs Client Coordinator *not* do?

- The Customs Client Coordinator does not buy “MultiCom” shares or shares of associated companies (integrity).
- The Customs Client Coordinator is not a party to objection and appeal cases of “MultiCom”. However, in connection with objections and appeals sometimes substantive questions are asked about the file.

How does the Customs Client Coordinator guarantee his/her integrity?

- No shares in the company, which could purport an alliance.
- Have audits conducted by a colleague.
- Have granted refunds and additional tax assessments evaluated by colleagues.
- Ask colleagues how to act in a certain situation.
- Record a lot.
- Confide in team manager in important cases (politically sensitive).
- Make sure there is uniformity of policy and implementation.

Other clients?

- The client coordinator for “MultiCom” does not deal with any other clients.

Time taken up?

- Between 50-80% of the available time, only for “MultiCom”

What are the activities of the Customs Client Coordinator for the Chemical Company “ABC/XYZ”?

- Contact point for the three divisions and the corresponding business units. Each division at “ABC/XYZ” has its own contact person for the Customs Client Coordinator.
- Periodically (usually once per quarter) there are consultations in which outlines are discussed. The client coordinator describes the most recent and future developments within the Customs service. “ABC/XYZ” also provides information about developments at “ABC/XYZ” that affect customs work.
- Furthermore, the most important matters are discussed, such as authorization structure, providing security for the entire group, ongoing audits; etc “ABC/XYZ” also gives feedback from different bodies it is represented in.
- Solving acute -daily- customs problems.
- Initiating and managing accounting controls and physical checks at “ABC/XYZ”.
- The client coordinator surveys the flows of goods, as far as they take place via the Customs IT system.
- Keeping the client information system up-to-date.
- Periodic consultations with auditing officers from the different customs offices about possible problems regarding audit management.
- Granting customs authorisations and keeping them up-to-date.
- Visiting business units in order to test the effect of covering authorisations.

What does the Customs Client Coordinator not do?.

- The Customs client coordinator does not buy “ABC/XYZ” shares or shares of associated companies.
- Whom does the Customs Client Coordinator collaborate with?
- External: The contact persons of the three “ABC/XYZ” divisions.
- Internal: Auditing staff within customs.

How does the Customs Client Coordinator guarantee his/her integrity?.

- Does not buy shares of the company in question.
- For each question from “ABC/XYZ” the client coordinator evaluates his role.
- Have refunds, additional tax assessments, new authorisations evaluated by colleagues.
- Record a lot and leave an audit trail.
- Confide in team manager in important cases (politically sensitive).
- Make sure there is uniformity of policy and implementation.
- Internal (customs) management of “ABC/XYZ”?
- Prepare risk analysis.
- Make audit orders for accounting controls and physical checks.
- Make sure that the customs client information system is up-to-date.
- Test provided security.

Other clients?.

- The Customs client coordinator for “ABC/XYZ” deals with another 15 clients in the Chemical branch group.

Time taken up?

- Between 40-50% of the available time, only for “ABC/XYZ”
- The “MultiCom” and “ABC/XYZ” point of view about the Customs Client Coordinator (Customs – Business partnership)

Their story:

“The increasing globalization of sourcing, production and sales means that our company, and most companies, are now dealing with customs and trade requirements in several markets. Our accountability has expanded beyond cross border requirements. We need to learn and stay on top of the rules and practices in other countries – rules and practices, which change on a regular basis and vary substantially from country to country. Moreover, there is a general worldwide trend to tighten rules, strictly enforce documentation (E-customs) and other requirements (CSI, C-TPAT), and penalize non-compliance. Failure to be informed and plan ahead in this ever evolving and complex arena can result in border delays, stiff penalties and missed production and delivery deadlines. As we have a dedicated client coordinator and a regular monthly meeting to discuss actual operational and strategic issues but also new national and international developments we are enabled to be current on (foreign) customs laws and developments and what they mean to our worldwide compliance and sourcing efforts. Together with the client coordinator we can make use of Best Practices for both Customs and our Company and be pro-active.

We benefit from the tailor made client approach. In a global economy, the speed and certainty of crossing the border and importing and exporting goods are vital to maintain the competitiveness of our business. We benefit from streamlined processing and we have a strong incentive to establish and maintain a good performance record and partnership with the Customs. As a result of this our Company is eligible to participate in some Customs modernization programs. We benefit from streamlined clearance, accounting and payment processes and are allowed to participate in a variety of permit programs that will make crossing the border more convenient. I would like to state clearly that this doesn't mean that we are not audited or audited to a lesser extend. The way we do business our customs organization and customs IT-network is totally transparent. Customs can and will audit us on a daily basis. However, because we have given them fully automated access to our system this does hardly interfere with our activities.

In a large enterprise like ours it is unconceivable that traditional customs procedures or a traditional customs approach are to be used. It would create enormous problems with the goods flow. There is no exaggeration in saying that a global company like ours cannot work in a professional manner without having a client coordinator who knows our business, our processes our worries and our people”.

CEO

13. Organizational Performance Measurement

Introduction

Information on the results from investing in programmes, policies and projects is essential to sound decision-making.

This chapter of the Development Compendium is primarily concerned with performance measurement in the context of the organization as a whole. It is prudent to also point out that the environmental context of the organization itself is the management of goods, people and conveyances across borders. Together with other key buildings blocks outlined in

- the WCO's Customs in the 21st Century strategic vision;
- the Standards and guidelines contained in the revised Kyoto Convention; and
- the SAFE Framework of Standards,

performance measurement is a necessary practice that underpins all modern Customs administrations.

Customs performance measurement is most effective when it takes into account the aims unique to the Customs service and the specific political, social, economic and administrative conditions in the respective country¹.

The discussion, models and tools are prepared from the perspective of managing resources holistically for the purpose of achieving organizational goals. Chapter 9 on Human Resource Management and Leadership provides guidance on incentive management and managing underperformance of individuals, for example.

In order to enable senior decision-makers to be aware of what is working well and identifying better ways to deliver services that are not working as well, it is necessary to develop measures for performance. The sub-sections of this chapter illustrate ways to develop performance measures. Annex 1 illustrates examples of quantitative and qualitative Customs indicators that practitioners can draw on or use to develop their own measures to manage and report on performance.

¹ Ireland, R., Cantens, T. and Yasui, T. 2011, *An Overview of Performance Measurement in Customs Administrations: WCO Research Paper No. 13*, WCO, Brussels

Performance Measurement

The term “performance measurement” usually refers to the continuous gathering of data from specific functional areas. It concerns the ongoing monitoring and reporting of a Customs administration’s progress towards reaching its organizational goals. It is made up of an internal system that collects, collates and reports on workflows, outputs and outcomes.

The purpose of performance measurement is to assist making decisions and to understand progress towards meeting the outcomes of the Strategic Plan and Action Plans. Strategic Plans and Action Plans typically have associated objectives. One of the more difficult tasks for managers is identifying indicators that demonstrate progress towards achieving objectives. Moving towards this outcomes-based approach is no easy task. A recent Organization for Economic Cooperation and Development (OECD) report showed that even countries that have been using this approach for over 15 years continue to struggle with issues of measurement and target setting². This is especially the case for “outcomes”. A key challenge for all Customs administrations is obtaining good quality information which is valid, reliable and timely.

A performance indicator is a detailed quantitative and/or qualitative descriptor. It describes what the organization is doing or has done. There can be more than one indicator for each performance measure. In order to assist with the discussion of organizational performance measurement, use of the following nomenclature is recommended³:

Input is the resource required to complete activities, for example, people, equipment, technology, legislation and budget;

Activity is the process undertaken, for example, it can be daily, weekly, monthly and would include collecting import documentation, screening and questioning people moving across the border, boarding arriving vessels, numbers of vehicles inspected, etc;

For clarification of the use of the term **process**, according to the International Organization for Standardization (ISO) a process can be characterized as “a set of interrelated resources (e.g. personnel, finance, IT facilities, equipment, methods) and activities (working steps) which transform inputs into outputs⁴”.

Output is a result achieved, for example, an annual report, as well as effective and efficient use of resources, management of, and the ability to report on the cost to deliver Customs services, revenue collected, enforcement seizures, permits issued, training courses conducted, etc.

Outcome is the impact, benefit or change as a result of Customs’ activities.

Diagram 1 is an illustration of this model and an actual Customs example of applying the model can be found at Annex 2.

² Tax administration in OECD and selected non-OECD countries: 2010

³ Based on references at Annex 5.

⁴ ISO, 1994, Quality Management and Quality Assurance: Vocabulary, International Standard ISO 8402, International Organization for Standardization: Geneva, p.2.

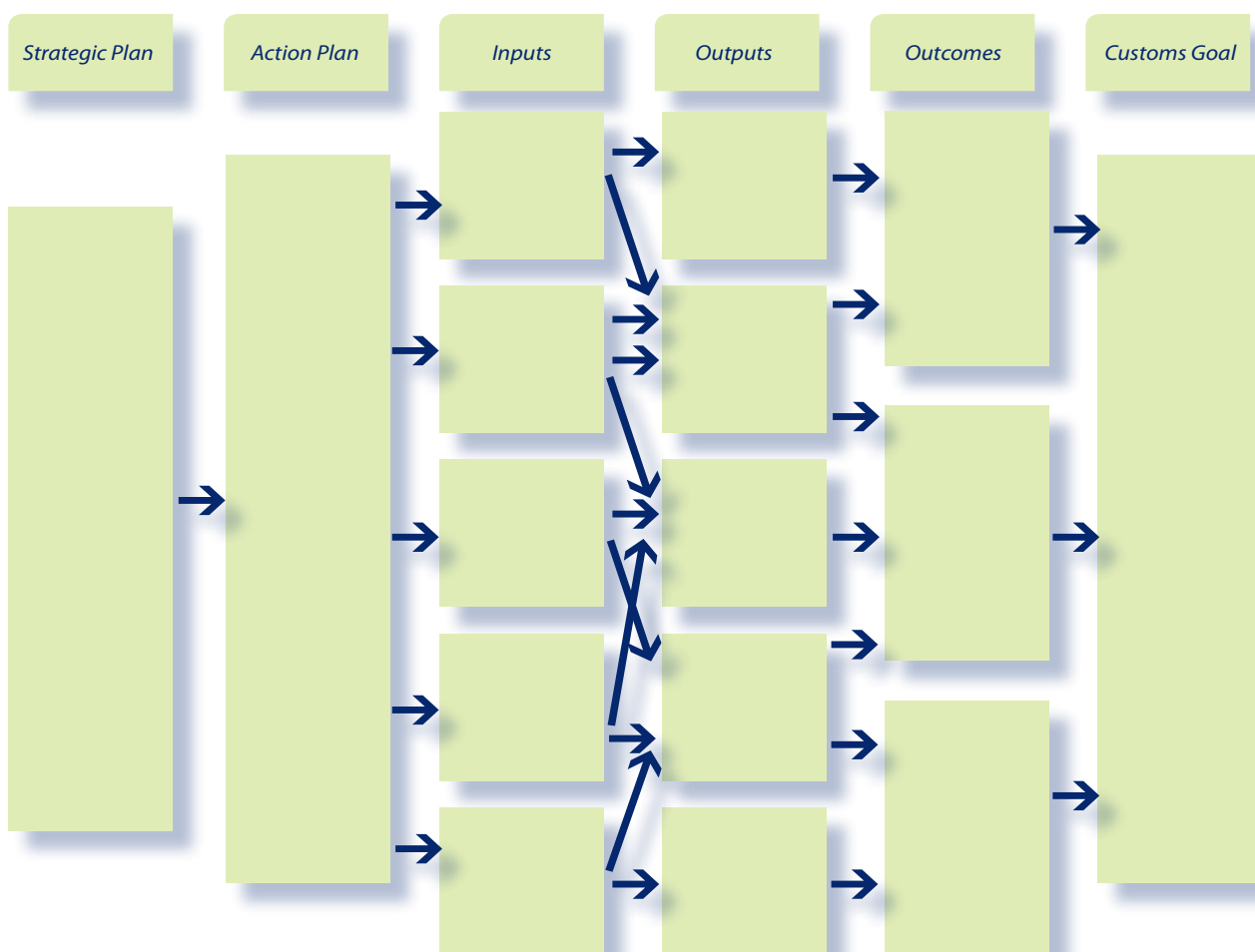


Diagram 1: Outcomes-based Performance Measurement model

Baseline Data and Benchmarking

When developing a performance measurement management system (design, policy, procedures and technology support), it is important to capture baseline information from the outset. Baseline information or baseline data is the initial collection of data, which is then used to compare the same data collected/reported in future years.

The baseline performance measure data provides the basis for assessing improvements (or change) over time. Without baseline data to establish the pre-reform and modernization situation, it is difficult to demonstrate to government, stakeholders or donors whether or not progress at the “outcome” level can be shown to have taken place.

Over time, the baseline data will evolve into simply being a component of the historical performance data that accumulates. The performance reports are used weekly, monthly and annually for decision-making and may ultimately evolve for use as a benchmark. Benchmarking can improve Customs performance by identifying best practices of other administrations that perform similar activities, such as Customs release times or effective risk management techniques, for example. Benchmarking can also be used internally, for example, to compare when there are two or more port operations in a country that are similar in size and perform similar activities. The objective of benchmarking is to find examples of superior performance and to understand the processes and practices driving that performance. Companies then improve their performance by tailoring and incorporating these best practices into their own operations. Chapter 6 of this Compendium looks at the benchmarking process in more detail.

Most Customs organizations measure performance in terms of *effectiveness* and *efficiency*.

Effectiveness refers to the extent to which the organization is achieving the outcome. **Efficiency** refers to the ratio of relevant outputs to relevant inputs and can include costs, steps in a process or time, for example.

There are numerous methods to measure organizational performance. Table 1 below lists approaches favoured by a number of WCO Members. Common to these models are that they premised on the existence of organizational goals and regularly monitoring of progress towards those goals. The intention for each is that the process of collection and reporting becomes integrated into the overall management system of the organization.

All of the models listed can improve organizational performance provided that they are implemented comprehensively and remain focused on organizational results. The list below is not exhaustive. Many of the administrations from which examples of performance measurement have been gathered, have customized their approach.

Table 1: Organizational Performance Measurement Methods⁵

Balanced Scorecard	Focuses on four perspectives, including <i>customer perspective, internal-business processes, learning and growth and financials</i> , to monitor progress towards the organization's strategic goals
Benchmarking	Uses standard measurements in a service or industry for comparison with other organizations in order to gain perspective on organizational performance. In and of itself, this is not an overall comprehensive process assured to improve performance, rather, the results from benchmark comparisons can be used in more overall processes. Benchmarking is often perceived as a quality initiative
Business Process Reengineering	Aims to increase performance by radically redesigning the organization's structures and processes, including by starting over from the ground up
ISO9000	Is an internationally recognized standard of quality, and includes guidelines to accomplish the ISO9000 standard. Organizations can be optionally audited to earn ISO9000 certification
Knowledge Management	Focuses on collection and management of critical knowledge in an organization to increase its capacity for achieving results. Knowledge management often includes extensive use of computer technology. In and of itself, this is not an overall comprehensive process assured to improve performance. Its effectiveness towards reaching overall results for the organization depends on how well the enhanced, critical knowledge is applied in the organization.
Management by Objectives	Aims to align goals and subordinate objectives throughout the organization. Ideally, employees get strong input to identifying their objectives, time lines for completion, etc. Includes ongoing tracking and feedback in process to reach objectives. MBO is often perceived as a form of planning.
Total Quality Management	Set of management practices imposed throughout the organization to ensure that it consistently meets or exceeds customer requirements. Strong focus on process measurement and controls as a means of achieving continuous improvement.

⁵ UK Audit Commission, 2000, *Aiming to improve the principles of performance measurement*, ISBN 1 86240 227 2

Programme Evaluation

Two terms that sometimes cause organizational performance measurement to be confused with the measurement of other, more specific management interests are “project or programme measurement” and “performance management”. A simple distinction is that *performance measurement* concerns ongoing monitoring and reporting of the whole organization, while *programme evaluation* concerns individual systematic studies conducted periodically (or on an ad hoc basis) to identify gaps in original plans and assess how well a project or programme is working. Additionally, the term “performance management” is more commonly associated with human resource management.

Programme Evaluations can be categorized into four types:

1. Implementation Evaluation

Assesses the extent to which a programme is operating as it was intended, it typically assesses programme conform to statutory and regulatory requirements, standards, programme design or stakeholder expectations.

2. Outcome Evaluation

Assesses the extent to which a programme achieves its outcome-oriented objectives, focusing on outputs and outcomes to critique the effectiveness of systems and programmes, but may also assess programme process/workflow in order to understand how outcomes are produced and identify gaps.

3. Impact Evaluation

Assesses the net effect of a programme by comparing programme outcomes with an estimate of what would have happened in the absence of the programme, used when external factors are known to influence the programme’s outcomes in order to isolate the programme’s contribution to the achievement of its objectives.

4. Cost-Benefit Evaluation

Compares a programme’s outputs or outcomes with the cost of producing them, cost-effectiveness analysis assesses the cost of achieving a single goal or objective and can be used to identify the most cost-effective alternative to meet that goal, usually expressed in monetary terms.

Performance Indicators

An observation that can be made based on many annual reports published by a number of Customs administrations is that performance indicators are mainly quantitative reports of inputs and outputs. A more accurate and comprehensive definition is that “a performance indicator should define the relevant measure of a critical component about the performance of a Customs core function, expressed as a percentage, index, rate, or other tangible or evidence-based comparison, which is monitored at regular intervals”.

The information collected and provided concerning Customs performance indicators is premised around:

- The Customs in the 21st Century blueprint;
- Aligning the metrics to each of the roles identified to the WCO Diagnostic Framework; and
- The inclusion of organizational level indicators and some work flow indicators.

The roles identified in the Customs in the 21st Century strategy are:

- a) Promoting socio-economic development;
- b) Creating the conditions for economic growth;
- c) Controlling borders;
- d) Providing security; and
- e) Protecting citizens.

The WCO Diagnostic Framework consists of the following sections:

1. Strategic Management
2. Resources
3. Customs Systems and Procedures
4. Legal Framework
5. Information and Communication Technology
6. External Cooperation, Communication and Partnership
7. Governance

Using the above structure, examples of indicators that illustrate various types of metrics that can be applied for Customs programmes are listed in Annex 1. Annex 1 summarizes key and common indicators used by many WCO Members in each of the six WCO regions. The collation is a list of examples of performance indicators submitted or identified during a research period from June to December 2011. The annex is not an exhaustive list of indicators used by Customs administrations around the world, although it is quite comprehensive.

Annex 1 should be regarded as a “living document”. The WCO Secretariat will continue to collect information from Members on their inputs, outputs, possible target methodologies and possible sources, for example, with the matrix being reviewed and improved regularly.

Many examples of Customs quantitative indicators are available in the more established “service delivery” roles, such as the time release study, selection and examination, document lodgement, etc. However, in other “softer” intervention areas, such as good governance, policy reform or institutional capacity-building, the nature of progress leads managers towards more qualitative indicators⁶. Table 2 below lists six principles to consider when designing or choosing performance indicators.

The appropriateness of quantitative as opposed to qualitative indicators depends upon the type of performance issue. For example, quantitative indicators lend themselves to measuring efficiency, whereas something like new legislation passing through the government, for example, or a customer satisfaction survey, implies using a qualitative approach.

For the qualitative approach, ideally the indicator and/or standard would be designed in consultation with a representative of the population who will be the subject of the questionnaire or survey. This would include the desired level of performance. The results of the questionnaire/survey (conducted yearly or perhaps every two years) should be augmented with data held within Customs information technology systems.

The results of analysis or any score derived from responses would illustrate areas where policies, systems and processes are working well, together with areas for improvement. Note that the indicators can also be weighted to further identify and prioritize the areas for improvement. Weighting is a method of assigning a relative importance of a particular indicator to an output. This can be useful when dealing with multi-role functional organizations such as Customs (e.g. revenue, security, trade facilitation, community protection from prohibited substances, etc.).

⁶ UNDP, *Selecting Key Results Indicators*, May 1999.

Table 2: Principles for Identifying Performance Indicators ⁷

Clarity of purpose	It is important to understand who will use the information, and how and why it will be used. Managers need indicators which help them make better decisions or answer their questions.
Focus	Performance information should be focused in the first instance on the priorities of the organization – its core objectives and service areas in need of improvement. This should be complemented by information on day-to-day operations. Organizations should learn how indicators affect behaviour, and build this knowledge into the choice and development of their performance indicators.
Alignment	The performance measurement system should be aligned with the objective-setting and performance review processes of the organization. There should be links between the performance indicators used by managers for operational purposes and the indicators used to monitor corporate performance. Managers and staff should understand and accept the validity of corporate or national targets.
Balance	The overall set of indicators should give a balanced picture of the organization's performance, reflecting the main aspects including outcomes and the users' perspective. The set should also reflect a balance between the cost of collecting the indicator and the value of the information provided.
Regular refinement	The performance indicators should be kept up-to-date to meet changing circumstances. A balance should be struck between having consistent information to monitor changes in performance over time, taking advantage of new or improved data, and reflecting current priorities.
Robust	The indicators used should be sufficiently robust and intelligible for their intended use. Independent scrutiny, whether internal or external, helps to ensure that the systems for producing the information are sound. Careful, detailed definition is essential; where possible, the data required should be quickly and electronically available.

An important message which emerges from the information in the above table is that designing Customs performance indicators should not be guided by what inputs or outputs are easy to measure, neither should indicators be used simply because they have been used previously. Performance indicators and performance measurement is about collecting meaningful information on outcomes related to organizational objectives so that managers can make better decisions. A number of other examples of principles to follow when developing performance indicators are at Annex 3.

⁷ UK Audit Commission, 2000, *Aiming to improve the principles of performance measurement*, ISBN 1 86240 227 2

Scrutiny of current Customs indicators shows that there are many types of indicators. For example, there are “leading and lagging” types of indicators. There are also financial/non-financial, internal/external, short/long-term, etc. Leading indicators provide information about the results of performance at a later date. Leading indicators focus on the future and are meant to be “performance drivers” that create conditions for future success. Examples of leading indicators, as found in the Dutch Customs’ Balanced Scorecard, include :

- activities dealing with AEOs, concerning the AEO status for companies;
- activities dealing with the support of new businesses/companies (as this will help to show them the right way to deal with Customs and hopefully make them act in a compliant way);
- prevention and reduction of IT-system failures;
- amount of time (or money) spent on educating and training of staff.

Lagging indicators show what has happened after an event. These are the most common indicators recorded and reported by WCO Member administrations. They typically include the amount of revenue collected, the number of seizures, etc. When designing performance indicators, it is important to have a good mixture of different types of indicators.

Performance indicators should be developed in perspective. A useful mantra is that “indicators only indicate”. Performance indicators will only be as good as the Customs performance management methodology in which they are embedded. Investing time and resources in developing indicators, but then being unable to collect data against them will not assist in making better, more informed decisions or demonstrating Customs’ contribution to border management.

An emphasis on what outcomes are being achieved is important. However, to actually improve performance many other things besides performance indicators are needed. Performance indicators contribute to improving service delivery, but Customs also needs to continue developing institutional arrangements to actually provide quality services. This includes harnessing political will and support, as well as creating opportunities for future leaders and managers to question and improve systems and processes. It also includes creating an environment where staff are willing and encouraged to ask questions about what they do and why they do it. Other relevant institutional arrangements are maintaining organizational support services, for example, training, equipment and administrative support systems, and building strong partnerships with other agencies and the private sector.

Coordinated Border Management Performance Measurement

Border management authorities around the world all face the same predicament, which is how to deal with increasing volumes of people, conveyances and goods, rarely with any corresponding increase in resources. The mission commonly identified with Customs is to develop and implement an integrated set of policies and procedures that ensure increased safety and security, as well as effective trade facilitation and revenue collection. For WCO Members, the question of whether or not priority is given to security, trade facilitation or revenue collection will vary as they are derived from the mandate that Customs receives from its government.

Customs often takes the lead role in balancing trade facilitation, on the one hand, with trade security on the other—allowing legitimate goods and travellers to pass through borders unimpeded while protecting the international trade supply chain from threats posed by organized crime and criminals, smugglers and commercial fraudsters, terrorists and associated goods that can cause harm. This is achieved through efficient and effective use of tools and information in dealing with the international movement of goods, conveyances and people connected with the goods.

Coordinated Border Management (CBM) is now recognized by the Customs community as a potential solution for the challenges that the 21st Century presents, especially with respect to border control and administration. A coordinated approach by border management agencies lies at the heart of the CBM concept. The term gives prominence to the general principle of coordination of policies, programmes and delivery among cross-border regulatory agencies, rather than favouring any single solution.

There are numerous examples of WCO Members acting on behalf of other government agencies. For those who do not exercise ex-officio authority, for example, it is still not uncommon for them to detain prohibited goods (e.g., narcotics, agricultural goods, firearms) and hand them over to other law enforcement bodies or responsible agency. One liability of this situation is that while Customs is the lead agency, it cannot always control the actions and requirements of other border management agencies, which often results in Customs bearing the blame for clearance delays. This situation also impacts on both undertaking and reporting on this aspect of organizational performance.

To date, there are very few examples of “three-dimensional” performance indicators, i.e., Customs-Other Government Agencies (OGA)-Private Sector⁸. It is a worthwhile goal to capture all stakeholder inputs and outputs in order to analyse border management and identify where efficiency and effectiveness initiatives can be introduced. The most familiar supply chain performance model to Customs is the WCO Time Release Study (TRS). There are a number of other models that provide some measurement of border management processes. Some of these approaches include the World Bank’s “Doing Business” surveys and “Logistics Performance Index”. So while there are existing comprehensive models, there is no single set of performance measures for use by Customs, OGA’s and the private sector in combination.

The key to integrating border management performance measures is to develop high-level outcomes that are relevant to government and private sector objectives⁹. The design of indicators will need to take into account what other border control agencies are doing and the information they are already collecting and reporting on. The ultimate goal would be to develop a “set” of border control and administration indicators that reflect the whole-of-government approach and policies for border management. Undertaking this challenge in itself will require creative coordinated border management negotiations, as well as the previously identified institutional framework such as high-level political support, appropriate resourcing and private sector involvement.

Service Charters

Changes to government services are influenced by market forces, new government policies, programmes that compare or partner with the private sector, and liberalization (of traded goods and movement across borders, for example). Customs administrations are not exempt from these changes in policies and practices of public administration. In the past, many government organizations have been criticized for lack of delivery service quality¹⁰. This changed with the movement termed *new public management* (NPM), which occurred in most developed nations around 1990¹¹.

NPM has been called many things and there is no single agreement on a definition, however, in the context of this Compendium it is regarded as a term to describe a spectrum of administrative changes and reform programmes.

Service Charters are an NPM strategy intended to change the culture of public service delivery. Service Charters can be used to link Customs reforms and governance initiatives with improving private sector (and traveller) confidence in Customs service delivery. The objectives often include specific standards for service delivery. The Canadian Border Services Agency describes Service Charters standards as “*Public commitments of standards of service that a client, customer or stakeholder can normally expect, including such elements as descriptions of the service to be provided, service pledges or principles, delivery targets and complaint and redress mechanisms.*”¹²

In the same way that there is no definitive description of NPM, there is no model example that governments and Customs administrations can follow to develop and promote Service Charters. Table 3 below lists some examples of Members that have Service Charters. A selection of more detailed examples, drawn from the list below, can be found at Annex 4.

8 Holloway, S. 2010, ‘Measuring the Effectiveness of Border Management: designing KPIs for outcomes’, World Customs Journal, Volume 4, Number 2, September 2010; ISSN 1834-6707

9 Ibid.

10 Hughes, O., 2003, Public Management and Administration: An Introduction, 3rd ed., Basingstoke: Palgrave

11 Ibid.

12 <http://cbsa-asfc.gc.ca/>

Table 3: Examples of Service Charters ¹³

Angola	Service Standards	www.alfandegas.gv.ao/servicos.aspx
Australia	Client Service Charter & Standards and Practice Statements	www.customs.gov.au/webdata/resources/files/ClientService-CharterDL-WEB.pdf
Belgium	At Your Service	http://fiscus.fgov.be/interfdanl/downloads/at_your_service.pdf
Canada	CBSA Service Standards	www.cbsa-asfc.gc.ca/services/serving-servir/standards-normes-eng.html
Cyprus	Citizen Charter	http://www.moi.gov.cy/moi/citizenscharter/citizenscharter.nsf/dmlindex_en/dmlindex_en
France	You May be Controlled By Customs	http://www.douane.gouv.fr/page.asp?id=111
India	Citizens Charter	www.cbec.gov.in/whoweare/citzn-chtr-e.pdf
Ireland	Customer Service Charter	http://www.revenue.ie/en/about/custservice/customer-charter.html
Italy	Electronic Helpdesk	Answer to Customs query provided in 8 days for simple questions, 15 days for complex ones. http://www.agenziadogane.it/wps/wcm/connect/Internet/ed/Servizi/URP+telematico/URPEn
Kenya	Taxpayers Charter	https://docs.google.com/viewer?a=v&q=cache:roQeArAgFVwJ
Korea	Customs Service Charter	http://english.customs.go.kr/kcsweb/user.tdf?a=common.HtmlApp&c=1501&page=/english/html/kor/about/about_06_01.html&mc=ENGLISH_ABOUT_CUSTOMS_010
New Zealand	Statement of Intent	www.customs.govt.nz/library/Accountability+documents/default.htm
Singapore	Customs Service Charter	www.customs.gov.sg/NR/rdonlyres/0107DA14-34A8-4629-AE6A-9D7F745C1AB8/0/ServiceCharter_Feb2011_.pdf
United Kingdom	Your Charter	http://www.hmrc.gov.uk/charter/

Improving the delivery of border management services in the context of the trade supply chain and international traveller routing is a familiar goal of many Customs administrations. A key strategic outcome is establishing confidence in Customs and an aid to building confidence is the statement of clear service standards in the form of Service Charters.

Many Customs Service Charters have aspirational as well as quantitative targets. Whether or not as part of legal obligations or best practice governance, transparency and accountability, most Members publish their results against the service targets in annual reports. A number of Members also publish specific performance indicators and/or standards monthly or quarterly.

The combination of well-designed performance indicators and achievable service targets will produce valuable management information. This information assists the Customs administration to make better decisions, deliver services more efficiently, deploy resources more effectively and consolidate its position as the lead border management agency within government.

Conclusion

Measuring the performance of Customs is an important part of improving organizational development and border management. The performance measurement of border control and administration functions against targets, indicators and standards has been widely adopted. Members and the WCO Secretariat, in cooperation with academic partners, have worked to gather and consolidate the latest knowledge on performance measurement into this chapter.

¹³ Annex 3 contains some examples of the different approaches to designing a Service Charter.

Many examples of performance measurement and performance indicators in use by WCO Members and international institutions are included in Annex 1. It is recognized that it may be difficult for some Members to move from measuring inputs and outputs to measuring outcomes, as well as with moving to measuring performance where multiple border control agencies and the private sector operate.

It is not possible to provide a single example of best or better practices of performance measurement, because Members' Mission Statements and priorities vary based on their environment. It is also not possible to provide an exhaustive list of all possible Customs performance indicators. Annex 1 attempts to provide a comprehensive list that will assist Members to develop performance indicators appropriate to their environment, however, continuing contributions to the WCO to augment the Annex will result in an even more robust reference.

Performance measurement should include both quantitative and qualitative information on performance. The performance measurement results, and the evaluation of those results, will guide Customs strategic decision-making. When published weekly, monthly, quarterly or annually, the reporting of performance against agency outcomes is a transparent communication tool that garners confidence from the government and the public. An important part of performance measurement is to include a review component of the indicators to ensure that they remain valid in terms of agency priorities.

The benefits of an adaptable, strategically focused Customs administration are immense. The use of performance measurement as part of its institutional arrangements can provide benefits such as reduced compliance costs for legitimate traders, more effective and efficient targeting of high-risk movements, and greater confidence and mutual recognition among Customs administrations of each other's programmes and controls.

Further, countries which need to source assistance in the form of expertise or financing of reform and modernization programmes can more clearly demonstrate progress where there are relevant and accurate performance indicators to report. Designing relevant performance indicators, such as the examples in Annex 1, are useful for illustrating reform and modernization efforts and improvements when preparing and discussing capacity building business cases with donors, for example. Performance measurement reporting is also useful for evaluating reform and modernization progress under Phase 3 of the WCO Columbus Programme.

ANNEX 1 Examples of Customs Performance Indicators following the WCO Diagnostic Framework Format

The WCO Diagnostic Framework consists of the following sections:

1. Strategic Management
2. Resources
3. Customs Systems and Procedures
4. Legal Framework
5. Information and Communication Technology
6. External Cooperation, Communication and Partnership
7. Governance

For the purpose of these examples, the organizational mission is:

“The Customs Administration is to be the lead border agency that protects the safety, security and international commercial trade interests of the country”

Strategic Management				
Outcome – E.G. The Government shows confidence in the agency through its support of legislation, staffing, funding and inclusion in key safety, security and international commercial trade policy forums				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Cost of collecting duty, taxes and excise	Cost to collect revenue by Customs post/port Average cost for collecting (an amount) of taxes and duties Cost of trade facilitation resources Ratio cost to collect revenue Completing assessment of provisional taxable values of imported vehicles within 5 working days upon receipt of applications	E.G. Efficient and effective Customs revenue collection and border management	Minimal disruption to the companies' logistics Set a target of average cost to lodge/process each declaration	Survey/questionnaire Import declaration IT system programme
Overall workload and continuity of Customs services	Number of vessels arrived Average time in port Number of aircraft arrived Average time at airport Number of vehicles arrived Average time at border crossing Number of passenger and crew arrivals Average time spent by travellers in Customs controlled area Number and type of advance rulings issued % of advanced rulings replied to within a specific period Average time for goods to go through Customs Average time to issue licences Average time to issue import/export licences or permits Average time to complete registration of importers/distributors of motor vehicles Average time to conduct registration and re-registration inspections Providing Customs attendance in respect of excise operations within X working days Number of Customs licensed premises (warehouses, storage and examination facilities, etc.) Value of warehoused goods (import and export and free zones) Days or hours of external disruption (e.g. unscheduled IT outage, strike, natural disaster, etc.)	E.G. Facilitation Services	Target time to deliver particular service (e.g. minutes, hours, days)	Customs IT systems Time Release Study
External Scrutiny	Perception of taxpayers regarding: <ul style="list-style-type: none"> - Risk of detection of non-compliance and severity of consequences. - Quality of assistance provided to enable importers/exporters to comply with their legal obligations. - Effectiveness of resolving importer/exporter problems Public perception regarding the degree of corruption	E.G. Professional and consistent Customs service	View of stakeholders believing decision-making is reliable and consistent Target to increase compliments (number or percentage) Target to reduce complaints (number or percentage)	Complaints & Compliments system Survey/questionnaire Ministerial/ Government feedback Press Monitoring

Strategic Management				
Outcome – E.G. The Government shows confidence in the agency through its support of legislation, staffing, funding and inclusion in key safety, security and international commercial trade policy forums				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Declaration & Clearance	Number of declarations lodged Number of import permissions/approvals % declarations requiring other agency certificate Number of declarations lodged for each Customs post/port % declarations lodged in advance electronically % declarations lodged maritime/aviation/land/mail Average time to release goods on arrival Average time to release warehoused goods	E.G. Importation management	Time required to release goods from Customs control (e.g. minutes, hours, days)	Customs IT system Time Release Study
Trade Data	Total value of importations % change in value of importations Value by commodity Value by importer Value by country of export Value for each Customs post/port Number of general rates of duty Number of temporary rates of duty Number of World Trade Organization bound rates of duty			
Export Statistics	Number of export permissions Total value of exportations % change in value of exportations Value by commodity Value by exporter Value for each Customs post/port	E.G. Exportation management		

Customs Systems and Procedures				
Outcome – E.G. The border is managed efficiently and proactively and high-risk travellers, conveyances and consignments are identified				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Compliance and Enforcement	Number of HS lines imported Index of pre-declaration screening for sea cargo Index of inspection by large scale x-ray inspection system % import consignments inspected % export consignments inspected % transit and transshipment consignments inspected % travellers (passengers and crew) inspected Number of post clearance audits Number of risk-based post clearance audits Number of depot, warehouse, freight terminal, etc. compliance checks undertaken Number of vessels boarded Number of vessels searched Number of vessels seized Number of aircraft boarded Number of aircraft searched Number of aircraft seized Number of vehicles stopped by type Number of vehicles searched Number of vehicles seized	E.G. Intelligence-driven, multi-layered border management that encourages compliant traveller and trader behaviour		Inspection and seizure databases Customs IT system
Surveillance	Planned surveillance vs. Surveillance completed Days land patrols Days maritime patrols Days aerial surveillance Coverage satellite surveillance Days satellite surveillance Coverage satellite surveillance Number of reported sightings from land/maritime/aerial/satellite surveillance # CCTV days			
Prohibited Goods	Number of unlawful detections Number and type of detentions and seizures: (drugs, laundering, IPR, firearms, revenue etc.) Number of significant infringements per 1000 Customs declarations Ratio for weight of illicit drugs seizures per total weight of seizures (past 5 years)	E.G. Protect the community from high-risk travellers and consignments	Target amount of intelligence-led selections that result in undeclared interdiction (number, or percentage, or percentage change from previous years, quantity, weight, value)	Seizure/Detention Notices and/or IT system

Customs Systems and Procedures				
Outcome – E.G. The border is managed efficiently and proactively and high-risk travellers, conveyances and consignments are identified				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Revenue Collection	Forecast revenue vs. actual collected amount % revenue split by import duty, tax and excise % revenue collected for each: red, amber, green imports % revenue collected exports % revenue collected post-clearance audit and excise audit % revenue collected import processing charges % revenue collected passenger movement charge % revenue collected levies (marine, navigation, pollution, etc.) % revenue collected on behalf of other agencies (transport, quarantine, etc.)			Customs Import/Export Management System Trade Statistics
	Excise Value and volume : beer, wine, spirits Value and volume : oils, petrol, etc. Number of fuel and oil samples tested Value and amount : tobacco Number of licensed premises audited Number of detections (laundering, mixing, illicit bio, etc.)		Cigarettes : maintain "tax gap" downward trend	Manufacturers' illicit product report
	% revenue collected resulting from Court action Value of additional duty, tax or excise collected due to PCA Value of auctioned goods (seized, forfeited, abandoned) Value of anti-dumping safeguard action Total revenue forgone Value of tariff concessions issued Value of refunds Value of drawback Value of carnet goods duty, otherwise payable Value of bounties paid Value of deferred payments Number of anti-dumping/countervailing requests received Number of anti-dumping/countervailing requests investigated Number of anti-dumping/countervailing requests finalized Recognition rate on specific import/export procedures (Advance ruling system, etc.) Recognition rate on enforcement activities by questionnaire			

Resources				
Outcome – E.G. Foster a skilled, service-oriented workforce that is adequately equipped to undertake Customs role				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Human Resources	Number of staff Organizational demographic # Vacant positions Time taken to recruit % officers trained during reporting period Training hours per officer during reporting period Days taken for unscheduled absence per officer Attrition rate and reason Staff morale	E.G Appropriate human resource policies to deliver Customs goals and objectives Overall organizational structure Number of officers and Customs Houses at the regional and local levels	Create a minimum or average time taken to recruit Develop a minimum or average or maximum number of training hours/days per employee Develop a minimum or maximum or average amount of expenditure per employee to be spent on training and professional development	Human Resource Information Management System Scheduled staff surveys Performance feedback interviews Exit interview/survey Financial Management Information System
Financial Allocation	Budget allocation % budget on salary % budget on travel % budget on property % budget on technology & equipment % budget on IT	E.G Responsible use of public money	A target of managing budget within specified ratio (amount or percentage, by month, quarterly, six monthly or yearly)	Financial Management Information System Documented procurement, contract management, maintenance and disposal guidelines
Accounts Summary	Value of physical assets Technology & equipment value and maintenance costs Property running costs Operating costs Transport value and running costs (vehicles, mobile x-ray, vessels)	E.G. Responsible use and maintenance of public property		Documented procurement, contract management, maintenance and disposal procedures

Legal Framework				
Outcome – E.G. Contribute to operating in a fair, understandable and accessible compliance and enforcement environment				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Administrative Review	Number of internal formal rulings Average time of advance ruling decision Number of formal ruling decisions subject to review/appeal Average time of internal or administrative review of ruling decisions Number of analyses of significant regulatory proposals Impact on compliance costs have been assessed Number of consultation forums and meetings on significant regulatory issues A public regulatory plan to inform stakeholders about regulatory proposals is published each year	E.G. Apply and create relevant Customs laws predictably and consistently	Target to decrease requests for review of Customs decisions (number or percentage) Aim to increase proportion of Customs decisions upheld (number or percentage)	Internal database and register
Judicial Review	Number of cases commenced Number of cases completed (with and without prosecution) Type of prosecutions [section or article of law/code] % of successful prosecutions Average time of case investigation and prosecution Court decisions [punitive, incarceration, warning, etc.]	E.G. Detect deliberate non-compliance with Customs laws	Aim to increase successful prosecution of significant/major/commercial breaches, for example (number or percentage)	Internal database and/or register

Information and Communication Technology				
Outcome – E.G. Internal systems, as well as interaction with the public and other revenue and law enforcement agencies, are reliable and secure, leading to the capability to be globally networked				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Continuity of IT services	Days or hours scheduled outage Days or hours unscheduled outage Overall rate of computerization of Customs declarations and accompanying documents Number of systems, applications and databases managed by Customs Operating ratio of electronic Customs clearance system	E.G. Provide a robust electronic environment	Target to have a minimum downtime period of automated Customs systems Aim to have a period of 'Accessibility of the Customs administration website' (e.g. days, weeks, months over a calendar year)	System information Client survey/questionnaire
Corporate Knowledge Management	Number of archive reviews Cost of storage of documentation held Time taken to find information and provide documentation to internal requester Time taken to find information and provide documentation to external requester Time taken to respond to requests for statistics	E.G. Manage corporate knowledge effectively and efficiently	Target a minimal response time (e.g. hours, days) Target a minimal cost to create records and to retrieve records over a period (e.g. monthly, annual)	

External Cooperation, Communication and Partnership				
Outcome – E.G. There is a secure and efficient border due to effective coordinated border management (CBM)				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Other National Government Agency Liaison	Number of domestic coordinated border operations Other Customs and law enforcement administration's involved in (CBM) operations Key multi-departmental/ministerial forums MOUs and SOPs agreed Clear information-sharing protocols Ministerial support services	E.G. Cooperation with external stakeholders that achieves comprehensive border compliance and enforcement	Aim to conduct a specified number of meetings, forums or operations per year	Istanbul Convention
Industry Liaison	Key private sector consultation forums Methods of communication Issues discussed Stakeholder satisfaction		Aim to conduct a specified number of meetings or forums per year Set standards of interaction with Customs Establish stakeholder satisfaction (percentage)	Scheduled meetings Satisfaction survey
AEO Initiative	Number of new AEO applications Number of AEO importers Number of AEO exporters Number of AEO warehouse operators Number of AEO Customs brokers Number of AEO logistics operators		Aim to have an amount of declarations submitted by AEOs (number or percentage) Aim to have an amount of AEO declarations directed to Green channel (number or percentage)	Customs electronic clearance system Time Release Study
International Liaison	Number of international coordinated border operations Agencies involved in international border operations Registration/participation in international meetings Participation in international training, development, workshops, forums and seminars Instruments and standards adopted Number of Mutual Administrative Assistance agreements		Prioritize and target attending a specified number of meetings/forums Create a method for measuring the benefits of attending training, seminars, etc.	Internal database and register
Consultancies	Specific cooperation with experts, companies or universities			
Donor Liaison	Number and name of organizational projects underway Breakdown of donor funding for each project			Project Map Database

Good Governance				
Outcome – E.G. The government, public, business and global community consider that Customs undertakes its role in line with international standards and best practices				
Input / Activity / Indicator		Output	Possible Target / Target Methodology	Possible Sources
Access to Customs information	Service Charter is up-to-date Number of seminars held to inform stakeholders of new and current Customs procedures Publication of strategy and policies Number of visits to website Number of Customs website accesses with Customs' answer (FAQ) % of forms and regulations available on-line Days toll-free contact number active Number and type of enquiries Number of complaints and number of compliments	E.G. Transparent and professional information and services		Customs Information Management System
Integrity	Ethics Statement & Code of Conduct published Number and type of investigations % change in investigations	E.G. Community has confidence in Customs administration	Target to reduce the number of reports of officer misconduct Target to reduce the number of disciplinary actions/dismissals	Complaints and Compliments System Stakeholder interviews/questionnaires

ANNEXE 2

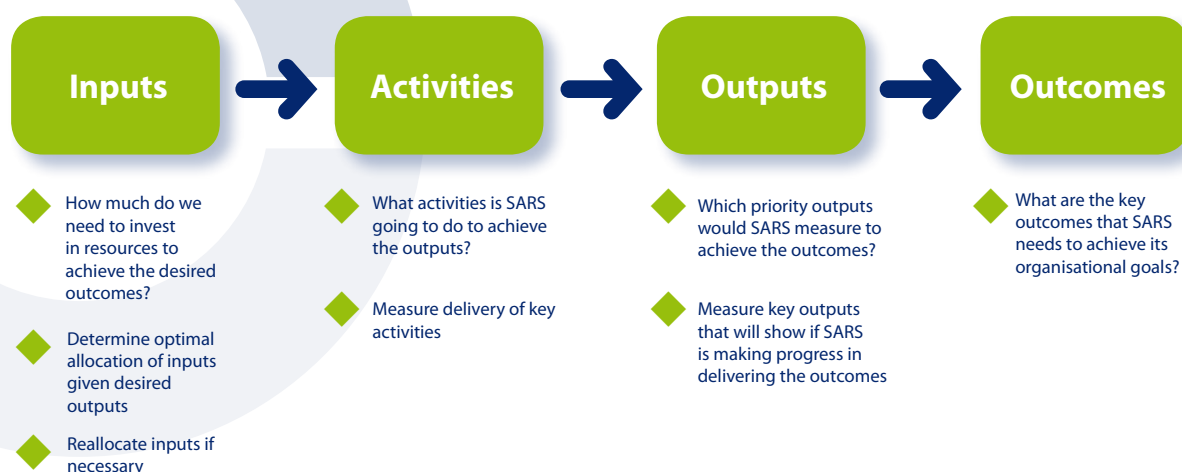
CASE STUDY

South African Revenue Service (SARS) Measurement Approach

SARS must align its performance management approach to its government's planning, performance monitoring and evaluation approach. This approach emphasises the need to set and achieve against clear outcomes measures. To align with the Government's planning and performance approach, and to bring itself in line with international best practice, SARS has developed three sets of measures. These are:

1. **Outcome measures:** At an overall level, SARS will develop outcome measures against each of its four core outcomes of increasing customs compliance, increasing tax compliance, increasing the ease and fairness of doing business with SARS and increasing cost-effectiveness and internal efficiency.
2. **Strategic priority measures:** A set of strategic priority measures will be developed and used to monitor SARS's delivery against its three-year strategic priorities. The strategic priorities are always in support of one or more of the core outcomes and the strategic priority measures will be used to track and evaluate key outputs that will indicate if SARS is making progress in delivering the outcomes.
3. **Divisional measures:** These input-, activity-, and output-based measures will be used to track progress against divisional objectives that are in support of SARS's strategic priorities and outcomes.

Measurement Approach



SARS researched the measurement and reporting approaches of global revenue administrations to develop their approach and subsequent outcome goals. Lessons from this research were used to inform the planning and performance management approach. Key lessons included:

- Historically, revenue administrations have tended to focus their reporting for accountability purposes on “outputs” (e.g. number of returns filed, audits completed, etc.) more so than “outcomes”
- Many revenue bodies have now taken steps to increase the focus of their planning and performance evaluation towards the “outcomes” to be achieved from their administration
- A number of revenue administrations derive a comprehensive performance management framework that includes the practice of setting “targets” that focus on the outcomes to be achieved and which are made public, against which progress is reported in annual performance reports
- Finding accurate measures of performance
- Establishing and maintaining systems of data collection
- Setting and using performance targets

ANNEX 3 Examples of principles for designing performance indicators

The “CREAM” of selecting good performance indicators is essentially a set of criteria to aid in developing indicators for a specific project, programme, or policy. Performance indicators should be clear, relevant, economic, adequate, and monitorable. CREAM amounts to an insurance policy, because the more precise and coherent the indicators, the better focused the measurement strategies will be.

- **C**lear = Precise and unambiguous
- **R**elevant = Appropriate to the subject at hand
- **E**conomic = Available at a reasonable cost
- **A**dequate = Provide a sufficient basis to assess performance
- **M**onitorable = Amenable to independent validation

World Bank

The World Bank suggests that indicators should be relevant, selective (not too many) and practical (for borrower ownership and data collection), and that intermediate and leading indicators for early warning should be included as well as both quantitative and qualitative measures.

Organization for Economic Cooperation and Development

In a review of performance measurement, the OECD concluded that indicators should:

- Be homogeneous.
- Not be influenced by factors other than the performance being evaluated.
- Be collectable at reasonable cost.
- In the case of multi-outputs, reflect as much of the activity as possible.
- Not have dysfunctional consequences if pursued by management.

Canadian International Development Agency

CIDA's checklist consists of six criteria (posed as questions to consider):

- Validity -- Does it measure the result?
- Reliability -- Is it a consistent measure over time?
- Sensitivity -- When the result changes will it be sensitive to those changes?
- Simplicity -- Will it be easy to collect and analyse the information?
- Utility -- Will the information be useful for decision-making and learning?
- Affordability -- Can the programme/project afford to collect the information?

United Nations Development Programme

The UNDP's checklist for selecting indicators is:

- Valid -- Does the indicator capture the essence of the desired result?
- Practical -- Are data actually available at reasonable cost and effort?
- Precise meaning -- Do stakeholders agree on exactly what to measure?
- Clear direction -- Are we sure whether an increase is good or bad?
- Owned -- Do stakeholders agree that this indicator makes sense to use?

United States Agency International Development

USAID's criteria for assessing performance indicators include:

- Direct (valid) -- closely represents the result it is intended to measure.
- Objective -- unambiguous about what is being measured; has a precise operational definition that ensures comparability over time.
- Practical -- data can be collected on a timely basis and at reasonable cost.
- Adequate -- only the minimum number of indicators necessary to ensure that key dimensions of a result are sufficiently captured.
- Reliable -- data are of sufficient quality for confident decision-making.
- Disaggregated where possible -- by characteristics such as sex, age, economic status and location, so that equitable distribution of results can be assessed.

Price Waterhouse

Price Waterhouse developed criteria for good performance measures for several United States government agencies as follows:

- Objective-linked – directly related to clearly stated objectives for the programme.
- Responsibility-linked – matched to specific organizational units that are responsible for, and capable of, taking action to improve performance.
- Organizationally acceptable – valued by all levels in the organization, used as a management tool, and viewed as being “owned” by those accountable for performance.
- Comprehensive – Inclusive of all aspects of programme performance; for example, measuring quantity but not quality provides incentives to produce quickly, but not well.
- Credible – Based on accurate and reliable data sources and methods not open to manipulation or distortion.
- Cost-effective – acceptable in terms of cost to collect and process.
- Compatible – integrated with existing information systems.
- Comparable with other data – useful in making comparisons; for example, performance can be compared from period to period, with peers, to targets, etc.
- Easy to interpret – presented graphically and accompanied by commentary.

Information Training and Agricultural Development (United Kingdom)

ITAD developed a popular code for remembering the characteristics of good indicators, namely SMART:

- **S** – Specific
- **M** – Measurable
- **A** – Attainable
- **R** – Relevant
- **T** – Trackable

Federal Customs Service of Russia

- 1) The real ability to perform the indicator.
- 2) The capability to measure the rate of delivery.
- 3) The values of indicators and rules for the calculation of them, must be clear to all subordinate Customs offices.
- 4) There must be uniform understanding of the rules of calculation and estimation in all subordinate Customs offices.
- 5) There must be objectivity supporting the estimations.

ANNEX 4 Service Charter Examples

Canadian Border Services Agency Service Standards¹⁴

The CBSA is committed to developing, monitoring and reporting on service standards. These standards will vary depending on the type of service being provided and the level of performance our clients expect under normal circumstances.

Service		Service Standard
Customs Bonded Warehouse Licence		Licence generally issued within two months from date of site visit by CBSA officer (depending on the complexity of each individual application).
Customs Sufferance Warehouse Licence		An application for a sufferance warehouse licence is processed within 60 business days from the date of receipt of a correctly completed application that meets all the requirements of the Regulations.
Brokers	A) Brokers Licence	Applications are processed within four months of exam
	B) Brokers Examination	Results received four weeks from date of exam
CANPASS Program		Applications processed in 4-6 weeks
NEXUS Program		Applications processed in 4-6 weeks
Free and Secure Trade Program (FAST)		Applications processed in 4-6 weeks
Commercial Driver Registration Program		Applications processed in 4-6 weeks
Commercial Release Program		<p>Process complete and accurate release requests that do not require examination of the goods or review of permits/approval by Other Government Departments:</p> <p>Release Minimum Documentation (RMD):</p> <p>A release decision will be provided within:</p> <ul style="list-style-type: none"> a) 45 minutes for Electronic Data Input (EDI) or b) 2 hours for paper <p>EDI machine release: 5 minutes</p> <p>Pre-Arrival Review System (PARS):</p> <p>A release recommendation will be ready when the goods arrive, if the PARS information is submitted at least:</p> <ul style="list-style-type: none"> a) 1 hour in advance for EDI; or b) 2 hours in advance for paper
Border Information Service		Interactive voice responses are available 24 hours a day, 7 days a week, 95% of the time.
Border Wait Times		<p>The estimated wait times for travellers reaching the primary inspection booth, the first point of contact with the CBSA when crossing the Canada/U.S. land border.</p> <p>10 minutes on weekdays (Monday to Thursday)</p> <p>20 minutes weekends and holidays (Friday, Saturday, Sunday and holidays)</p>
Marine Container Examination		The CBSA will strive to conduct a marine container examination within 24 hours. The 24-hour period excludes weekends and holidays, fumigant testing and ventilation, and the time required to reload a container.

¹⁴ <http://cbsa-asfc.gc.ca/services/serving-servir/standards-normes-eng.html>

Australian Customs and Border Protection Service Practice Statements¹⁵

Australian Customs has introduced a new framework to define its national policies. Practice Statements outline Customs' policy, while providing a greater opportunity for engagement with industry and the public. Their purpose is to ensure that Customs' operations are transparent and consistent.

There are seven categories of Practice Statements:

- Corporate
- Information
- Law administration
- Money, accounting and assets
- Operational procedures
- People
- Technology

Practice Statements should be read in conjunction with its "Client Service Charter and Standards"¹⁶. This brochure describes:

- Australian Customs & Border Protection service commitment;
- Australian Customs & Border Protection expectations of commercial operators and the public;
- Specific service standards for, inter alia, –
 - Contact with officials
 - Arriving and departing travellers
 - Compliance monitoring activity (Customs post clearance audit)
 - Responding to various commercial applications (e.g. tariff concessions, advance rulings, licenses)
 - Import and export processing standards;
- Availability of IT systems; and,
- Where more information can be found (including in several languages).

¹⁵ <http://customs.gov.au/site/page5820.asp>

¹⁶ <http://customs.gov.au/webdata/resources/files/ClientServiceCharter>

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14 ■ Further Support

14.1 Available standardized support

WCO Columbus Programme Action Planning Workshop

WCO specific seminars/workshops such as

- Integrity
- SAFE
- Strategic Management
- Diagnostic Workshop

Technical assistance provided by the WCO or other parties such as

- Risk Management
- IPR
- Time Release
- Management Development

WCO e-learning modules such as

- Integrity
- Customs valuation
- HS with the 2007 amendments
- Customs Controls
- Istanbul Convention
- IPR
- Cites

14.2 Tailor-made support

The compendium is laid out chronologically so that it can be used by Customs administrations to build their own modernization process towards the WCO Framework Of Standards. However, Customs administrations could also include an additional workshop as a useful next step in their organizational development process.

Equipped with the WCO diagnostic report on the current situation, the gap analysis and recommendations, and this Compendium, countries will have to make choices about their own organizational development action plans. They can consult change experts for guidance.

The aims of the workshop will be :

- To go into greater depth with particular topics from the Compendium;
- To reinterpret the content in terms of their own specific home-situation;
- To engage in capacity (skills & knowledge) building with the participants;
- To guide the country through various steps, resulting in the selection of action plans;
- To create ownership within the Customs administration for its own development process and to make a concerted effort to start this process.

To enhance the chances that the above-mentioned goals are met, the workshop should preferably be attended by (members of) the strategic management, but also by a variety of members of lower levels who carry out a diverse range of tasks. These other members should be selected with the criteria in mind that they have both the will and the competencies to play an active role in the imminent modernization process. Working with such a mixed group of participants provides the organization with a multi-disciplinary task-force for organizational development. After the workshop, this group of people can meet regularly to monitor progress and to plan new steps, according to the working method presented in the section on Organic Change Management. They will also be able to involve other employees within the organization if required.

Another possible further action is the use of a benchmark. As explained in the section on Benchmarking, this can be a very powerful method to spur the development process. Benchmarking may well be conducted after a workshop has taken place. Preparation of the benchmark would then become one of the goals of the workshop. Of course, benchmarks can be prepared and performed without a workshop.

Furthermore, it can be very useful for Customs administrations to be guided by a change consultant. This consultant can be someone from the same country, but also from another (donor) country. The most important factor is that consultants have the necessary skills and know-how, and that they 'click' with (have a good, professional mutual understanding) the top management of the Customs administration. Most of all, however, it is important that Customs administrations become and remain the owners of their own modernization process.

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