



**World Customs
Organization**

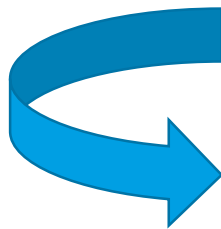
Organizational Performance Measurement

WCO Knowledge Academy for Customs and Trade

*28 June – 1 July, 2022
Online Forum*

*“However beautiful the strategy,
you should occasionally look at
the results.”*

Winston Churchill



**Performance Measurement for
Strategic Decision Making**

Agenda



- I. Performance
- II. Performance as production
- III. Performance information roles
- IV. Performance management as a strategic management tool
- V. KPIs and data management
- VI. WCO Performance Measurement Mechanism (PMM)
- VII. Progressing in performance measurement

Performance

Performance



Two leading perspectives

- **Performance as public value**

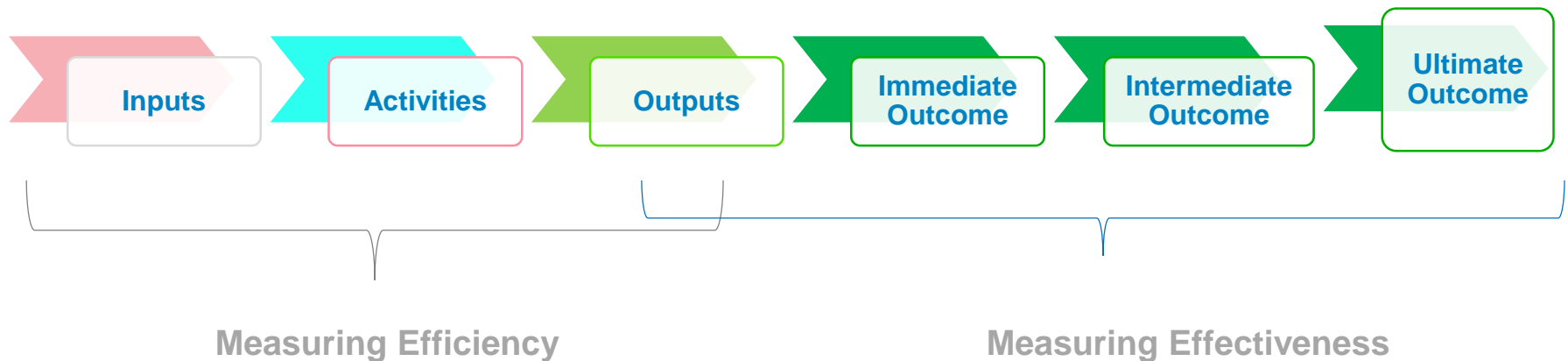
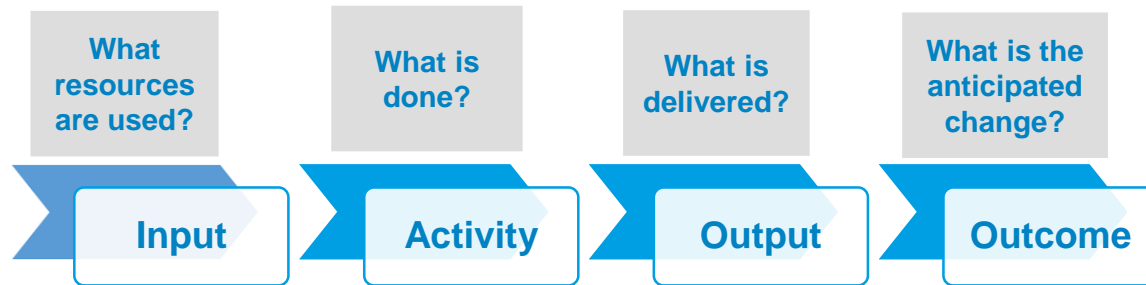
the capacity of the organization to address socioeconomic issues of the context and produce an impact on the socioeconomic environment

- **Performance as production**

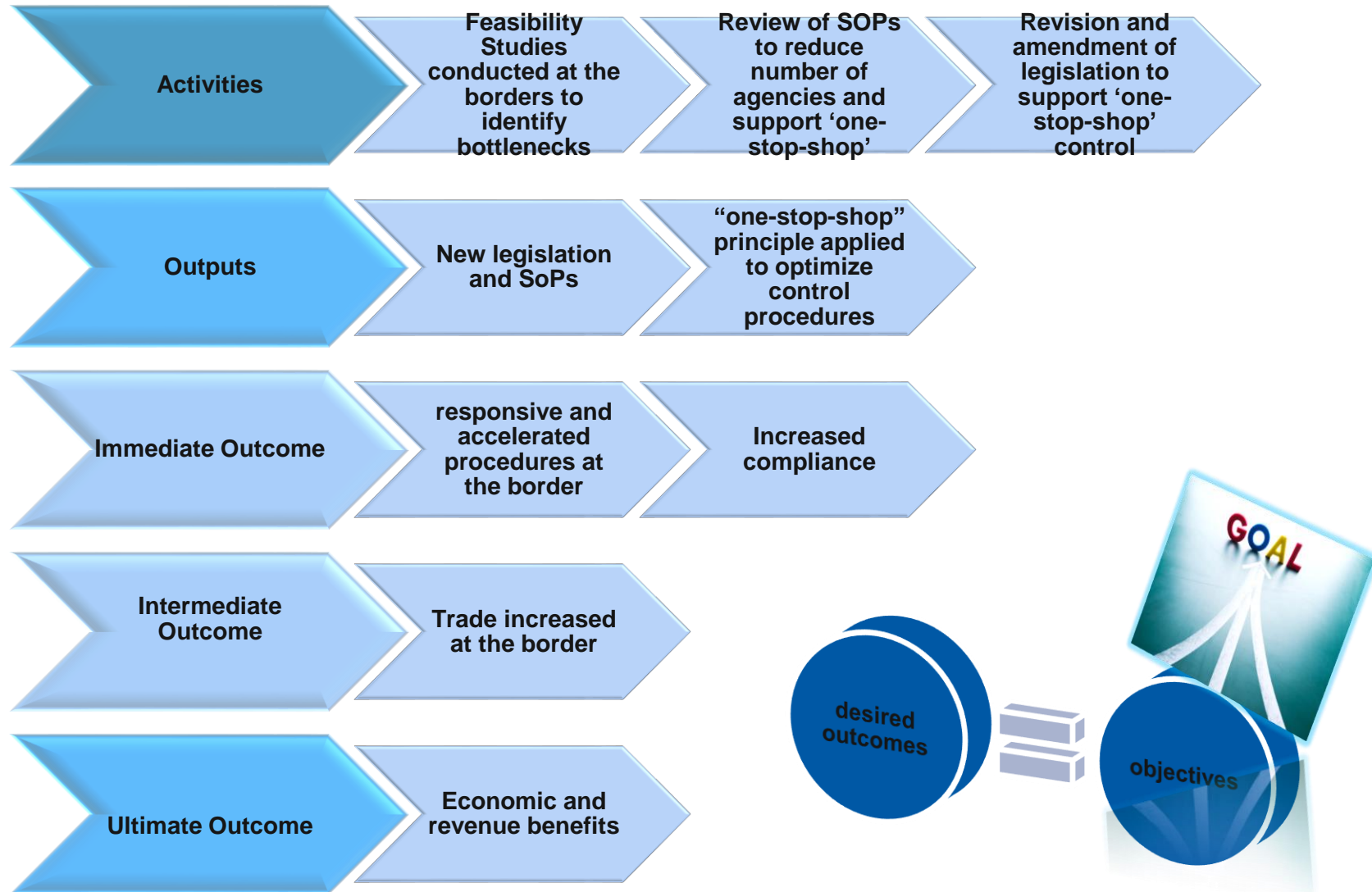
the ability of an organization to turn resources into outputs and outcomes

Performance as production

The performance value chain in the production logic



Elements of performance value chain – example



Performance information roles

Performance information roles



	GIVING ACCOUNT	STEERING & CONTROL	LEARNING
Rationale	Communicating, explaining & justifying performance	Influencing and shaping activities	Improving policy, capacities and/or actions
Focus	External	Internal	Internal
Orientation	Past	Present	Future
Examples of tools	Annual reports, citizens' charters, performance appraisals	Performance agreements, performance budgeting, performance-related pay	Benchmarking, knowledge management

Source: Van Dooren et al (2015)

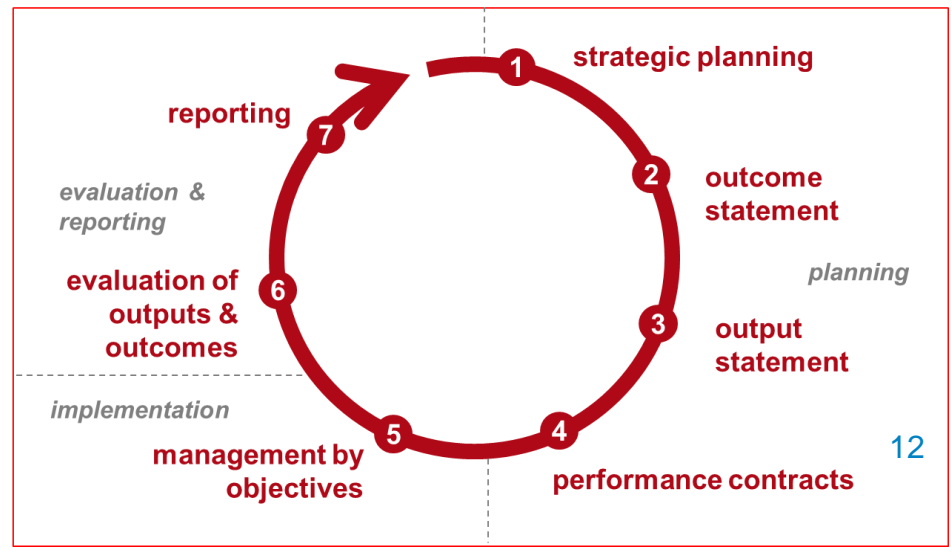


Performance management as a strategic management tool

Performance management as a strategic management tool



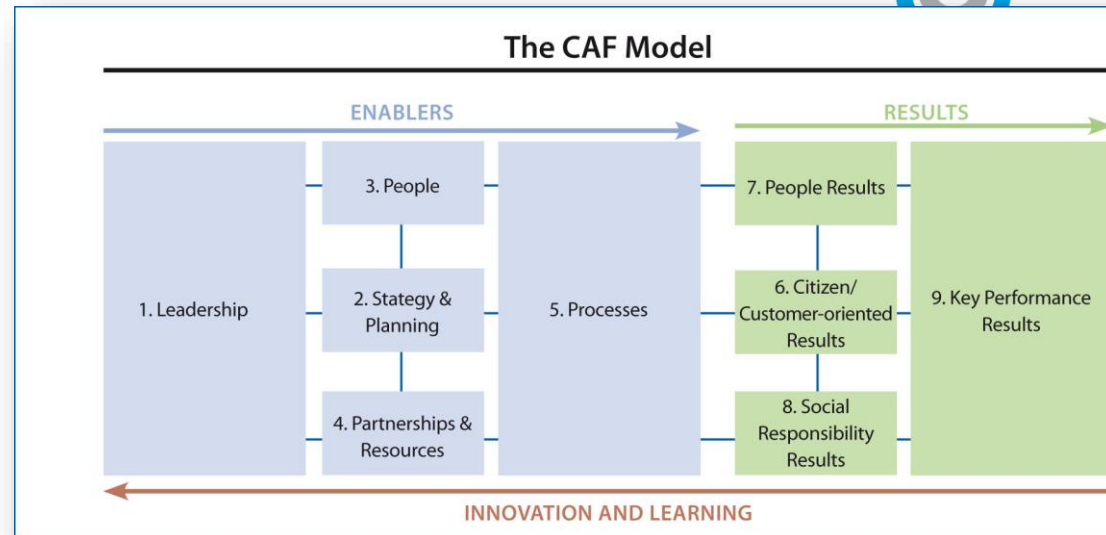
Performance management cycle



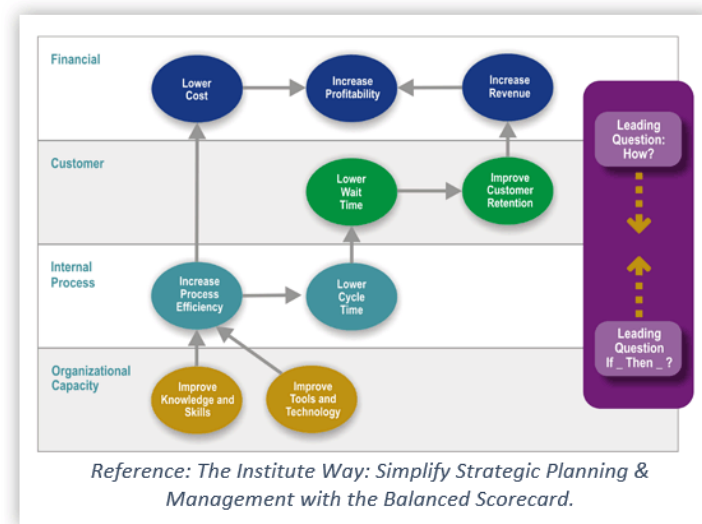
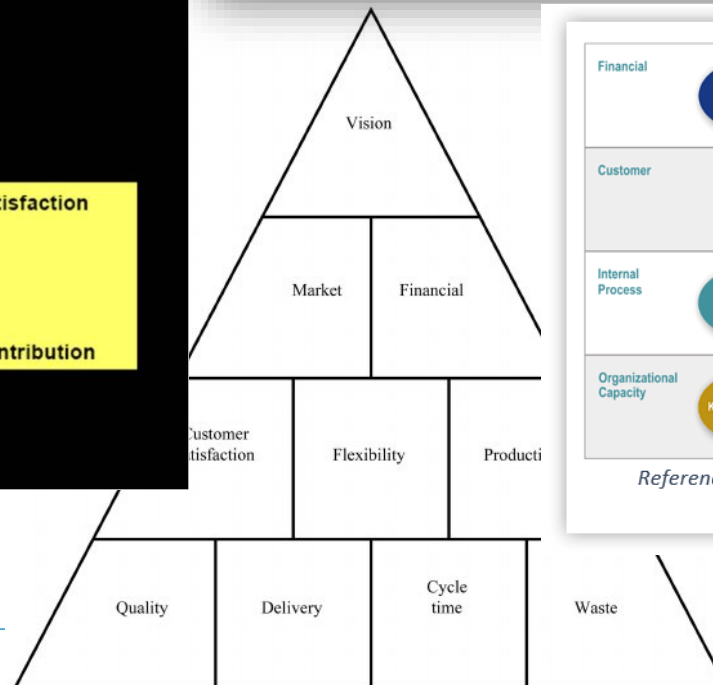
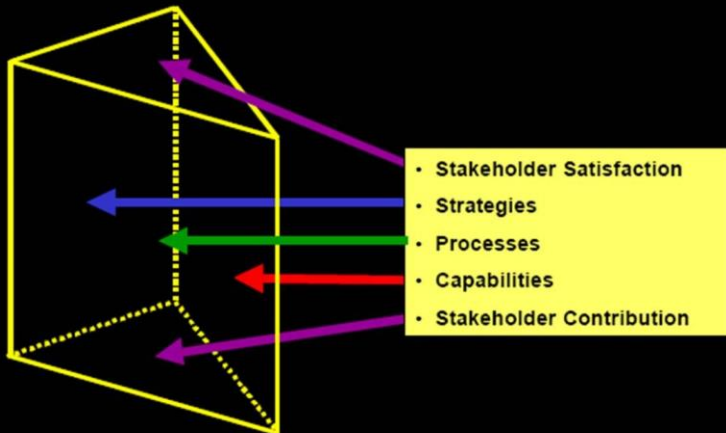
Strategy and performance measurement models

Integrated frameworks:

- Balanced Scorecard
- Performance Prism
- Performance Pyramid
- CAF
- ISO 9000
- Etc.



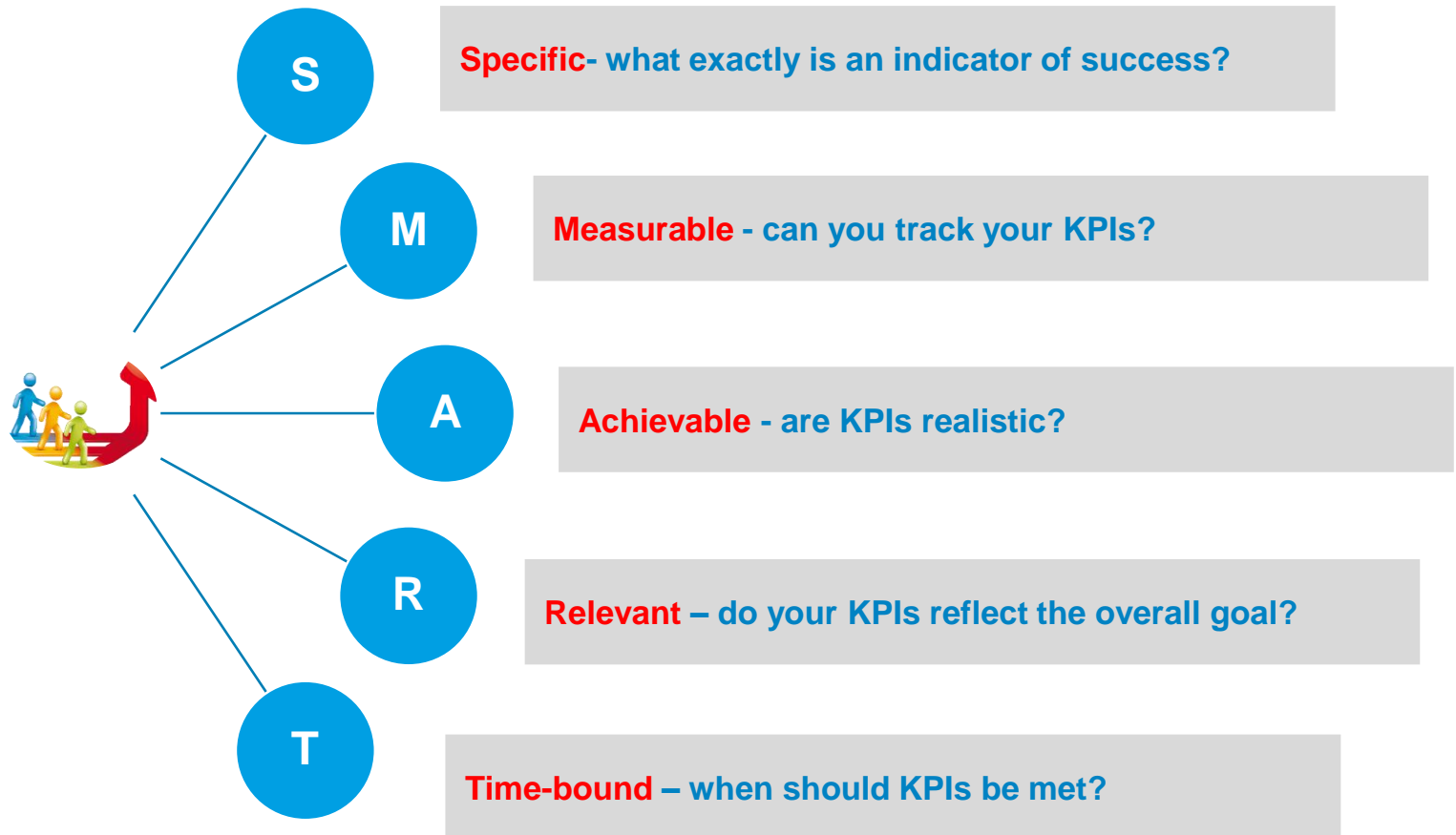
The Five Facets of the Performance Prism



KPIs and Data Management

Objectives

To focus on the critical areas in achieving *desired outcomes*



How good should the KPIs be?

- **To be used for policy making**

- Relevant
- Useful for policy making
- Timely
- Balanced
- Coherent
- Attributable
- Disaggregated
- Accurate and reliable



- **To be feasible**

- Cost-effective
- Clear

KPI selection



Objectives

Value drivers

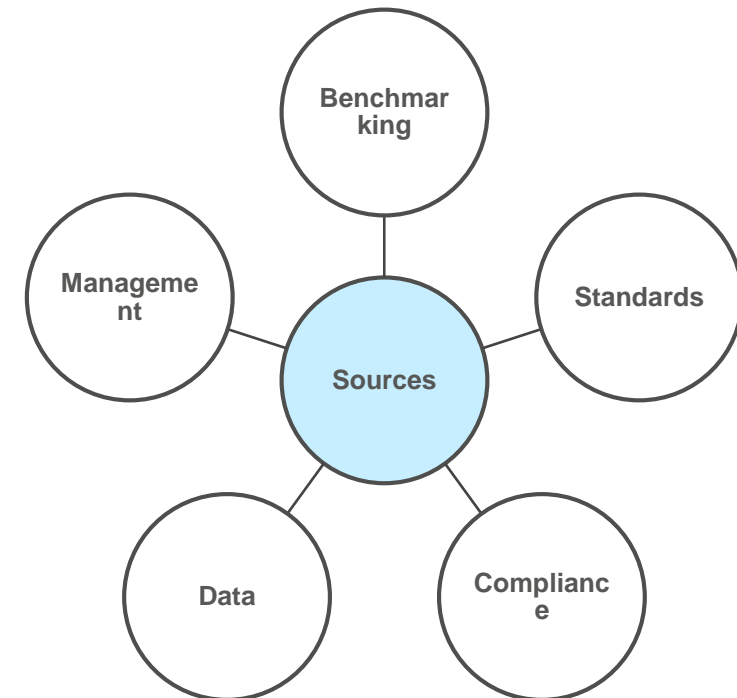
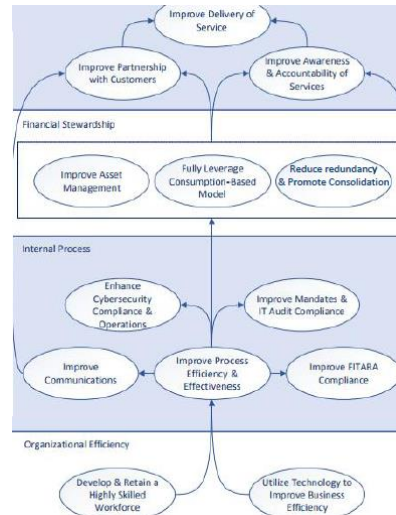


Workshops

- Collective intelligence
- Learning
- Buy-in

What matters
for our internal/external stakeholders?

How do we want to be perceived?



What type of KPIs?

Quantitative
Objective
Activity
Lagging
Compliance
Input
Process
Leading
Equity
Outcome
Timeliness
Efficiency
Effectiveness
Cost
Quality
Qualitative
Perception/subjective
Structural



Do things right!
Do the right things!

Glossary of terms

KPI Metadata sheet

*Expected outcome: Increased trust in the relationship with trade

	Example (fictional data)
a) Name of the indicator <i>Title of the indicator</i>	Variation in the number of AEO
b) Description of the indicator <i>In order to avoid ambiguity, how can you describe in detail the indicator?</i>	Annual variation in the total number of AEO (Authorized Economic Operator) having a valid status, excluding the AEO recognized through MRAs
c) Related performance dimension <i>Relevant expected outcome the indicator is meant to measure</i>	Increased trust in the relationship with trade
d) Calculation method <i>In case of quantitative indicator, how is it calculated? Which is the formula/ scale and the measure unit?</i>	$(\# AEO_t - \# AEO_{t-1}) / \# AEO_{t-1}$
e) Rationale (relevance) <i>To what extent does the data satisfy information demand?</i>	<p>The AEO Programme has become the centre of Pillar II of the SAFE FoS, the Customs-to-Business partnership component, providing a standardized method to assess diverse global supply chains and, through this understanding, enhance trade security and facilitation.</p> <p>AEO is a facilitation instrument contributing to build up trust between business and Customs and to reduction of trade costs, as well as to a smoother movement of goods, an increased market access of small-scale industries and Increased voluntary tax compliance</p> <p>Authorized Economic Operators will reap benefits such as faster processing of goods by Customs, e.g. through reduced examination rates. This, in turn, translates into savings in time and costs.</p>

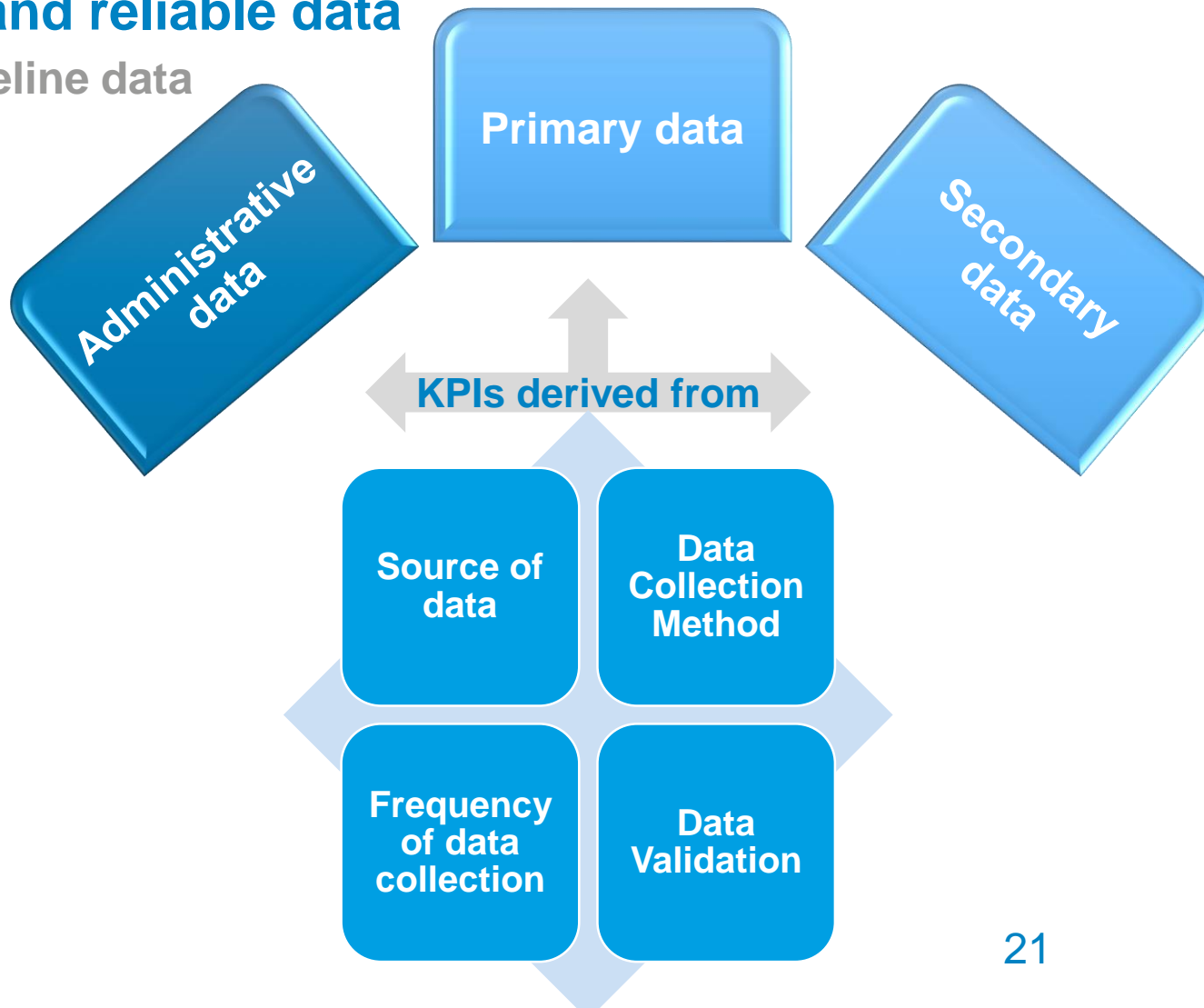
	<p>Annual variation in the total number of AEO (Authorized Economic Operator) having a valid status takes into account the results of AEO validation/audit to check compliance.</p> <p>Among all the simplification instruments the AEO program can be accounted as one the main value drivers for traders, and can be seen as a good indicator for a "two way" B2C trust.</p> <p>The MRA are excluded from calculation to avoid double counting, as they are considered and measured with respect to another related expected outcome: enhancement of partnership/ Increased C2C interconnectivity.</p>
f) Link to other indicators <i>Which are the linkages between this indicator and others?</i>	<p>Examples:</p> <ul style="list-style-type: none"> - Compliance rate - Maintenance of Customs authorizations - Share of "Green/ red channel" release
g) Type of indicator (non- mandatory) <i>(Please note that one indicator might fall under more than one typologies)</i> <i>Composite indicators, Structural indicators, Process indicators, Outcome indicators, Effectiveness indicators, Efficiency indicators, Objective indicators, Subjective indicators, Quantitative indicators, Compliance/Implementation indicators, Leading indicator, Lagging indicators</i>	<ul style="list-style-type: none"> ➢ Objective ➢ Quantitative ➢ Leading ➢ Effectiveness ➢ Outcome
h) Source of verification (SoV) <i>- Where and how the information about the indicator can be obtained (Data source)</i> <i>- Administrative records, special studies, sample surveys, observation, etc.) and/ or the available documented source (e.g. progress reports, project accounts, official statistics, etc.).</i> <i>- Primary or secondary data</i>	<p>Administrative records (internal monitoring system) displayed in the annual report</p> <p>Example of organizational reference at the national level:</p> <p>KPI owner is "the Head of AEO office"</p> <p>The Data custodian is Mr. X, in the IT Department</p> <p>The Data Steward is Ms. W in the AEO Office</p>

i) References to existing databases and metadata (non -mandatory) Internal/external databases and metadata	WCO-IMF ISOCA
j) Periodicity (non -mandatory) <i>When / how regularly it will be measured (e.g. monthly, quarterly, annually, etc.).</i>	Yearly
k) Disaggregation <i>If applicable (E.g. by gender)</i>	- By enterprise scale - By trade volume
l) Target value ¹ (non -mandatory) <i>Given by standards/ benchmarks Targets help define, in specific and measurable terms, the desired outcomes.</i>	10% (Regional benchmark)
m) Country Example (non- mandatory) <i>Similar Indicator used by Member</i>	- Number of enterprises accredited as AEOs under the national AEO programme - Number of new AEO approvals - Number of declaration made by AEOs
n) Disclosure policy - <i>Accountability preferences to restricted users/public domain. The intended use and disclosure of the results: Country or Union level / WCO level/ Public level</i> - <i>Where do the information deriving from the measurement process using this indicators might appear /be communicated</i> - <i>Possibility to disclose detailed or only aggregated data (specify criteria for aggregation, e.g. minimum number of Country, etc.)</i>	- Public domain information - It is possible to disclose disaggregated data (annual variation in the # AEOs) - It is possible to disclose aggregated data per minimum 5 Countries
o) Other Considerations (e.g. limitations) (non- mandatory) <i>Indicator proposed as a proxy in absence of feasible alternative measurements, etc. Which are the legal constraints regarding data collection, acquisition and use? To what extent do current data sources meet user requirements?</i>	In order to capture the level of trust it might be also possible to measure the level of trust declared through survey, however this would entail a more burdensome data collection than relying on administrative data.

Data Management

❑ valid and reliable data

➤ baseline data



WCO Performance Measurement Mechanism (PMM)

WCO Performance Measurement Mechanism PMM








- Working Group on Performance Measurement (WGPM) established
- The WGPM to develop a WCO Performance Measurement Mechanism (PMM) for comprehensive performance measurement covering all Customs competencies
- PMM to be recognized as the leading standard for performance measurement in Customs



PMM accomplished Milestones



- Goal, overall objective and specific objectives of the PMM 
- Common understanding on the list of related expected outcomes under four dimensions of Customs performance (*Trade Facilitation and Economic Competitiveness; Revenue Collection; Enforcement, Security and Protection of Society; and Organizational Development*) 
- KPIs scope and criteria/KPI Template 
- two-year cycle of voluntary **self-assessment followed by a peer review stage**, at Members' request 
- Pilot and KPI development 

PMM Milestones to be accomplished

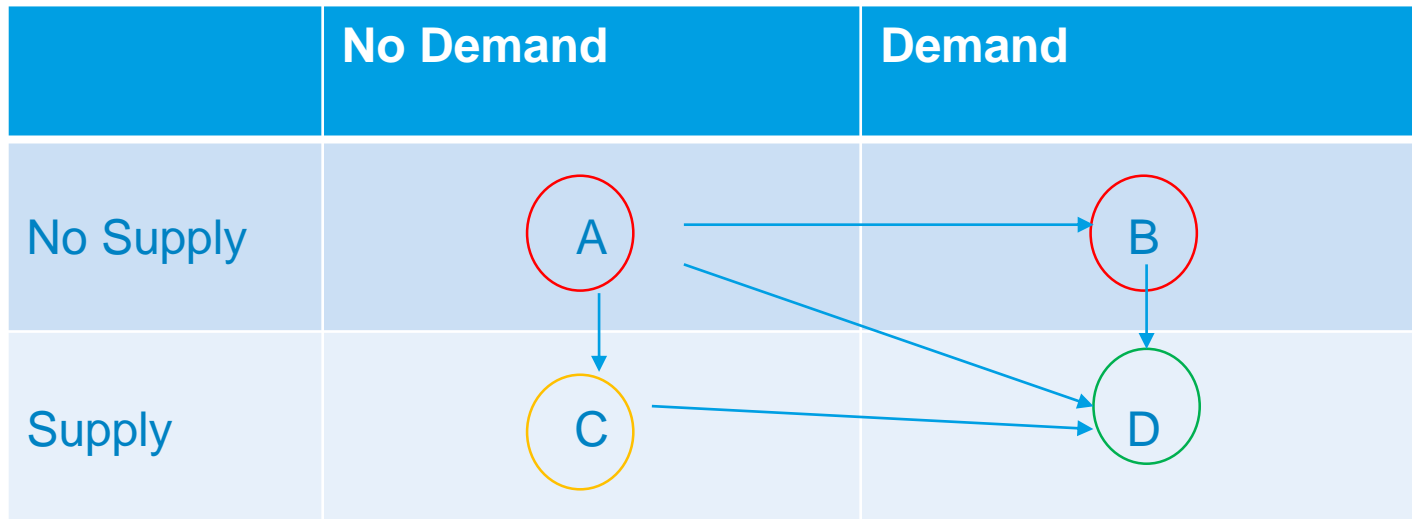


- PMM Data Collection Platform
- KPI development
- Release of PMM V.1



Progressing in performance measurement

Progressing in performance measurement

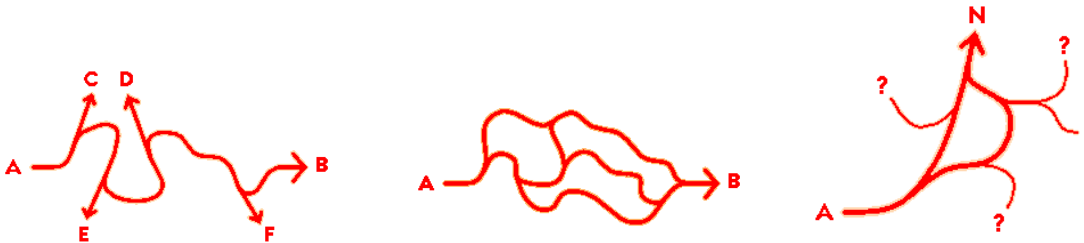
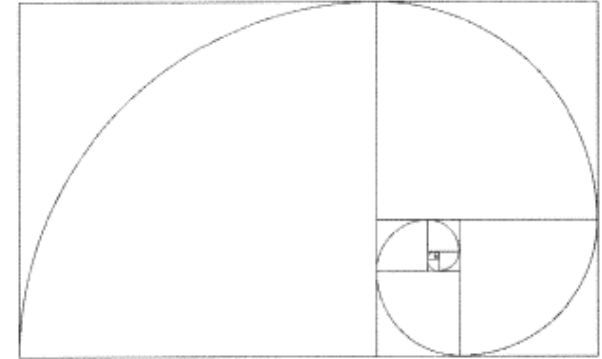


Van Dooren Wouter, Bouckaert Geert (2002)

Why PM is vital



- What gets measured gets done
- If you don't measure results, you can't tell success from failure
- If you can't see success, you are probably rewarding failure
- If you can't recognize failure, you can't correct it
- If you can demonstrate results, you can win public support (including donors)



Thank You

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